



# *Annual Report*

## *2016/2017*



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## **OUR VISION**

**The Shire of Yilgarn is a strong farming and mining community. We are a progressive Shire where people of all ages love to call home. Tourism is a key industry and local businesses thrive.**

# Our Councillors



**President  
Cr Onida  
Truran**

**Current Term  
2015-2019**

**Deputy  
President  
Cr Wayne  
Della Bosca**



**Cr David  
Pasini**

**Term  
2015-2019**

**Cr Bryan  
Close**



**Term  
2013-2017**



**Cr Phil Nolan**

**Term  
2015-2019**

**Cr Kim  
Chrisp**



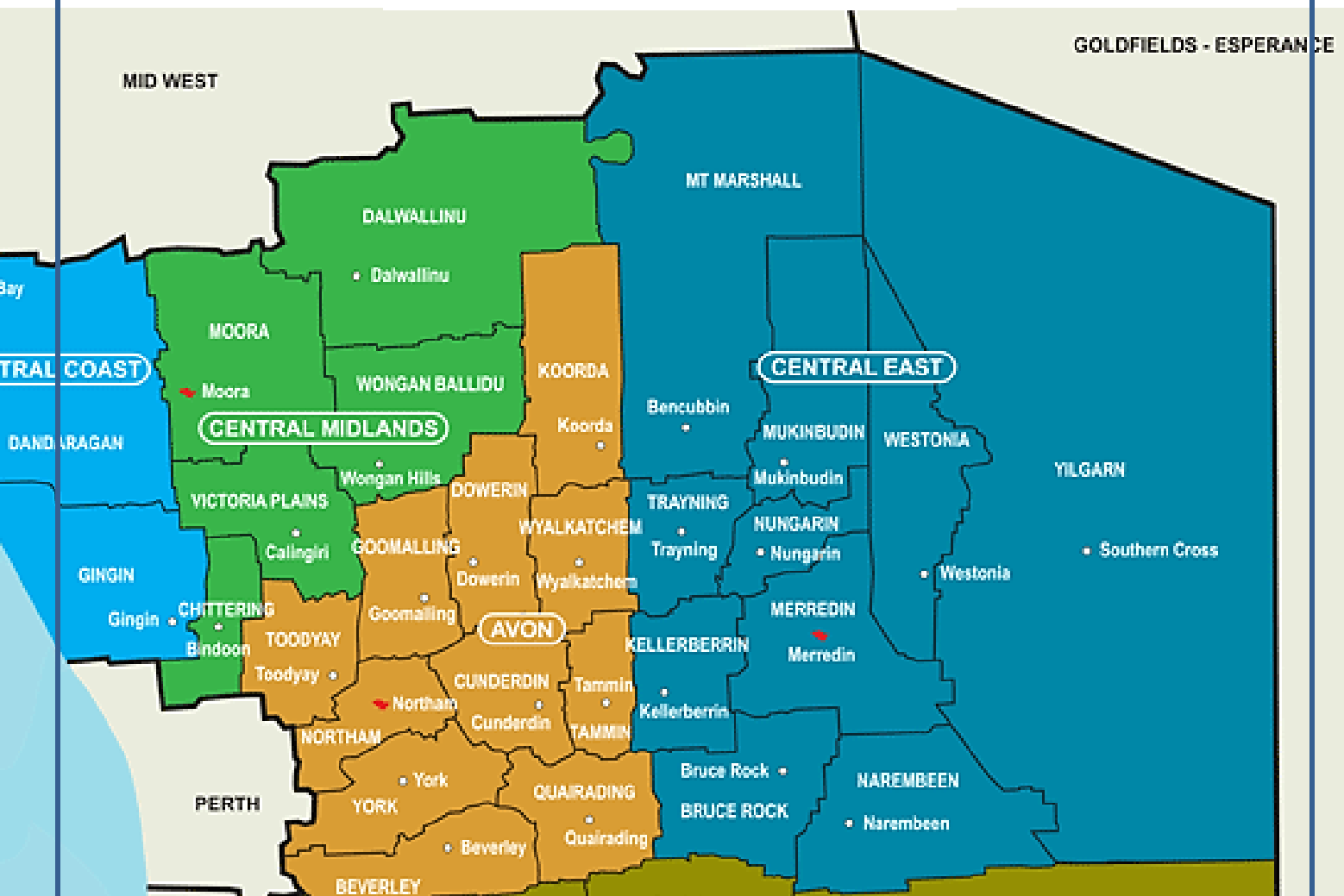
**Term  
2013-2017**



**Cr Julie  
Della Bosca**

**Term  
2013-2017**

# Shire of Yilgarn



The Shire of Yilgarn is 30,720 square km's in area and has a population of approximately 1600. The Yilgarn is known by many as the gateway to the Wheatbelt and the Goldfields. The name "Yilgarn" is Aboriginal for "white stone or quarts".

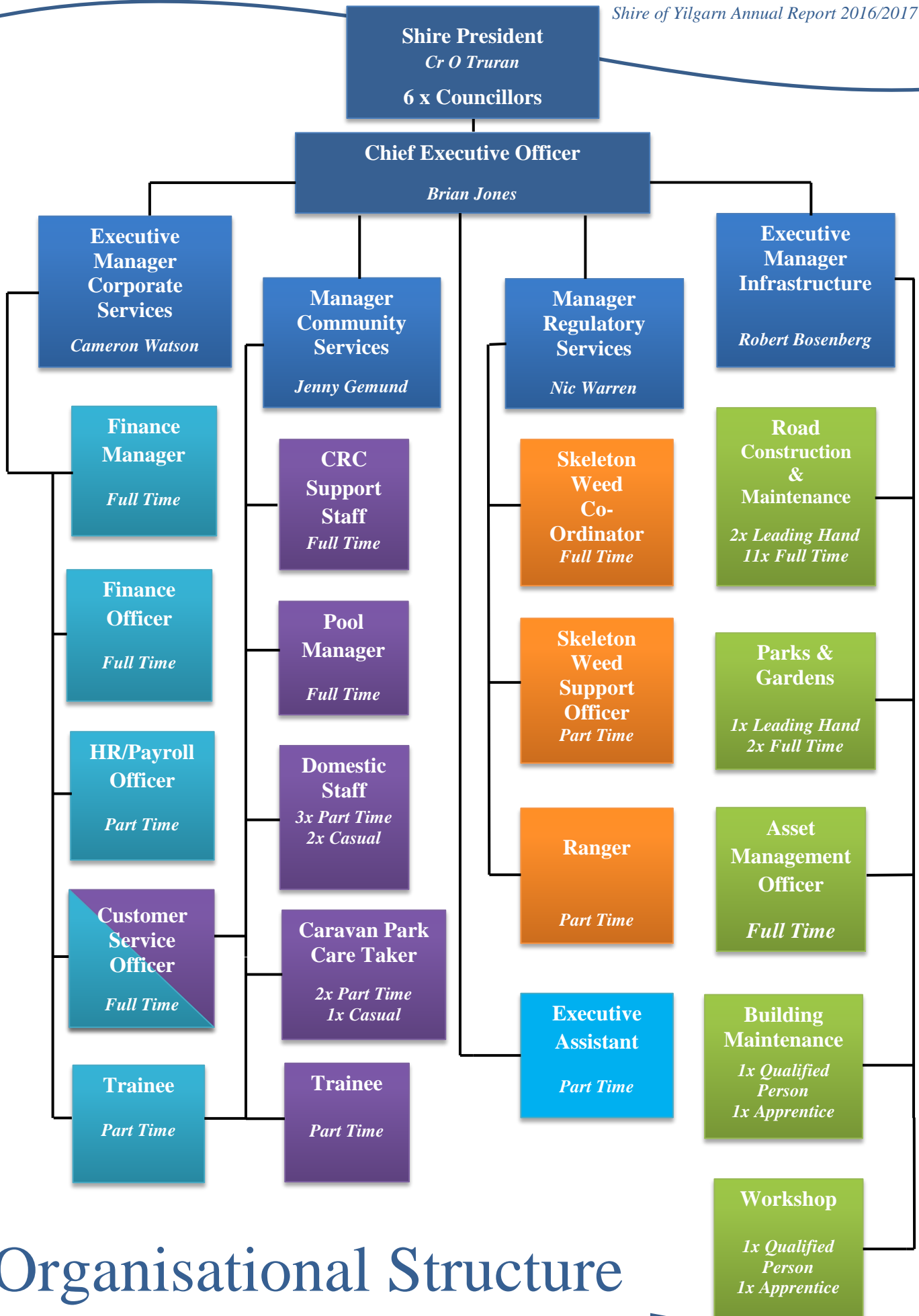
The two major industries in the area are Mining and Rural. Gold, gypsum, salt and iron ore are mined, while grain, wool, sheep, cattle and pigs are the focus of the rural industry. The co-existence of mining and agriculture has balanced the Yilgarn economy, with the two (economies) supplementing and complimenting each other through their respective boom and bust cycles.

