



Attachments

Audit Committee Meeting

21 December 2023



Shire of

Yilgarn

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Minutes Audit Committee Meeting

27 February
2023

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1. DECLARATION OF OPENING

The presiding member, Chair of the Shire of Yilgarn Audit Committee, Cr Della Bosca, opened the meeting at 3:39 pm.

2. ATTENDANCE

Cr W Della Bosca	Member	(Chair)
Cr B Close	Member	
Cr J Cobden	Member	
Cr P Nolan	Member	

Mr. N Warren	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mr. G Brigg	Executive Manager Infrastructure

Apologies: Mrs. J Della Bosca, Community Member

Observers: Mr Ben Forbes – Previous Financial Manager

Presenters: Mr Jay Teichert – Office of Auditor General
Mr Robert Hall – Dry Kirkness – Shire’s appointed Auditor

Leave of Absence: Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

5. PRESENTATIONS

Council’s Office of the Auditor General (OAG) representative, Mr. Jay Teichert and contract Auditor, Mr Robert Hall from Dry Kirkness, undertook the 2021/2022 Audit Exit meeting and presented their findings from the audit proceedings.

J Teichert opened the presentation by thanking the efforts made by all parties involved, the handed over to Mr Hall to present on the audit process.

R Hall advised:

- Butler Settineri was appointed as the contract auditor by the Office of Auditor General (OAG), and underwent a name change on 1 July 2022 to Dry Kirkness;
- There were no unresolved issues

- Finding are included in the tabled report;
- Intend to recommend to the OAG to issue an unqualified audit opinion in relation to the financial statements;
- There are no outstanding issues;
- No identified fraud;
- Key changes to next year relate to the incoming Local Government reforms via the new bill being introduced to parliament.

R Hall sought questions from the group.

Cr Della Bosca: Raised concerns regarding length of time taken to undertake the audit, with the exit meeting normally held in December?

Response: R Hall advised there were some delays with valuations from the Shire, however availability of Dry Kirkness and OAG staff also played a factor. Hoped to have the 2022/2023 audit completed by December next this year

Cr Nolan: Queried the changes referred to by R Hall in his presentation via the Local Government reforms.

Response: R Hall advised it had hoped to remove some of the 55 pages of financial reporting information down to a manageable size, relative to the banding of the Local Government, however, would have to wait until the position paper is released to know what changes will be made.

Cr Nolan: Queried the CEO if Shire had kept a record of hours worked by Shire staff in relation to the audit, as it seems a significant drain of Shire resources.

Response: CEO stated record of time against the audit was not kept, but could be in future.

B Forbes estimated for his role alone it was approximately 80% of his time for at least 3 months post submission of complete financials.

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 16 February 2023

AC4/2023

Moved Cr Nolan/Seconded Cr Cobden

That the minutes of the Audit Committee Meeting held on 16 February, 2023 be confirmed as a true and correct record of proceedings.

CARRIED (4/0)

7. DECLARATIONS BY MEMBERS AND OFFICERS

Nil

8. STATUS OF ACTIONS PREVIOUSLY TABLED

Queries raised by Cr Nolan at the Audit Committee Meeting held on the 16th February 2023 were provided along with CEO comments. Council had no further queries in relation to the matters raised.

All other actions resulting from items previously tabled are complete.

9. RISK DEVELOPMENTS

No change

10. OFFICER REPORTS

10.1 2021/22 Audit & Management Report

File Reference	8.2.3.3
Disclosure of Interest	Nil
Voting Requirements	Absolute Majority
Attachments	Attachment 1 – 2021/2022 Annual Financial Report. Confidential Attachment 2 – Shire of Yilgarn - Draft Final Management Letter 2022. Attachment 3 – Draft 2022/23 Audit Opinion. Confidential Attachment 4 – CEO’s Report relating to Audit.

Purpose of Report

The Audit Committee is requested to endorse the Annual Financial Report, Management Report and Chief Executive Officers Report relating to the financial year ending 2021/2022.

Background

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995.

One of the Audit Committee's responsibilities is to examine the reports of the auditor including the management report. The committee would then determine if any matters raised in the reports require action to be taken by the local government and to ensure that appropriate action is implemented.

The Audit Committee is also to receive and authorise a report relating to the audit prepared by the Chief Executive Officer that is subsequently to be sent to the Minister. This report outlines actions intended to be undertaken in relation to matters identified by the auditor.

Comment

The auditor's completed the audit for the financial year ended 30 June 2022. The attached reports include the Chief Executive Officer's response to both the Management Report for the year ended 30 June 2022 and the Independent Auditor's Report for the same period that is submitted for the Committee's attention.

Statutory Environment

Local Government Act 1995 –

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that—
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

7.12 A Duty of local government with respect to audits

- (1) A local government is to do everything in its power to —

- (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
- (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
- (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Local Government (Financial Management) Regulations 1996 –

51 Annual financial report to be signed etc. by CEO and given to Department

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

Local Government (Audit) Regulations 1996 –

10. Report by auditor

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
- (3) The report must include a report on the conduct of the audit.
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

The recommendation that follows is consistent with the legislative requirements.

Strategic Implications

There are no strategic implications as a result of this report.

Policy Implications

There are no policy implications as a result of this report.