Gold was first discovered at Eenuin and Golden Valley in late 1887. In early 1888 Tom Riesley and Mick Toomey discovered gold in the locality they named "Southern Cross" after the stars which had been their guide. All the streets, parks and the salt lake, which passes through the town, are named after stars and constellations.

Southern Cross is the major town centre of the Shire which is 370km east of Perth along the Great Eastern Highway. Other townsites include Bodallin, Bullfinch, Ghooli, Marvel Loch, Koolyanobbing, Moorine Rock and Yellowdine.

Tourism is another growing industry in the Yilgarn with there being many wonderful attractions including Frog Rock, Karalee Dam, Hunts Soak and the Yilgarn History Museum.





# Organisational Structure

# Shire Presidents Report

## Council

Council elections are held in October every second year. Councillors are elected for a four year term with half of the Councillors term ending at each election date. The next Council elections are scheduled to be held in October 2017 and as there were no elections during the 2016/17 financial year there were no changes to the Council.

At the February 2017 Council meeting it was agreed to conduct the 2017 elections as a postal election. The first postal election was held at the 2015 Council elections and the change in method to a postal election proved popular with the electors with a voter participation percentage in 2015 of 48.1%.

In 2016, when setting the meeting dates for 2017, Council agreed not to hold a meeting in January. This was the first time that Council did not schedule a meeting for January.

## Local Laws

In September 2016 Council began a comprehensive review of our local laws. The review was long overdue as Council still had a number of local laws (previously by-laws) in place dating back as far as the 1930's.

The review and creation of new local laws is a long and complex procedure. At the end of the review and following public consultation the Shire of Yilgarn now has the following local laws in place:

- ✓ Trading in Public Places (1992) Local Law
- ✓ Health (1997) Local Law
- ✓ Dogs Local Law (2017)
- ✓ Fencing Local Law (2017)
- ✓ Local Government (Council Meetings) Local Law (2017)

A copy of the local laws are available on the Shires website.

## Annual Australia Day Awards

Congratulations to Mrs Pat Dal Busco, the 2016 recipient of the Shire of Yilgarn Citizenship Award. Pat has worked for the Yilgarn community for some 40 years as a volunteer. Her volunteering includes; Yilgarn Netball Treasurer, Southern Cross Football Club Treasurer, Southern Cross Hospital Board Chairperson, Yilgarn Tennis Club Secretary and Treasurer, Catholic Parish Treasurer, Homes for the Aged Secretary and Treasurer, and Health Agencies of the Yilgarn Secretary and Treasurer.

## Swimming Pool

In September 2016 Council appointed a Pool Working Group comprising Cr Onida Truran, Cr Julie Della Bosca and Cr Kim Chrisp to explore the future redevelopment of the Southern Cross Swimming Pool. The current pool was opened in 1963 and is coming to the end of its useful life. Many public pools of similar design were opened in the 1960's and the Southern Cross Pool is one of the last that has not yet been redeveloped.

In November 2016 the Pool Working Group visited the Quairading, Kondinin and Narembeen pools. The Quairading Pool was of the same design as the Southern Cross Pool and was redeveloped into a 25 metre pool plus learn to swim and toddlers pool. It was opened to the public in late 2016. The Kondinin Pool is a new pool constructed on a greenfields site and the Narembeen Pool was redeveloped a number of years ago.

The Pool Working Group has also engaged expert advice, including an examination of the current pool. Preliminary designs and costings are being developed and will be put to public comment in the 2017/18 financial year.

In October 2016 Council decided to remove the entrance fees to the Pool. The Shire was collecting approximately \$6,000 per annum previously. Council was of the view that we should not restrict access to the pool and encourage as much use as possible. This decision proved very popular with the number of people attending the pool far exceeding previous years.

*Cr Onida Truran*





# Chief Executive Officers Report

## Staff

During the 2016/17 financial year the Shire farewelled three long term and loyal workers with a combined 89 years of dedicated service to the Shire; Gerald Collins (44 years); Noel Teale (26 years) and Malcolm Teale (19 years).

We also farewelled Harrison Coutis who successfully completed his trade certificate as a carpenter and Ellie Gerick who successfully completed her traineeship.

We welcomed a number of new faces including Gary Stewart as Pool Manager, Dianna Evans as Finance Officer, Kayla Cuffe as Trainee as well as Robert Carlson, Graeme Beaton and Kevin Gerick who joined the works crew.

Our new Executive Manager Corporate Services, Cameron Watson, commenced with the Shire in April 2017, replacing John Bingham who departed in February.

## Tourism Strategy

In last year's Annual Report the Shire President advised of the Tourism Strategy adopted by Council back in February 2016.

During the 2016/17 financial year the following projects were completed as part of the Strategy:

- ✓ New Shire website completed. This provides easier access to information about the Shire and our community,
- ✓ Free public Wi-Fi in the town centre and at the Southern Cross Caravan Park has been installed and is operational,
- ✓ Dog Park completed, including bins, poo bags, signage, dog exercise equipment, drinking fountain for both owners and dogs,
- ✓ Signage upgraded for Town Centre, Caravan Park and other facilities within the Shire,
- ✓ Sandalwood Motor Lodge unit refurbished and drainage improvements completed at the Caravan Park.

The next stage of the Tourism Strategy will include the upgrade of the land on the corner of Great Eastern Highway and Antares Street in 2017/18. Plans of the proposed upgrade were endorsed by Council in February 2017 and included in Crosswords on 23 February. When completed the area will include parking for caravanners and visitors, tourist information and picnic facilities.

## Town Centre Upgrade

In November 2016 the Shire engaged WML Consultants to prepare a design review for the upgrade of the section of Great Eastern Highway that traverses the Southern Cross townsite.

The plans were presented to Council for endorsement in February 2017 and were then presented to Main Roads WA for their consideration.

It is interesting to note that the boundary between the Main Roads WA Wheatbelt Region and Goldfields Region is the Southern Cross townsite and therefore the proposal to upgrade Great Eastern Highway involved both regions.

It is pleasing to report that Main Roads have been very supportive of this project and have included funding in their 2017/18 program.

Main Roads is responsible for the road lanes while the Shire is responsible for the parking areas. This project includes the asphalt seal of the section of Great Eastern Highway within the townsite, asphalt seal of Antares Street from Great Eastern Highway to the roundabout in front of the Pool. Parking areas will be done with red asphalt. Works are programmed to commence early in 2018 and should substantially improve our town centre.