Financial Implications

There are no financial implications as a result of this report.

Officer Recommendation and Committee Decision

AC5/2023

Moved Cr Close / Seconded Cr Cobden

That the Audit Committee:

- 1. accepts the Annual Financial Report for the year ending 30 June 2022 as presented; and*
- 2. accepts the Chief Executive Officer's Report and recommends a copy of said report be forwarded to the Minister.*

Carried (4/0)

11. NEW BUSINESS OF AN URGENT NATURE

Presiding member, Cr Della Bosca, moved that the committee consider an urgent matter relating to the 2021/2022 annual audit process.

Carried (4/0)

Committee Motion and Decision

AC6/2023

Moved Cr Nolan / Seconded Cr Cobden

That the Audit Committee recommend to Council:

- 1. That Council request from the Minister for Housing; Lands; Homelessness and Local Government, an exemption from the restriction imposed by section 7.3 (1A) of the Local Government Act 1995 and seek his approval to appoint, under section 7.3 (2) of the Local Government Act 1995, a suitably qualified and experienced person as auditor of its own choosing; and*
- 2. Council request Shire management to compile a list of issues, raised through the audit process, to be compiled and provided to the Minister as part of the request.*

Carried (4/0)

12. CLOSURE OF MEETING

Cr Wayne Della Bosca thanked all for their attendance.

As there was no further business to discuss, the Chair of the Audit Committee declared the meeting closed at 4:30 pm.

unconfirmed

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

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

A strong, vibrant and progressive Shire that retains strength in its communities by way of continual promotion of agriculture and mining as the Shire's major industries, with an added focus on tourism, to ensure a robust economic and social base is retained for all residents

Principal place of business:
23 Antares Street
Southern Cross
WA 6426

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

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

STATEMENT BY CEO

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

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

Signed on the 28 day of November 2023



Chief Executive Officer

Nic Warren

Name of Chief Executive Officer

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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),25	4,207,039	4,196,720	4,165,046
Grants, subsidies and contributions	2(a)	6,911,256	2,130,466	5,281,044
Fees and charges	2(a)	2,438,200	2,046,918	2,065,341
Interest revenue	2(a)	479,452	381,255	70,712
Other revenue	2(a)	949,501	722,023	782,330
		14,985,448	9,477,382	12,364,473
Expenses				
Employee costs	2(b)	(3,975,413)	(3,842,382)	(2,913,724)
Materials and contracts		(1,634,117)	(2,545,177)	(2,255,037)
Utility charges		(1,000,941)	(878,215)	(1,017,137)
Depreciation		(4,842,019)	(4,707,150)	(4,003,798)
Finance costs	2(b)	(19,619)	(8,967)	(11,694)
Insurance		(335,304)	(333,166)	(316,549)
Other expenditure	2(b)	(891,508)	(834,102)	(760,520)
		(12,698,921)	(13,149,159)	(11,278,459)
		2,286,527	(3,671,777)	1,086,014
Capital grants, subsidies and contributions	2(a)	2,352,021	3,541,599	2,602,788
Profit on asset disposals		54,569	26,462	16,976
Loss on asset disposals		(394,174)	(259,490)	(44,581)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,685	0	3,997
		2,016,101	3,308,571	2,579,180
Net result for the period	24(b)	4,302,628	(363,206)	3,665,194
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	2,545,973	0	227,486,726
Total other comprehensive income for the period	17	2,545,973	0	227,486,726
Total comprehensive income for the period		6,848,601	(363,206)	231,151,920

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



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

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	17,257,362	14,355,911
Trade and other receivables	5	678,977	887,316
Inventories	6	14,114	47,225
Other assets	7	1,069,179	186,237
TOTAL CURRENT ASSETS		19,019,632	15,476,689
NON-CURRENT ASSETS			
Trade and other receivables	5	62,288	54,233
Other financial assets	4(b)	81,490	77,805
Property, plant and equipment	8	33,139,865	30,098,152
Infrastructure	9	457,089,052	457,429,308
Right-of-use assets	11(a)	4,424	16,903
TOTAL NON-CURRENT ASSETS		490,377,119	487,676,401
TOTAL ASSETS		509,396,751	503,153,090
CURRENT LIABILITIES			
Trade and other payables	12	570,069	1,098,194
Other liabilities	13	986,988	1,004,129
Lease liabilities	11(b)	1,326	9,260
Borrowings	14	97,695	96,588
Employee related provisions	15	425,957	471,302
TOTAL CURRENT LIABILITIES		2,082,035	2,679,473
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	2,979	7,054
Borrowings	14	662,883	760,578
Employee related provisions	15	62,432	76,369
Other provisions	16	242,524	134,316
TOTAL NON-CURRENT LIABILITIES		970,818	978,317
TOTAL LIABILITIES		3,052,853	3,657,790
NET ASSETS		506,343,899	499,495,300
EQUITY			
Retained surplus		66,181,494	62,425,958
Reserve accounts	28	9,762,740	9,215,647
Revaluation surplus	17	430,399,665	427,853,692
TOTAL EQUITY		506,343,899	499,495,300