*Brian Jones*



# Executive Manager Corporate Services Report

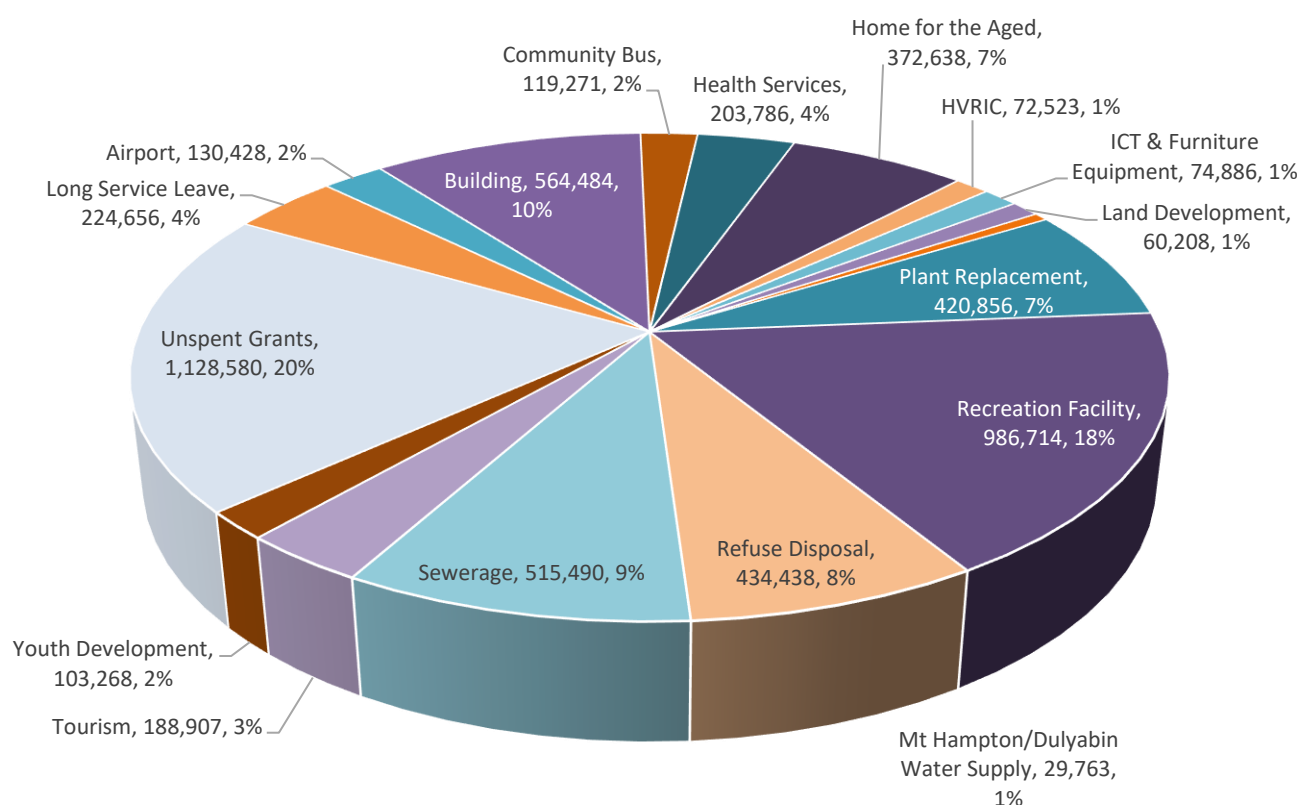
## FINANCIAL SUMMARY

Council concluded the financial year with an unadjusted net Current Asset position of \$6.378m, which is an increase of \$2.148m on the 2016 reported figure of \$4.230m. This increase is partly due to the pre-payment of 50% (\$1.108m) of Councils 2017/18 Federal Assistance Grants.

Council's Auditor, Moore Stephens, has completed an Audit of the Shire of Yilgarn Financial Statements for the period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2017 and has submitted an Independent Auditor Report to that effect. A copy of the Report can be found in the final pages of this document, in addition to the Annual Financial Statements.

### Reserve Funds

At 30th June 2016, Council held \$5,630,896 within several different special purpose Reserve accounts. In an effort to demonstrate where these funds are held, the following chart is provided.

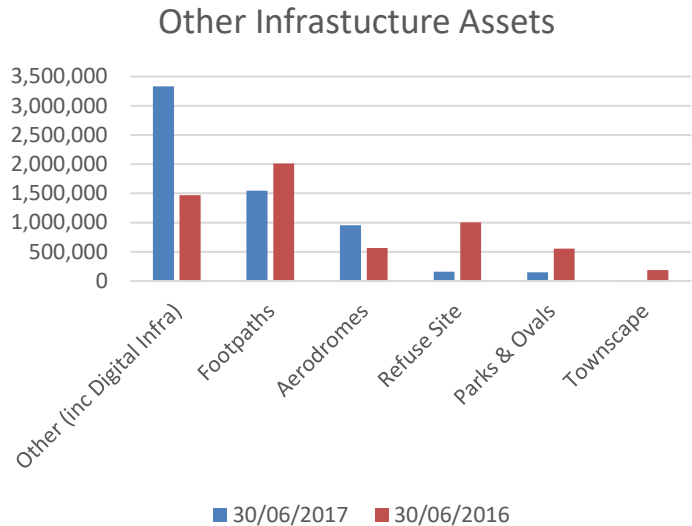
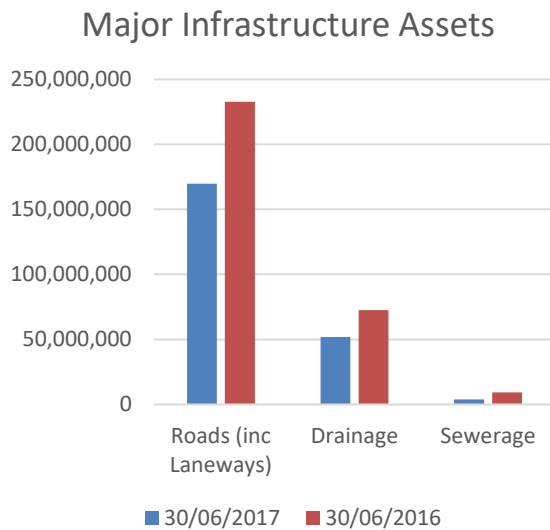


### Fair Value of Assets and Liabilities

The Shire's Infrastructure asset group underwent a fair value revaluation during the year resulting in a decrement on Revaluation of Fixed Assets of \$88,353,601.



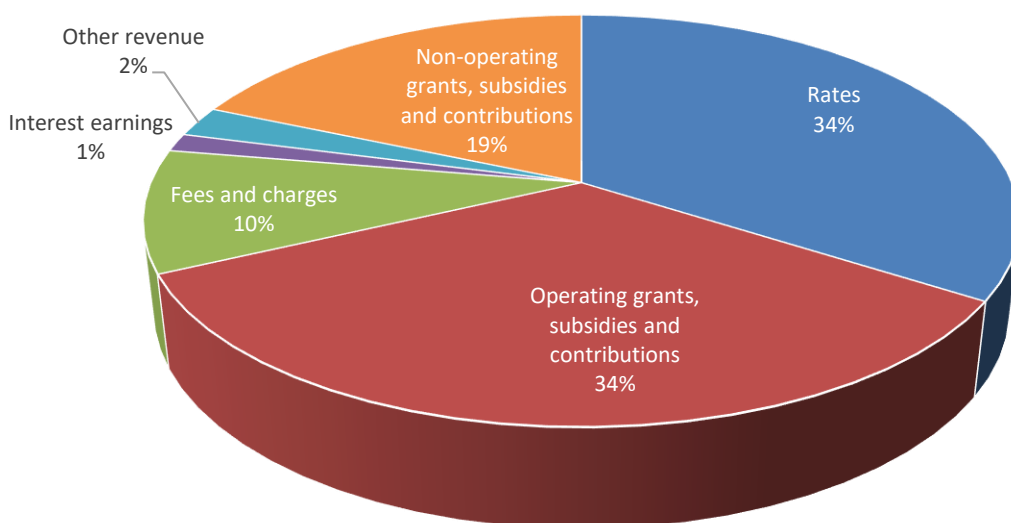
The Infrastructure asset group has a carrying amount at the end of the year of \$231,791,418 and is distributed as follows:



A description of what “Fair Value of Assets and Liabilities” is and an indication as to how an asset is to be valued under Australian Accounting Standard AASB 13 can be found on page 13 of the financial report.