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



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

NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	4,464,818	4,293,254
Grants, subsidies and contributions	6,856,161	5,763,455
Fees and charges	2,438,200	2,101,362
Interest revenue	479,452	70,712
Goods and services tax received	0	11,372
Other revenue	949,501	782,330
	<u>15,188,132</u>	<u>13,022,485</u>
Payments		
Employee costs	(3,963,976)	(3,015,486)
Materials and contracts	(3,112,658)	(2,240,346)
Utility charges	(1,000,941)	(1,017,137)
Finance costs	(10,695)	(11,694)
Insurance paid	(335,304)	(316,549)
Goods and services tax paid	10,325	0
Other expenditure	(891,508)	(750,823)
	<u>(9,304,757)</u>	<u>(7,352,035)</u>
Net cash provided by (used in) operating activities	17(b) 5,883,375	5,670,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	8(a) (2,255,561)	(1,278,083)
Payments for construction of infrastructure	9(a) (3,610,266)	(3,694,538)
Capital grants, subsidies and contributions	2,352,021	2,602,788
Proceeds from sale of property, plant & equipment	640,482	439,932
Movements in Trust Funds	0	(179,247)
	<u>(2,873,324)</u>	<u>(2,109,148)</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	27(a) (96,588)	(95,494)
Payments for principal portion of lease liabilities	27(b) (12,009)	(14,047)
	<u>(108,597)</u>	<u>(109,541)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash held	2,901,454	3,451,761
Cash at beginning of year	14,355,908	10,904,147
Cash and cash equivalents at the end of the year	17(a) <u>17,257,362</u>	<u>14,355,911</u>

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



SHIRE OF YILGARN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		62,297,887	5,678,524	200,366,966	268,343,377
Comprehensive income for the period					
Net result for the period		3,665,194	0	0	3,665,194
Other comprehensive income for the period	17	0	0	227,486,726	227,486,726
Total comprehensive income for the period		3,665,194	0	227,486,726	231,151,920
Transfers from reserve accounts	28	42,700	(42,700)	0	0
Transfers to reserve accounts	28	(3,579,823)	3,579,823	0	0
Balance as at 30 June 2022		62,425,958	9,215,647	427,853,692	499,495,297
Comprehensive income for the period					
Net result for the period		4,302,628	0	0	4,302,628
Other comprehensive income for the period	17	0	0	2,545,973	2,545,973
Total comprehensive income for the period		4,302,628	0	2,545,973	6,848,601
Transfers from reserve accounts	28	1,234,022	(1,234,022)	0	0
Transfers to reserve accounts	28	(1,781,115)	1,781,115	0	0
Balance as at 30 June 2023		66,181,494	9,762,740	430,399,665	506,343,899

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



SHIRE OF YILGARN
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	4,207,039	4,196,720	4,165,046
Grants, subsidies and contributions		6,911,256	2,130,466	5,281,044
Fees and charges		2,438,200	2,046,918	2,065,341
Interest revenue		479,452	381,255	70,712
Other revenue		949,501	722,023	782,330
Profit on asset disposals		54,569	26,462	16,976
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,685	0	3,997
		15,043,702	9,503,844	12,385,446
Expenditure from operating activities				
Employee costs		(3,975,413)	(3,842,382)	(2,913,724)
Materials and contracts		(1,634,117)	(2,545,177)	(2,255,037)
Utility charges		(1,000,941)	(878,215)	(1,017,137)
Depreciation		(4,842,019)	(4,707,150)	(4,003,798)
Finance costs		(19,619)	(8,967)	(11,694)
Insurance		(335,304)	(333,166)	(316,549)
Other expenditure		(891,508)	(834,102)	(760,520)
Loss on asset disposals		(394,174)	(259,490)	(44,581)
		(13,093,095)	(13,408,649)	(11,323,040)
Non-cash amounts excluded from operating activities	26(a)	5,155,947	4,927,181	3,989,221
Amount attributable to operating activities		7,106,554	1,022,376	5,051,627
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,352,021	3,541,599	2,602,788
Proceeds from disposal of assets		640,482	500,700	439,932
		2,992,503	4,042,299	3,042,720
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(2,255,561)	(4,571,947)	(1,278,083)
Purchase and construction of infrastructure	9(a)	(3,610,266)	(4,297,033)	(3,828,854)
		(5,865,827)	(8,868,980)	(5,106,937)
Non-cash amounts excluded from investing activities	26(b)	8,924	0	134,316
Amount attributable to investing activities		(2,864,400)	(4,826,681)	(1,929,901)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	28	1,234,022	1,112,469	42,700
		1,234,022	1,112,469	42,700
Outflows from financing activities				
Repayment of borrowings	27(a)	(96,588)	(97,140)	(95,494)
Payments for principal portion of lease liabilities	27(b)	(12,009)	0	(14,047)
Transfers to reserve accounts	28	(1,781,115)	(1,110,119)	(3,579,823)
		(1,889,712)	(1,207,259)	(3,689,364)
Amount attributable to financing activities		(655,690)	(94,790)	(3,646,664)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(c)	3,687,414	3,481,501	4,212,352
Amount attributable to operating activities		7,106,554	1,022,376	5,051,627
Amount attributable to investing activities		(2,864,400)	(4,826,681)	(1,929,901)
Amount attributable to financing activities		(655,690)	(94,790)	(3,646,664)
Surplus or deficit after imposition of general rates	26(c)	7,273,878	(417,594)	3,687,414

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



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

1. BASIS OF PREPARATION

The financial report comprises of general purpose financial statements for Shire of Yilgarn which is a Class 3 Local Government and the statements have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board 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 which would have required the Shire to measure any vested improvements at zero cost.