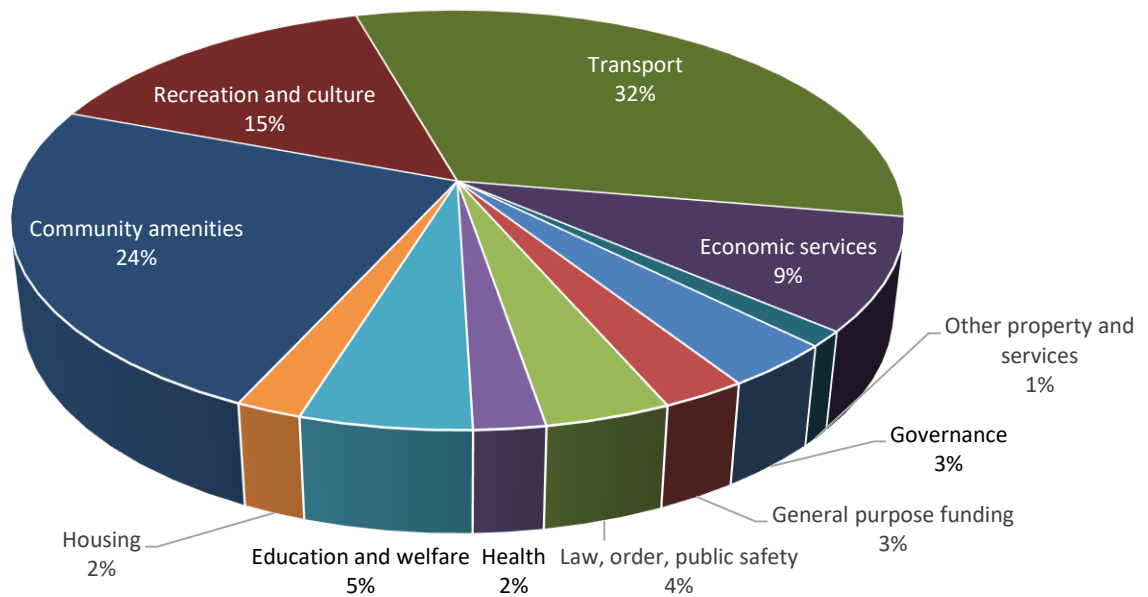
### **Revenue**

Council receives nearly half of its revenue from rates with grants, subsidies and contributions making up the bulk of the rest.



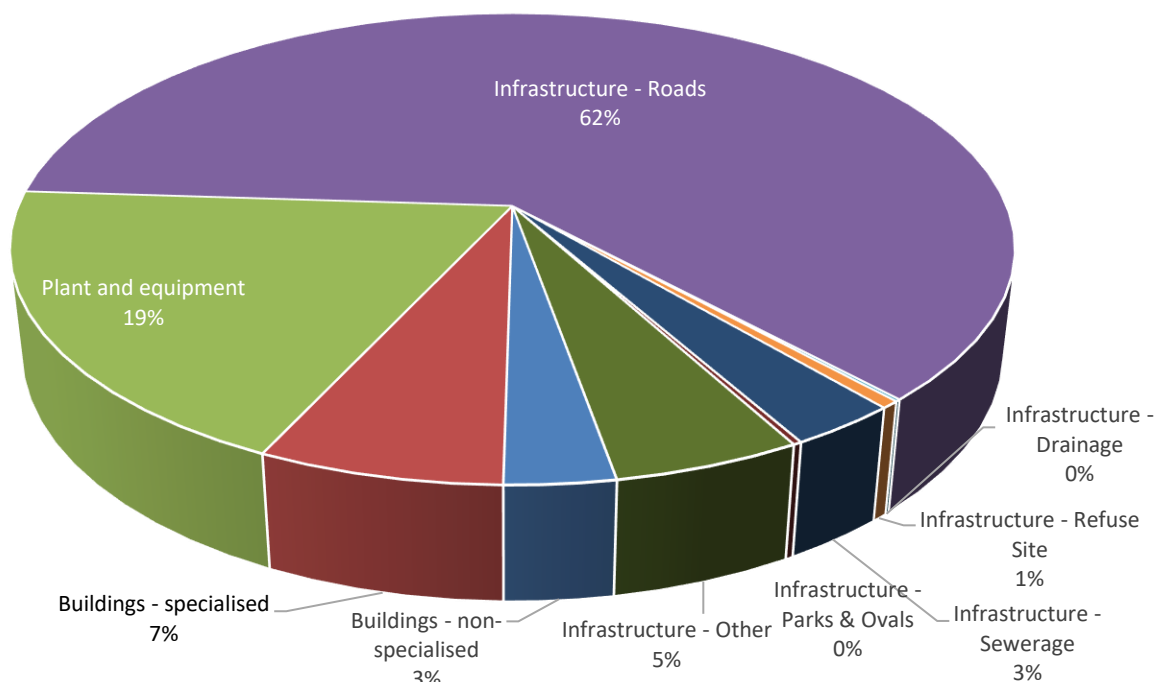
## Expenditure

Council's operating expenditure was mainly in the areas of roads, recreation & culture and Community Amenities.



A brief description of the service-oriented activities/programs graphed above can be found on page 24 of the financial report.

Council's capital expenditure was mainly in the areas of roads and replacement of Plant & Equipment.



## OTHER DOCUMENTS

Members of the public are encouraged to read Council's other publications which are available from the Shire Library / Community Resource Centre.

These include:

- ***Plan for the Future***  
All local governments are currently required to produce a plan for the future under S5.56 (1) of the *Local Government Act 1995*. Regulation 19C (inserted in Gazette 26 Aug 2011 p.3483-4), 19DA (inserted in Gazette 26 Aug 2011 p.3484- 5) 19DB (inserted in Gazette 26 Aug 2011 p.3485-6) where amended in the Local Government (Administration) Regulations 1996 to enact the changes.
- ***Community Strategic Plan 2013-2023***  
In April 2016 the four-yearly review (Regulation 19C (4)) with electors and ratepayers was conducted. The final version of the 2016-2026 Strategic Community Plan was presented for Council adoption in July 2016.
- ***Corporate Business Plan 2015/16 to 2019/2020***  
This plan is due for review in 2017/18. It details the services, operations and projects a local government will deliver within a defined period. It also includes the processes for delivery and associated costs.
- ***Forward Capital Works Plan 2015/2016 to 2019/2020***  
The Shire of Yilgarn Forward Capital Works Plan was reviewed in 2015/16 and its content assisted with the formulation of the 2017/18 Budget process.
- ***Adopted 2017/2018 Budget***  
Council's Budget is a working document used by Council's staff on a daily basis, detailing Council income and expenditure for the twelve months to 30 June 2018. Naturally, copies of the 2017/2018 adopted budget, which reflected income and expenditure associated with this Annual Report are also available.

## IN CONCLUSION

I wish to thank my staff for their valuable contribution during the year and I look forward to working with Council and for the Community in 2017 / 18.

**Mr Cameron Watson**  
**Executive Manager Corporate Services**



# Executive Manager Infrastructure Report

## Parks and Gardens, Road Maintenance and Construction Works

### Roads 2030 Regional Road Development Strategic Program

*(Funding Source – Municipal 1/3 - Main Roads 2/3)*

Bodallin North Road	6 km's 10mm bitumen reseal	(\$174,209)
Parker Range Road	6 km's 10mm bitumen reseal	(\$179,631)
Koolyanobbing	Road 3 km's constructed to a 7 metre prime seal, install 20 metres 600mm x 600mm box culverts	(\$530,902)
Koolyanobbing Road	3 km's 10mm bitumen reseal	(\$99,153)

### Roads to Recovery Program *(Funding Source – Federal 100%)*

#### Bitumen Reseals

Bodallin North Road	2.5 km's 10mm bitumen reseal	(\$63,547)
Southern Cross South Road	3.2 km's 10mm bitumen reseal	(\$91,298)
Cramphorne Road	6 km's 10mm bitumen reseal	(\$164,298)

#### Gravel Sheeting

Cramphorne Road	1.5 km's constructed to a 7 metre prime seal	(\$289,782)
Dulyalbin Road	3 km's x 9m x 150mm gravel overlay	(\$111,934)
Unkovich Road	2.5 km's x 9m x 150mm gravel overlay	(\$87,518)
Cramphorne Road	3 km's x 9m x 150mm gravel overlay	(\$116,514)
Southern Cross South Road	5 km's x 9m x 150mm gravel overlay	(\$176,295)
West Corinthia Road	2 km's constructed to a 7 metre prime seal	(\$67,945)
Emu Fence Road	2 km's constructed to a 7 metre prime seal	(\$78,080)

### Council Programs *(Municipal Funding 100%)*

#### Bitumen Reseals

Altair Street	1.5km's 10mm bitumen reseal	(\$47,626)
Leonis Street	400 metres 10mm bitumen reseal	(\$8,733)
Serpentis Street	150 metres 10mm bitumen reseal	(\$6,405)
Pictoris Street	450 meters 10mm bitumen reseal	(\$8,187)
Hydra Street	650 meters 10mm bitumen reseal	(\$27,794)

**Construction**

Algenib Street	400 metres constructed to a 6.4 metre prime seal	(\$14,208)
Landfill Access Road	3.5 km's constructed to a 6.4 metre prime seal	(\$258,563)

**Gravel Sheeting**

Emu Fence Road	2 km's x 9m x 150mm gravel overlay	(\$75,055)
Grace Road	2 km's x 9m x 150mm gravel overlay	(\$61,897)

**Maintenance Gravel Sheeting**

A further 3 kilometres of maintenance gravel sheeting has been carried out on Merrenda North Road (1 kilometre) and Southern Cross South Road (two kilometres).

In the 2016/2017 Financial Year Councils maintenance and construction staff have had a very productive year with a total of 7.5 kilometers of road constructed to a bitumen prime seal stage, 29.8 kilometers of bitumen reseal works carried out and 24.5 kilometers of gravel sheeting completed. Over all council's construction, maintenance grading and bitumen repair work force have maintained a good standard of roadwork's and road maintenance through-out the 2016/2017 Financial Year.

**Parks and Gardens**

The maintenance works carried out by council's gardening staff on council's parks and reserves within the Shire of Yilgarn (*Bodallin, Moorine Rock, Bullfinch, Marvel Loch and Southern Cross*) has been to a good standard with some good verbal comments received by council from the public, sporting sector and tourism sector.

In 2016/2017 Financial Year council assisted various community groups (*in-kind*) with the following:

**Yilgarn Agriculture Society**

Setup of tents and portable stage, traffic management for street parade  
supplying additional bins and sports ground cleanup (\$4,797)

**Car and Collectors Show**

Marking out oval, Supplying additional bins, installing/dismantling  
portable fencing for external alcohol consumption area (\$2,074)

**SX Motor Bike Club (works carried out prior to cancellation of King of Cross event)**

Weed Slashing/Cleanup of Camping Area  
Maintenance on Access Road (\$1,058)

**School Carnivals**

Marking oval and supply sand (\$379)

**Private Works**

Private works carried out in the 2016/17 Financial included clean up at traffic accident sites and traffic management on Great Eastern Highway.

## Plant Replacement

As part of councils ongoing plant replacement program, the following light vehicles and road plant equipment was purchased:

- 1 x Light Tip Truck
- 2 x Utility
- 1 x Primemover Truck
- 1 x Grader

## Buildings and Standpipes

Capital upgrades have been carried out on the following council owned buildings and standpipes:

### Yilgarn Occasional Child Care Centre (\$21,400)

Remove old type windows and replace with required safety standard windows, renewal of kitchen storage cupboard and hot water system.

### Homes for Aged (\$37,700)

Refurbish unit four (*which includes*) new kitchen cupboards, new stove, installing inbuilt wardrobe to bedroom, replace front and rear windows with new and installing security screens to windows, laying new floor lino throughout, replace internal doors and paint internally throughout. External painting to units one/two/three and four. Replace smoke alarms to all units, replace hot water system in unit ten.

### Sports Complex (\$42,400)

Renewal kitchen ceiling, replace kitchen lino, replace kitchen fridge (commercial grade), replace kitchen hot water system, replace hot water system in “home side” change room, upgrade oval lighting/pole (*southern end*), upgrade external electrical power board servicing netball courts.

### Caravan Park (\$101,400)

Refurbish unit one, Sandalwood Lodge. Upgrade aging air-conditioning to split system on Sandalwood Lodge units. Replace eastern window to reception/office.

### Council Administration Office (\$59,100)

Replace windows and internal/external wall cladding to offices located at rear off building, replace floor carpet to rear reception area offices, replace water damaged ceiling panel’s rear reception area, remove old exposed air-condition ducting from rear reception area and offices.

### Standpipes (\$47,700)

Automation controllers have been installed on Garrett, Beaton and Koolyanobbing standpipes.

**Robert Bosenberg**



# Manager Regulatory Services

## WASTE

A new contract for the provision of kerbside and bulk recycling collections was tendered and awarded to Stondon Pty Ltd, trading as Avon Waste, who has been providing the services to the Shire for well over 20 years.

The contract begun on the 1<sup>st</sup> July 2017 and covers a 5 year period with a further 5 year option should both parties agree.

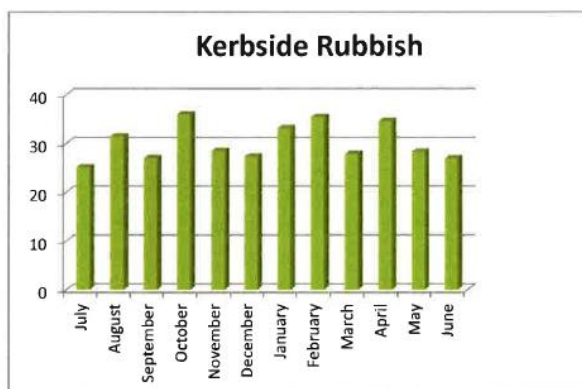
Coinciding with the new contract, the Shire has ceased supplying bulk recycling collections to commercial operators within the Shire. It was deemed that the Shire should not be subsidising the operating costs for select business, especially as there was an uneven distribution of bulk bins within the business community.

Instead, businesses have the option of using the kerbside recycling bins, bulk recycling bins located at the oval and transfer station, organising their own bulk recycling or landfilling. Whilst recycling is important to the Shire we must ensure it will be of a benefit to ratepayers, and given the high cost of handling recyclable materials, the cost to the Shire outweighed the benefits.

The Shire held two drumMusters, which collected 608 containers, which is around half a tonne of plastic and steel which will be recycled.

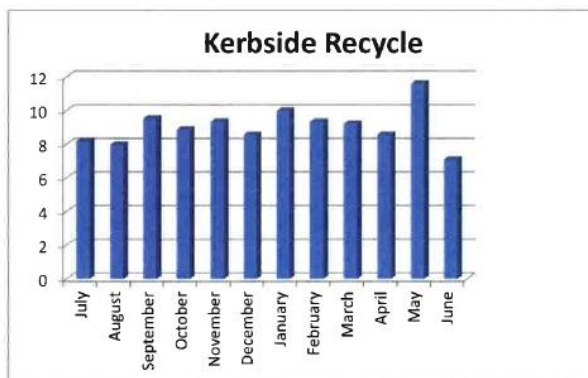
### Shire of Yilgarn - Kerbside Rubbish Weights

Month	Tonnes Per Month
July	34.26
August	28.90
September	36.57
October	30.82
November	30.96
December	36.98
January	27.49
February	29.94
March	37.38
April	30.35
May	29.87
June	37.01
<b>Total</b>	<b>390.52</b>



### Shire of Yilgarn - Kerbside and Bulk Recycle Weights

Month	Tonnes Per Month
July	8.84
August	9.67
September	9.05
October	9.51
November	9.14
December	9.57
January	8.95
February	8.90
March	9.56
April	9.43
May	9.07
June	8.60
<b>Total</b>	<b>110.29</b>



Please Note: These figures include Bulk Recycling, estimated at 2.92 Tonnes per month (annual amount 35.1t)

## HEALTH, PLANNING & BUILDING

In the period there were:

### 10 Development Applications

- Open Wheat Bulkhead
- 3 x Home Business Developments
- Oversized Outbuilding
- 2 x Phone Towers
- Signage
- Aged Housing
- Mine Site Accommodation

### 8 Building Applications (Equating to \$190,572)

- Private Swimming Pool
- Commercial Shed/Office
- Patio
- 2 x Sporting Oval Lighting
- Residential Shed
- 2 x Mine Site Accommodation

### 3 Septic Tank Applications

### 16 Food Premise Inspections

### 3 Food Premise Work Orders Issued

### 2 Food Premise Improvement Orders Issued

The Public Health Act 2016, together with the supporting Public Health (Consequential Provisions) Act 2016 was gazetted in Western Australia during the year. These Acts replace the Health Act 1911 which has been in effect for over 100 years.