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets

Initial application of accounting standards

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities
The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,155,738	51,301	4,207,039
Grants, subsidies and contributions	0	0	0	6,911,256	6,911,256
Fees and charges	2,438,179	0	0	21	2,438,200
Service charges	157,792	0	0	(157,792)	0
Interest revenue	0	0	0	479,452	479,452
Other revenue	789,109	0	0	160,392	949,501
Capital grants, subsidies and contributions	0	1,441,852	0	910,169	2,352,021
Total	3,385,080	1,441,852	4,155,738	8,354,799	17,337,469

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,165,046	0	4,165,046
Grants, subsidies and contributions	0	0	0	5,281,044	5,281,044
Fees and charges	2,065,341	0	0	0	2,065,341
Interest revenue	0	0	0	70,712	70,712
Other revenue	782,330	0	0	0	782,330
Capital grants, subsidies and contributions	0	2,602,788	0	0	2,602,788
Total	2,847,671	2,602,788	4,165,046	5,351,756	14,967,261

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Interest on reserve account funds	311,291	23,336
Trade and other receivables overdue interest	30,069	35,120
Other interest revenue	138,092	12,256
	479,452	70,712

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	31,300	28,000
- Other services – grant acquittals	0	2,127
	31,300	30,127

Employee Costs

Employee benefit costs	3,975,413	2,913,724
Other employee costs		
	3,975,413	2,913,724

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	10,695	11,694
Other provisions	8,924	0
	19,619	11,694

Other expenditure

Impairment losses on other receivables	0	9,697
Sundry expenses	891,508	750,823
	891,508	760,520

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

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	17,257,362	14,355,911
Total cash and cash equivalents	17,257,362	14,355,911
Held as		
- Unrestricted cash and cash equivalents	6,550,015	4,181,853
- Restricted cash and cash equivalents	10,707,347	10,174,058
18	17,257,362	14,355,911

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(b) Non-current assets

Financial assets at fair value through profit or loss

2023	2022
\$	\$
81,490	77,805
81,490	77,805
77,805	73,808
3,685	3,997
81,490	77,805

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

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

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	289,416	517,329
Trade receivables	299,137	273,328
GST receivable	74,291	84,616
Allowance for credit losses of rates and statutory receivables	(4,452)	(4,452)
Rate refund suspense	0	1,738
ESL payable	20,585	14,757
	678,977	887,316
Non-current		
Pensioner deferred rates	62,288	54,233
	62,288	54,233

Disclosure of opening and closing balances related to contracts with customers

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

Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Contract assets	7	1,063,123	
Total trade and other receivables from contracts with customers		1,063,123	178,731
			41,270

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

Current	Note	2023	2022
Fuel and materials		\$ 14,114	\$ 47,225
		14,114	47,225
The following movements in inventories occurred during the year:			
Balance at beginning of year		47,225	21,516
Inventories expensed during the year		(28,097)	0
Additions to inventory		(5,014)	25,709
Balance at end of year		14,114	47,225

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

7. OTHER ASSETS

Other assets - current

Accrued income
Contract assets

2023	2022
\$	\$
6,056	7,506
1,063,123	178,731
1,069,179	186,237

Land classified as held for sale

During the year council elected to dispose of vacant land on Main Street. The land is currently being marketed for sale. The property is to be disposed of by public auction in August 2023, with a number of parties having already shown an interest in the property.

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Contract assets

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

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

Non-current assets held for sale (Continued)

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	1,262,000	4,087,267	18,338,186	23,687,453	114,019	6,285,868	0	30,087,340
Additions	0	39,319	162,341	201,660	39,625	1,036,798		1,278,083
Depreciation	0	(94,405)	(420,479)	(514,884)	(20,018)	(319,156)	0	(854,058)
Transfers	0	0	0	0	54,322	0		54,322
Balance at 30 June 2022	1,262,000	4,032,181	18,080,048	23,374,229	187,949	6,535,973	0	30,098,151
Comprises:								
Gross balance amount at 30 June 2022	1,262,000	4,588,586	20,651,484	26,502,070	243,160	7,705,915	0	34,451,145
Accumulated depreciation at 30 June 2022	0	(556,405)	(2,571,437)	(3,127,842)	(55,211)	(1,169,942)	0	(4,352,995)
Balance at 30 June 2022	1,262,000	4,032,181	18,080,047	23,374,228	187,949	6,535,973	0	30,098,152
Additions		107,829	398,770	506,599	22,507	1,719,580	6,875	2,255,561
Disposals	(40,000)	0	(226,686)	(266,686)	0	(713,399)	0	(980,085)
Revaluation increments / (decrements) transferred to revaluation surplus	405,000	(573,898)	2,814,155	2,645,257	0	0	0	2,645,257
Depreciation	0	(95,112)	(425,786)	(520,898)	(22,374)	(335,746)	0	(879,018)
Balance at 30 June 2023	1,627,000	3,471,000	20,640,500	25,738,500	188,082	7,206,408	6,875	33,139,867
Comprises:								
Gross balance amount at 30 June 2023	1,627,000	4,122,518	23,550,524	29,300,042	265,666	8,532,106	6,875	38,104,689
Accumulated depreciation at 30 June 2023	0	(651,518)	(2,910,024)	(3,561,542)	(77,584)	(1,325,698)	0	(4,964,824)
Balance at 30 June 2023	1,627,000	3,471,000	20,640,500	25,738,500	188,082	7,206,408	6,875	33,139,865