Whilst the transition to the new Act will take some years, the following changes have already taken place:

- Changes to terminology:
  - The “Health Act 1911” will be renamed the “Health (Miscellaneous Provisions) Act 1911”;
  - “Executive Director, Public Health” will be referred to as the “Chief Health Officer”
  - “Environmental Health Officer” now referred to as “authorised officer”.
- Designation of authorised officers must now be made under the Public Health Act 2016. Local Governments are to issue their own identification cards.
- Local governments are required to report on their performance of functions under the act;
- Subsequent changes to the asbestos regulations now give authorised officers powers to infringe, where previously prosecution was the only means of monetary penalty. The penalties for certain offences have also been increased. These changes will allow a more efficient enforcement process for asbestos offences.

## LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)

The Shire of Westonia and Yilgarn's Local Emergency Management Committee (LEMC) met four times throughout the year to discuss issues related to emergency management preparedness within the shires.

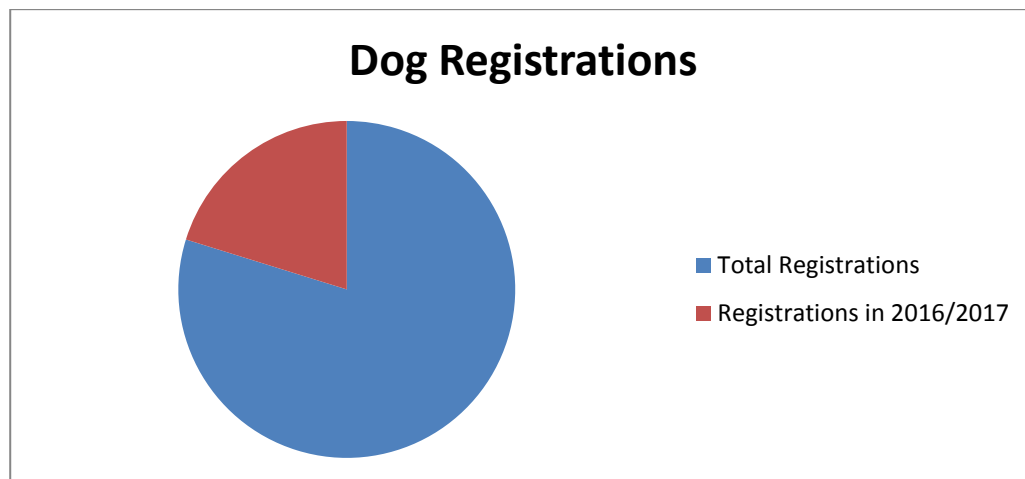
The LEMC's Local Emergency Management Arrangements, including the recovery plan were also reviewed and endorsed by the State Emergency Management Committee (now Office of Emergency Management). The arrangements are required by the Emergency Management Act and detail what processes and structures the shires have in place in the event of an emergency.

These arrangements are available to the public via the respective Shire's websites and feedback is welcomed.

## RANGER SERVICES

The local ranger Ms Day has now trapped and disposed of 61 feral cats from within the Southern Cross townsite. Ms Day has also been active in various callouts for roaming dogs and cats, with 14 animals impounded during the financial year.

The WA Contract Ranger Service visits have also been continuing on a fortnightly basis, and in addition to re-homing surrendered dogs, Ms Taylor has been focussing on registration of dogs within the Shire. The Shire now has 229 registered dogs, with 58 (25%) being registered for the first time during the financial year.



Cat Registrations are low, with only 20 animals registered within the Shire. This is an area our Rangers will focus on over the next year to try and ensure all domestic cats are registered, micro-chipped and sterilised if not a breeder.

The Shire has received 2 applications for keeping more than the prescribed number of dogs, with one obtaining approval and the other being refused. The Shire also received an application for a kennel establishment which was approved.



## SEWAGE

The Shire's Southern Cross Sewage Scheme licence, issued by the Department of Environment Regulation (now Department of Water and Environment Regulation) was amended to include discharges to land, allowing the effluent treatment system to be re-instated.

Leading up to this event, the re-use system underwent an upgrade with an automatic switch system installed which automatically switches off the pumps in the event the chlorine cylinder runs empty or the pumps run dry.

The Shire also had to develop a Recycled Water Quality Management Plan (RWQMP), which required endorsement from the Department of Health. Once endorsed a number of validation samples were taken which came back with good quality results and as such the Department of Health endorsed the RWQMP and use of the system.

Recent samples have seen E.coli levels below detectable levels of NATA qualified laboratory tests, showing the re-use system is operating well

The Shire engaged River Engineering to undertake an audit of the Marvel Loch sewage system with the aim of obtaining a better basis for asset management and financial planning in addition to options for alternative system to try and reduce expenditure. The audit determined the current system was the best method moving forward and as such the asset data will now be used to best utilise expenditure for long term use.

In addition to the re-use system upgrades, the caravan park pump pit was upgraded with new rails, ladders and pumps. Alarm diallers have also been installed in four of the five pump pits, with the remaining due to be installed during upcoming upgrades. The alarm diallers send an SMS to users indicating if there is a power fault or high water level within the pit. This will allow a quicker response time to faults.

*Nic Warren*



# Manager Community Services Report

## Community Services

### Community contributions - Cash or in-kind donations and waiver of fees and charges

The Shire of Yilgarn supports local clubs and groups by allowing them to use shire facilities free of charge. The shire also supports certain service providers to use facilities free of charge to bring important services (e.g. chiropractor, physiotherapist, podiatrist and veterinarian) to the town for the benefit of the community.

The following cash donations, in-kind and free of charge contributions were made in 2016/17:

- Big Morning Tea - use of foyer and kitchen of Community Centre
- Bowling Club - use of community bus to transport blind bowlers
- Chiropractor - fortnightly use of consultation room in Senior Citizen's Centre
- Clontarf Foundation – camping at oval
- Eastern Wheatbelt Primary Health - use of CRC meeting room to conduct three free of charge "Positive Parenting" sessions
- Physiotherapist- fortnightly use of consultation room in Senior Citizen's Centre
- SCDHS P&C - use of recreation centre for student disco
- Various clubs and groups received free Crosswords advertising
- Veterinarian - monthly use of recreation centre for consultation
- Yilgarn Agricultural Society – \$100 show trophy, use of recreation centre and road closure for parade of 2016 Ag show
- Yilgarn Motoring Enthusiasts - \$3000 donation towards Car & Bike Show 2016 and use of recreation centre
- Yilgarn Young Entertainers - use of Community centre for rehearsals and show
- St. Joseph P&F - use of recreation centre for quiz night
- Podiatrist - 2 days use of consultation room in Senior Citizen's Centre and overnight stay at 13 Libra Place every 7 weeks
- Youth WA - Pipeline challenge - free camping at oval

## Community Funding Program

The Shire of Yilgarn Community Funding Program was developed to provide a source of funding for non-profit organisations operating within the district and to assist community organisations in maximising their future development.

Council approved the following grants from the Community Funding Program 2016/17, with the Football Club grant being subject to the PA system being available for use by all local clubs and groups who use the recreation centre.

Applicant	Equipment / item	Amount
Yilgarn Bowling Club	Laptop, mouse, printer	\$848.00
Southern Cross Golf Club	8 diamond grille security screens	\$1,415.00
Senior Citizen Bowls Group	Bowls carpet roller	\$1,190.00
Yilgarn Motoring Enthusiasts	Laptop, printer, Office software	\$512.00
Southern Cross Football Club	Portable PA system	\$1,962.95
Southern Cross Football Club	Travel to Narembeen 12x	\$500.00

## Grant funding

The Shire of Yilgarn applied for a range of grants to support Shire projects, as well as on behalf of community groups and clubs to support their efforts.