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Asset Class Fair Value	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land	Level 2	Market Approach using recent observable market data or similar properties	Independent registered Valuers	June 2023	Price per hectare
Buildings - non-specialised	Level 2	Market Approach using observable market data or similar properties	Independent registered Valuers	June 2023	Price per square metre
Buildings - specialised	Level 2	Market Approach using observable market data or similar properties	Independent registered Valuers	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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost					
Furniture and equipment		Cost	Cost		Asset purchase cost
Plant and equipment		Cost	Cost		Asset purchase cost

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - refuse site	Other infrastructure - sewerage	Other infrastructure - townscape	Other infrastructure - parks and ovals	Other infrastructure - aerodromes	Other infrastructure - other (inc. digital infrastructure)	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	214,407,013	1,446,136	1,591,684	283,745	3937412	31,645	249,643	875,699	6,480,524	229,303,501
Additions	3,273,891	63,461	0	134,316	0	0	0	0	357,186	3,828,854
Revaluation increments / (decrements) transferred to revaluation surplus	196,470,488	(504,657)	32,112,928	(90,830)	39331	90,229	150,892	34,950	(816,606)	227,486,725
Depreciation	(2,783,374)	(37,340)	(39,820)	(1,013)	-12043	(874)	(14,435)	(25,349)	(221,202)	(3,135,450)
Transfers	0	0	0	0	0	0	0	0	(54,322)	(54,322)
Balance at 30 June 2022	411,368,018	967,600	33,664,792	326,218	3,964,700	121,000	386,100	885,300	5,745,580	457,429,308
Comprises:										
Gross balance at 30 June 2022	571,233,717	2,524,521	35,206,929	348,415	4,109,651	125,208	420,550	987,100	6,340,896	621,296,987
Accumulated depreciation at 30 June 2022	(159,865,699)	(1,556,921)	(1,542,137)	(22,197)	(144,951)	(4,208)	(34,450)	(101,800)	(595,316)	(163,867,679)
Balance at 30 June 2022	411,368,018	967,600	33,664,792	326,218	3,964,700	121,000	386,100	885,300	5,745,580	457,429,308
Additions	3,328,173	0	120,997	0	73,382	0	75,318	0	12,396	3,610,266
Depreciation	(3,178,683)	(33,135)	(442,670)	(323)	(12,609)	(4,454)	(21,925)	(26,315)	(230,408)	(3,950,522)
Balance at 30 June 2023	411,517,508	934,465	33,343,119	325,895	4,025,473	116,546	439,493	858,985	5,527,568	457,089,052
Comprises:										
Gross balance at 30 June 2023	574,577,094	2,524,520	35,327,925	348,415	4,183,032	125,208	495,869	987,100	6,353,295	624,922,458
Accumulated depreciation at 30 June 2023	(163,059,586)	(1,590,055)	(1,984,806)	(22,520)	(157,559)	(8,662)	(56,376)	(128,115)	(825,727)	(167,833,406)
Balance at 30 June 2023	411,517,508	934,465	33,343,119	325,895	4,025,473	116,546	439,493	858,985	5,527,568	457,089,052

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - refuse site	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - sewerage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - townscape	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - other (inc. digital infrastructure)	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual 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 YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Land - freehold land	Not depreciated
Buildings - non-specialised	30 to 75 years
Buildings - specialised	30 to 75 years
Furniture and equipment	4 to 20 years
Plant and Equipment (Major Plant)	15 to 30 years
Plant and Equipment (Minor Plant)	5 to 20 years
Buildings - work in progress	
Infrastructure - roads	15 to 150 years
Infrastructure - footpath	10 to 80 years
Infrastructure - laneways	20 to 80 years
Infrastructure - aerodrome	10 to 30 years
Infrastructure - urban stormwater drainage	5 to 80 years
Infrastructure - parks and ovals	10 to 40 years
Infrastructure - refuse sites	Not depreciated
Infrastructure - sewerage	60 to 100 years
Infrastructure - townscape	20 to 35 years
Infrastructure - digital equipment	3 to 8 years
Infrastructure - other	10 to 80 years

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

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

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

11. LEASES

(a) Right-of-Use Assets

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

Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2021	24,609	24,609
Additions	6,584	6,584
Depreciation	(14,290)	(14,290)
Balance at 30 June 2022	16,903	16,903
Balance at 30 June 2022	16,903	16,903
Depreciation	(12,479)	(12,479)
Balance at 30 June 2023	4,424	4,424
Balance at 30 June 2023	4,424	4,424

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(12,479)	(14,290)
Finance charge on lease liabilities	(1,176)	(1,081)
Total amount recognised in the statement of comprehensive income	(13,655)	(15,371)
Total cash outflow from leases	(13,185)	(15,128)
(b) Lease Liabilities		
Current	1,326	9,260
Non-current	2,979	7,054
	27(b)	16,314

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 27(b).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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

11. LEASES (Continued)

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

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

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

	2023 Actual	2022 Actual
Rental income	70,135	70,394

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

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Trust Funds

	2023	2022
	\$	\$
	163,731	773,397
	118,762	88,896
	133,401	113,217
	80,827	30,292
	3,230	0
	70,118	92,392
	570,069	1,098,194

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised Financial liabilities are derecognised where the related profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, amounts of trade and other payables are 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 YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. OTHER LIABILITIES

Current

Contract liabilities
Unearned Revenue

	2023	2022
	\$	\$
Contract liabilities	944,607	958,411
Unearned Revenue	42,381	45,718
	986,988	1,004,129
Reconciliation of changes in contract liabilities		
Opening balance	958,411	321,233
Additions	944,607	958,411
Revenue from contracts with customers included as a contract liability at the start of the period	(958,411)	(321,233)
	944,607	958,411

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		97,695	662,883	760,578	96,588	760,578	857,166
Total secured borrowings	27(a)	97,695	662,883	760,578	96,588	760,578	857,166

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 Yilgarn. Other loans relate to transferred receivables. Refer to Note 5.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 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 YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	239,183	287,735
Long service leave	186,774	183,567
	425,957	471,302
Total current employee related provisions	425,957	471,302
Non-current provisions		
Employee benefit provisions		
Long service leave	62,432	76,369
	62,432	76,369
Total non-current employee related provisions	62,432	76,369
Total employee related provisions	488,389	547,671

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

16. OTHER PROVISIONS

	Note	Make good provisions \$	Total \$
Opening balance at 1 July 2022			
Non-current provisions		134,316	134,316
		134,316	134,316
Additional provision	17	99,284	99,284
Finance Costs		8,924	8,924
Balance at 30 June 2023		242,524	242,524
Comprises			
Non-current		242,524	242,524
		242,524	242,524

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. REVALUATION SURPLUS

	2023	Total	2023	2022	Total	2022
	Opening	Movement on	Closing	Opening	Movement on	Closing
	Balance	Revaluation	Balance	Balance	Revaluation	Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	12,466,588	2,645,257	15,111,845	12,466,588	0	12,466,588
Revaluation surplus - Plant and equipment	2,322,193	0	2,322,193	2,322,192	0	2,322,192
Revaluation surplus - Infrastructure	413,064,911	(99,284)	412,965,627	185,578,186	227,486,726	413,064,912
	427,853,692	2,545,973	430,399,665	200,366,966	227,486,726	427,853,692

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

18. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
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	10,707,347	10,174,058
		10,707,347	10,174,058
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	9,762,740	9,215,647
Contract liabilities	13	944,607	958,411
Total restricted financial assets		10,707,347	10,174,058

19. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Loan facilities

Loan facilities - current		97,695	96,588
Loan facilities - non-current		662,883	760,578
Total facilities in use at balance date		760,578	857,166

Unused loan facilities at balance date

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

20. CONTINGENT LIABILITIES

The Shire of Yilgarn currently operates the Southern Cross airport, located at Lot 88 on plan 161201, Southern Cross, 6426. The site has a known contamination issue due to a pesticide leak from 2012, which the Shire has an obligation to remediate in the future.

These future remediation costs form contingent liabilities to the Shire of Yilgarn, as until the Shire conducts an investigation to determine the scope and risk of the contamination, the timing and costs cannot be reliably measured.

Further, there are four other contaminated sites within the district that are owned by the Shire of Yilgarn. These sites do not form a contingent liability to the Shire; management does not consider the Shire to be liable for the remediation costs, as all sites are contaminated by pumping stations and associated infrastructure operated by Water Corporation.

The other contaminated sites are:

- Lot 1588 on plan 127359, Carrabin, 6423
- Lot 350 on plan 55290, Ghooli, 6426
- Parcel 70083, Ghooli, 6426
- Parcel 74577, Ghooli, 6426

21. CAPITAL COMMITMENTS

Contracted for:

Plant & equipment purchases

Plant and Equipment Purchases

- Caterpillar 299 D3XE Track Skid Steer
- Caterpillar 444 Backhoe
- Toyota Hilux - YL13 (works vehicle)
- Toyota Hilux - YL150 (EMI vehicle)
- Toyota Hilux - YL252 (EHO vehicle)
- Toyota Hilux - YL333 (works vehicle)
- Toyota Hilux - YL38 (works vehicle)
- Toyota Hilux - YL50 (works vehicle)

	2023	2022
	\$	\$
	401,465	410,348
	401,465	410,348
	217,635	0
	183,830	0
	0	54,260
	0	58,174
	0	76,234
	0	74,722
	0	73,479
	0	73,479
	401,465	410,348