Here is an overview of all applications:

<b>Grant &amp; Grantee</b>	<b>Purpose</b>	<b>On behalf of</b>	<b>Amount applied</b>	<b>Amount received</b>
Road Safety Community Grant - <i>Government of Western Australia's Road Safety Commission</i>	Car & Bike Show 2016	Yilgarn Motoring Enthusiasts	\$1,300.00	\$1,300.00
Grass Roots - RAC	Car & Bike Show 2016	Yilgarn Motoring Enthusiasts	\$1,000.00	\$0.00
Community Pool Revitalisation Program <i>Department of Sport and Recreation</i>	Repair and maintenance cost	Shire	\$32,000.00	\$32,000.00
CSRFF <i>Department of Sport and Recreation</i>	Mt Hampton tennis courts resurfacing	Shire	\$15,600.00	\$0.00
CLGF - Youths scholarship program - <i>Department of Local Government and Communities</i>	Certificate IV in Digital Media Technologies	Shire	\$3,270.30	\$3,270.30
CLGF - CD scholarship - <i>Department of Local Government and Communities</i>	Diploma CD	Shire	\$4,871.90	\$4,871.90
Community Chest Funding - <i>Wheatbelt Development Commission / R4R</i>	Contribution towards outdoor gym	Shire	\$25,000.00	\$25,000 Payment in 2017/18
CSRFF - <i>Department of Sport and Recreation</i>	Mt Hampton tennis courts resurfacing	Shire	\$11,450.00	\$0.00
Regional attendance grant - <i>Lotterywest / Volunteering WA</i>	Travel and accommodation to attend "WA Volunteering" conference	Shire - MCS	\$574.00	\$574.00

## Functions and events

The Shire of Yilgarn offered a variety of functions and events in 2016/17 to its residents, some are staples in the annual events calendar such as Australia Day, ANZAC Day, Christmas light competition and the annual Seniors luncheon, which are all very popular and well received. Further to the annual functions we try to offer a diversity of events to the community.

This year we offered the following:

- 24/02/17 - “Marty’s Party”, Gold coin donation entry fee  
Well received children’s and family show with attendance of 89
- 18/03/17 - Movie under the stars - “Last Cab to Darwin”, FREE  
Low attendance of only 27 adults

## General business

- **Dog Park**  
A Dog Park has been installed on Sirius Street to attract people travelling through to stop and spend some time and money in town, as well as offering our community another great recreational facility.
- **Free Public Wi-Fi**  
The Shire of Yilgarn invested in Wi-Fi equipment to enable visitors and residents to access free Wi-Fi in parts of Antares Street and the Caravan Park to attract visitors and to economically benefit local businesses.
- **Website**  
The Shire of Yilgarn has a new online presence in the form of a new website. The new site contains a plethora of information for residents and visitors and improves the services provided by the Shire.

## Swimming pool

The 2016/17 pool season has been very successful with the pool opening on 1 November 2016. We welcomed new Pool Manager Gary Stewart, who was well received by the community and managed the pool in a sound manner.

The ablution blocks received a well-deserved “mini-makeover” prior to opening in November and the pump house was upgraded.

Council has made the generous decision to waive the entry fee to the swimming pool for the 2016/17 season, allowing the community to use the pool free of charge. A total of 8479 patrons attended the pool until its closure for the season on 31 March 2017, with no incidents or accidents to report.

The Southern Cross swimming pool was built in 1963 and is past its useful life cycle, with water leaking from the bowl for some years now. A swimming pool working group has been formed and Kal Engineering has been engaged to design options and costings for a new aquatic facility.

## Caravan Park

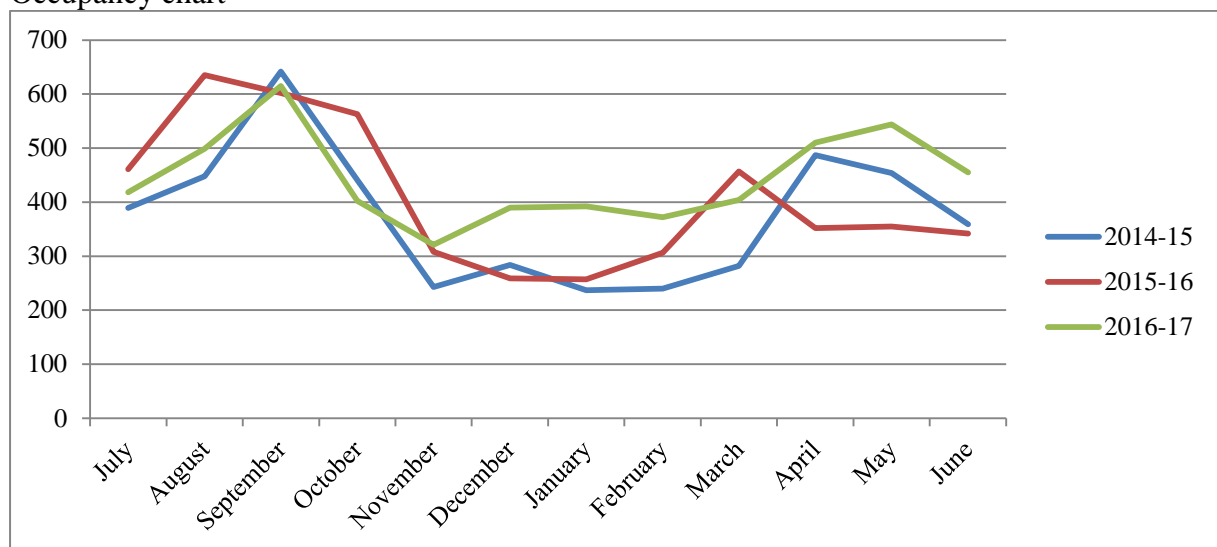
A total of 5,322 visitors stayed at the Southern Cross Caravan Park and Sandalwood Motor Lodge in 2016/17 which led to an improvement in occupancy numbers, please refer to chart below.

As per annual building program and budget allocation another room in the Sandalwood Motor Lodge has been refurbished, 8 TV's replaced and 14 new split air conditioner installed in Sandalwood Lodge.

Two new washing machines and three new dryers have been purchased.

A new camper's kitchen shed has been ordered to be installed and fitted out in 2017/18.

Occupancy chart



Increase 2015/16 to 2016/17 of 425 patrons or 8.66%







## Functions

The CRC has offered 27 functions covering IT workshops, health and wellbeing sessions, business related and general topics, with an average attendance of 3.375 people and the cancellation of 3 due to no registrations. The below functions have been very successful and will be included into the annual events calendar, where possible.

- 12/11/16 Seniors theatre visit - 20 seniors went to the Cummins Theatre to attend dinner and the show "Always... Patsy Cline". All expenses were covered by the COTA Seniors Week Grant funding.
- 18/02/17 Yoga workshop - 32 people enjoyed an introduction to yoga.
- 11/03/17 Ladies Day - Great success for first time event with 54 contented Ladies in attendance.
- April 2017 School holiday program at CRC  
A movie morning, two arts and craft activities and a mini Olympics attracted a total of 93 children. The program was very successful with positive feedback and 9 volunteer helpers.

## Future funding

In January 2017 a tender was submitted applying for 9 months and 2 years of future funding from 1 October 2017 until 30 June 2020. With the change in Government the tender has been reduced to 18 months of funding from 1 October 2017, with an extension option of another 15 months. As of 30 June 2016 it is anticipated that the tender application of the Southern Cross Community Resource Centre will be successful.