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

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire had no reportable events occurring after the end of the reporting period.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	12,000	12,000	12,000
President's meeting attendance fees	9,800	9,000	10,200
President's annual allowance for ICT expenses	1,180	1,180	1,180
	<u>22,980</u>	<u>22,180</u>	<u>23,380</u>
Deputy President's annual allowance	3,000	3,000	3,000
Deputy President's meeting attendance fees	6,200	6,200	5,600
Deputy President's annual allowance for ICT expenses	0	1,180	1,180
	<u>9,200</u>	<u>10,380</u>	<u>9,780</u>
All other council member's meeting attendance fees	24,000	31,000	25,600
All other council member's annual allowance for ICT expenses	5,900	5,900	7,940
All other council member's travel and accommodation expenses	6,050	8,000	4,794
	<u>35,950</u>	<u>44,900</u>	<u>38,334</u>
23(b)	<u>68,130</u>	<u>77,460</u>	<u>71,494</u>

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	555,536	750,387
Post-employment benefits	79,473	88,582
Employee - other long-term benefits	48,039	67,254
Council member costs	68,130	71,494
23(a)	<u>751,178</u>	<u>977,717</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	<u>2023</u> <u>Actual</u> \$	<u>2022</u> <u>Actual</u> \$
Sale of goods and services	14,214	8,825
Purchase of goods and services	332,001	366,770
Short term employee benefits - other related parties	139,332	55,600
Amounts payable to related parties:		
Trade and other payables	0	24,177

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 23(a) and 23(b)

ii. Other Related Parties

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

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

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.

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

SHIRE OF YILGARN
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FOR THE YEAR ENDED 30 JUNE 2023

25. RATING INFORMATION

(a) General Rates

RATE TYPE				2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$
Mine Sites	Gross rental valuation	0.159734	4	529,565	84,590	0	84,590	84,590	0	84,590	84,168
Single Persons Quarters	Gross rental valuation	0.159734	10	816,219	130,378	0	130,378	130,378	0	130,378	129,728
Residential	Gross rental valuation	0.113458	388	3,391,640	383,705	0	383,705	384,809	0	384,809	386,450
Commercial	Gross rental valuation	0.079568	34	981,205	78,367	0	78,367	78,367	0	78,367	77,975
Rural	Unimproved valuation	0.014745	352	128,190,117	1,892,360	0	1,892,360	1,890,163	0	1,890,163	1,880,752
Mining-tenement	Unimproved valuation	0.159060	364	9,911,612	1,590,161	0	1,590,161	1,576,541	0	1,576,541	1,568,662
Total general rates			1,152	42	4,159,561	0	4,159,561	4,144,848	0	4,144,848	4,127,735
Minimum payment											
		Minimum Payment \$									
Mine Sites	Gross rental valuation	400	3	2,408	1,200	0	1,200	1,200	0	1,200	1,200
Single Persons Quarters	Gross rental valuation	400	2	1,075	800	0	800	800	0	800	800
Residential	Gross rental valuation	500	117	148,402	58,500	0	58,500	58,500	0	58,500	58,000
Commercial	Gross rental valuation	400	7	20,061	2,800	0	2,800	2,800	0	2,800	2,800
Rural	Unimproved valuation	400	41	305,145	16,400	0	16,400	16,400	0	16,400	16,000
Mining-tenement	Unimproved valuation	400	241	274,674	95,600	0	95,600	96,400	0	96,400	90,000
Total minimum payments			411	751,765	175,300	0	175,300	176,100	0	176,100	168,800
Total general rates and minimum payments											
		Rate in \$	1,563	751,807	4,334,861	0	4,334,861	4,320,948	0	4,320,948	4,296,535
Ex-gratia Rates											
CBH Receptal Bins		0.07240			49,837		36,050	35,772		35,772	35,871
Total amount raised from rates (excluding general rates)			0	0	49,837	0	36,050	35,772	0	35,772	35,871
Discounts							(163,872)			(160,000)	(167,360)
Total Rates							4,207,039			4,196,720	4,165,046

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

*Rateable Value at time of raising of rate.

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

26. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23 Budget	2021/22
	2022/23 (30 June 2023)	(30 June 2023)	(30 June 2022)
Note	Carried Forward)	Carried Forward)	Carried Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(54,569)	(26,462)	(16,976)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(3,685)	(3,997)	(3,997)
Add: Loss on disposal of assets	394,174	259,490	44,581
Add: Depreciation	4,842,019	4,707,150	4,003,798
10(a)			
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	0		
Pensioner deferred rates	(8,055)	(9,000)	32,772
Assets held for sale	0		
7			
Employee benefit provisions	(13,937)		(70,957)
Non-cash amounts excluded from operating activities	5,155,947	4,927,181	3,989,221
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Movement in non-current capital expenditure provisions	8,924	0	134,316
Non-cash amounts excluded from investing activities	8,924	0	134,316
(c) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	28 (9,762,740)	(9,213,323)	(9,215,647)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 97,695	97,695	96,588
- Current portion of lease liabilities	11(b) 1,326	1,326	9,260
Total adjustments to net current assets	(9,663,719)	(9,114,302)	(9,109,799)
Net current assets used in the Statement of Financial Activity			
Total current assets	19,019,632	10,267,660	15,476,686
Less: Total current liabilities	(2,082,035)	(1,570,952)	(2,679,473)
Less: Total adjustments to net current assets	(9,663,719)	(9,114,302)	(9,109,799)
Surplus or deficit after imposition of general rates	7,273,878	(417,594)	3,687,414

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

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
WA Treasury, Southern Cross swimming pool		952,660	0	(95,494)	857,166	0	(96,588)	760,578	854,999	0	(97,140)	757,859
Total		952,660	0	(95,494)	857,166	0	(96,588)	760,578	854,999	0	(97,140)	757,859

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
WA Treasury, Southern Cross swimming pool		0001	WA Treasury Corporation	1.1426%	10/09/2030	(9,519)	8,967	10,613
Total						(9,519)	8,967	10,613
Total Finance Cost Payments						(9,519)	8,967	10,613

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

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget					
		Principal			Principal at 30 June 2022	Principal			Principal at 1 July 2022	Principal				
		Principal at 1 July 2021	New Leases During 2021-22	Repayments During 2021-22		New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$				
Right of Use assets		23,776	6,584	(14,047)	16,314	0	(12,009)	4,305						
Total Lease Liabilities	11(b)	23,776	6,584	(14,047)	16,314	0	(12,009)	4,305	0	0	0	0	0	0

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
						\$	\$	\$	
Right of Use assets			Various	2.30%	30/10/2026	(1,176)		(1,081)	
Total Finance Cost Payments						(1,176)	0	(1,081)	

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

28. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Leave reserve	297,148	11,181		308,329	297,148	1,040		298,188	295,937	1,211		297,148
(b) Plant reserve	894,945	233,677	(113,850)	1,014,772	894,945	203,132		1,098,077	891,301	3,644		894,945
(c) Building reserve	2,649,632	99,711		2,749,343	2,649,632	9,274		2,658,906	1,144,951	1,504,681		2,649,632
(d) Aerodrome reserve	296,452	11,155		307,607	296,452	1,038		297,490	295,244	1,208		296,452
(e) Sewerage upgrade reserve	1,156,795	43,533		1,200,328	1,156,795	4,049		1,160,844	654,121	502,674		1,156,795
(f) Mt Hampton/Dulyalbin water supply reserve	54,691	23,342		78,033	54,691	7,691		62,382	48,843	5,848		54,691
(g) Recreation facility reserve	597,900	22,500		620,400	597,900	2,093		599,993	346,483	251,417		597,900
(h) Homes for the aged reserve	401,940	15,126		417,066	401,940	1,407		403,347	400,304	1,636		401,940
(i) Southern Cross refuse disposal site reserve	242,947	9,143		252,090	242,947	850		243,797	241,958	989		242,947
(j) Community bus reserve	129,093	4,858		133,951	129,093	452		129,545	128,567	526		129,093
(k) Museum reserve	24,827	4,625		29,452	24,853	3,087		27,940	35,431	4,396	(15,000)	24,827
(l) Health services (capital) reserve	212,247	7,987		220,234	212,247	743		212,990	238,970	977	(27,700)	212,247
(m) Unspent grant funding reserve	943,522	7,703	(951,225)	0	943,522	0	(943,522)	0	0	943,522		943,522
(n) HVRIC reserve	584,839	252,487	(168,947)	668,379	584,839	156,047	(168,947)	571,939	443,296	141,543		584,839
(o) Youth development reserve	111,543	4,197		115,740	111,543	390		111,933	111,089	454		111,543
(p) Tourism reserve	253,916	9,555		263,471	253,916	889		254,805	252,883	1,033		253,916
(q) Health services (operations) reserve	108,981	4,101		113,082	108,981	381		109,362	108,571	410		108,981
(r) Yilgarn bowls and tennis club reserve	54,074	8,702		62,776	54,074	6,855		60,929	40,575	13,499		54,074
(s) Standpipe upgrade reserve	200,155	7,532		207,687	200,155	701		200,856	0	200,155		200,155
(t) Mineral Resources Contributions	0	1,000,000		1,000,000	0	710,000		710,000	0			0
	9,215,647	1,781,115	(1,234,022)	9,762,740	9,215,673	1,110,119	(1,112,469)	9,213,323	5,678,524	3,579,823	(42,700)	9,215,647
	9,215,647	1,781,115	(1,234,022)	9,762,740	9,215,673	1,110,119	(1,112,469)	9,213,323	5,678,524	3,579,823	(42,700)	9,215,647

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

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

29. TRUST FUNDS

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

Description	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Police Licensing	(44)	803	0	759
Builders Levy	16,374	583	(284)	16,673
Transwa Bookings	3,514	2,687	(3,154)	3,047
Staff Personal Dedns	45,787	14,080	(59,868)	(1)
Housing Tenancy Bonds	5,460	0	(920)	4,540
Hall Hire Bonds And Deposits	1,115	0	0	1,115
Security Key System - Key Bonds	1,830	0	0	1,830
Clubs & Groups	220	0	(330)	(110)
Third Party Contributions	6,338	0	0	6,338
Rates Overpaid	17,345	13,082	(14,501)	15,926
Retention Monies	20,000	0		20,000
	<u>117,939</u>	<u>31,235</u>	<u>(79,057)</u>	<u>70,117</u>



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Yilgarn

To the Council of the Shire of Yilgarn

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

The CEO of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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



Patrick Arulsingham
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
1 December 2023