## General business

- CRC participated in regional price index collection and received \$440 payment
- Shire of Yilgarn calendar print and distribution organised
- New contract with Department of Human Services for Centrelink access point at CRC for 2017/18 entered
- On 1 December 2016 we welcomed our new trainees Chloe Eatts and Kayla Cuffe, who alternated their attendance between the Shire administration office and CRC

## Grant funding

The Shire of Yilgarn has applied for a range of grants to support Shire projects, as well as on behalf of community groups and clubs to support their efforts. Here is an overview of all applications:

Grant & Grantee	Purpose	On behalf of	Amount applied	Amount received
Seniors week grant - Council on the Ageing	Seniors bus trip to theatre	CRC	\$900.00	\$900.00
Grass root funding - CBH	Ladies Day 2017	CRC	\$1,200.00	\$500.00
Community Investment - Brookfield Rail	Ladies Day 2017	CRC	\$600.00	\$0.00
Development grant - IT - Department of Regional Development	Contribution to photocopier	CRC	\$5,000.00	\$5,000.00

## *Remuneration*

Regulation 19B of the Local Government (Administration) Regulations states the Annual Report in to include the number of Employees with an annual salary of \$100,000 or more going up in \$10,000 increments.

Salary Range	Number of Employees
\$110,001 to \$120,000	2
\$120,001 to \$130,000	2
\$220,001 to \$230,000	1

## *Register of Complaints and Minor Breach*

In accordance with section 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of Complaints of Minor Breach received each year.

For the year 2016~2017 the Shire of Yilgarn received no Complaints of Minor Breach

## *Disability Service Plan*

The Shire of Yilgarn is committed to ensuring that the community is accessible and inclusive for people with disabilities, their families, and carers. The Shires Disability Access and Inclusion Plan addressed our commitments and can be found on the Shires website. Whilst no capital upgrades were undertaken, the Shire staff continued to ensure all residents and visitors to the Shire had access to facilities and events.

## *National Competition Policy*

In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a compliance report for the Shire of Yilgarn.

## *Competitive Neutrality*

The Shire of Yilgarn does not have a business activity which generates a user pays income of \$200,000 or more, therefore no obligation exists for the Municipality to conduct a Public Benefits Test. Nonetheless, the Shire of Yilgarn remains committed to the principals of Competitive Neutrality.

## *Structural Reform*

The Shire of Yilgarn has no obligation under the principals of structural reform and did not privatise any public monopolies in the current year.

## **Record Keeping Plan**

In compliance with the State Records Act 2000, as required by Standard 2, Principle 6, Council maintains a Record Keeping Plan which is reviewed annually by the Chief Executive Officer.

## **Public Interest Disclosure**

In compliance with the Public Interest Disclosure Act 2003, as required by Section 23, part 1, Council has appointed a PID Officer in the agency, being the Chief Executive Officer, and Council has published internal procedures relating to the agency's obligations.

## **Information Statement**

In compliance with the Freedom of Information Act 1992 Council has an Information Statement that can be obtained from the Shire's Administration Office.



## *Plan for the Future*

### ***Strategic Community Plan***

The Shire of Yilgarn Strategic Community Plan was reviewed in 2016/2017. The plan is the Shire's key Strategic Planning document.

Council's other planning documents, including the Corporate Business Plan, Forward Capital Works Plan, Workforce Plan and Long Term Financial Plan are reviewed/updated on an annual basis.

The above documents collectively form the Shire's plan for the future.

The Local Government Act, 1995 requires that Council provide an overview of the Plan for the Future, detailing activities that are prepared to commence or continue in the next financial year be included in the Shire's Annual Report.

In 2017/2018 major projects to be undertaken are mainly roadworks and include the following:

R2025 - Bodallin North Road - 10mm Reseal – SLK 27.2 - 41.2	\$426,011
R2030 - Koolyanobbing Rd - Construct & Seal to 7m -SLK 2 - 5	\$559,206
R2030 - Koolyanobbing Rd - 7mm Reseal - SLK 48 - 49	\$42,998
R2030 - Koolyanobbing Rd - 10mm Reseal - SLK 23 - 25.5	\$82,301
R2R - Cramphorne Rd - Bitumen Seal - SLK 5.5 - 7	\$42,105
R2R - Cramphorne Rd - Formation & Gravel Overlay – SLK 14.2 – 19.2	\$172,289
R2R - Cramphorne Rd - Construct to 7m Seal - SLK 21.8 – 23.8	\$301,701
R2R - Emu Fence Rd - Formation & Gravel Overlay - SLK 128.5 – 133.5	\$203,413
R2R – Southern Cross Sth Rd – Formation & Gravel Overlay SLK 5.8 – 10.8	\$186,042
R2R – Three Boys Rd – Bitumen Reseal – SLK 0 – 2.1	\$60,820
R2R – Bullfinch Evanston Rd – Formation & Gravel Overlay SLK 12.8 – 15.8	\$116,658
RRU – Kent Rd – Gravel Overlay – SLK 9.5 – 11.5	\$80,453
RRU – Landfill Access Rd – Bitumen Reseal – SLK 0 – 3.5	\$74,361
RRU – Algenib St Hospital Emergency Access Rd – Bitumen Reseal 0 – 400m	\$15,943
RRU – Southern Cross Sth Rd – Formation & Gravel Overlay SLK 33.9 – 36.2	\$84,981
RRU – Nulla Nulla Sth Rd – Formation & Gravel Overlay – SLK 32.5 – 34.5	\$69,821
TRU- Antares St – Parking Areas Asphalt Overlay – GEH to Canopus St	\$249,003
TRU – Airstrip Access Rd & Parking Area – 7mm Bitumen Reseal	\$27,977

Major purchases of plant include:

YL542 - John Deere 770 Grader	\$385,000
YL469 - Mitsubishi 8 wheel Truck	\$286,000
YL645 – 4x4 Utility (Mechanic)	\$60,500
YL150 – 4x4 Dual Cab Utility (EMI)	\$59,500

***2016-2017***

***Annual Financial  
Report***

***&***

***Independent  
Auditors Report***





**SHIRE OF YILGARN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**SHIRE OF YILGARN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 24<sup>th</sup> day of APRIL 2018

A handwritten signature in dark ink, appearing to read 'Peter Clarke', written over a horizontal line.

Peter Clarke  
Acting Chief Executive Officer

**SHIRE OF YILGARN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	3,708,006	3,680,379	3,827,876
Operating grants, subsidies and contributions	29	3,701,458	2,634,268	1,947,410
Fees and charges	28	1,049,255	1,102,448	924,459
Interest earnings	2(a)	155,406	160,000	212,230
Other revenue	2(a)	261,321	294,995	393,987
		<u>8,875,446</u>	<u>7,872,090</u>	<u>7,305,962</u>
<b>Expenses</b>				
Employee costs		(2,530,097)	(2,809,933)	(2,695,636)
Materials and contracts		(1,397,390)	(2,063,380)	(1,869,592)
Utility charges		(321,776)	(359,020)	(212,041)
Depreciation on non-current assets	2(a)	(5,372,626)	(4,380,500)	(5,376,960)
Insurance expenses		(188,621)	(185,889)	(237,889)
Other expenditure		(137,705)	(235,673)	(121,080)
		<u>(9,948,215)</u>	<u>(10,034,395)</u>	<u>(10,513,198)</u>
		(1,072,769)	(2,162,305)	(3,207,236)
Non-operating grants, subsidies and contributions	29	2,018,086	2,581,089	2,285,230
Loss on Revaluation of Non-Current Assets	7(b)	(438,149)	0	0
Profit on asset disposals	20	0	41,651	35,114
(Loss) on asset disposals	20	(72,900)	(58,897)	(47,793)
<b>Net result</b>		<b>434,268</b>	<b>401,538</b>	<b>(934,685)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(87,915,506)	0	1,574,911
<b>Total other comprehensive income</b>		<b>(87,915,506)</b>	<b>0</b>	<b>1,574,911</b>
<b>Total comprehensive income</b>		<b>(87,481,238)</b>	<b>401,538</b>	<b>640,226</b>

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

**SHIRE OF YILGARN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		0	0	0
General purpose funding		7,022,610	5,945,513	4,988,750
Law, order, public safety		68,732	93,565	95,281
Health		949	1,000	1,066
Education and welfare		182,750	205,308	635,322
Housing		73,360	78,260	43,117
Community amenities		537,143	553,931	464,173
Recreation and culture		44,832	85,669	50,925
Transport		306,502	347,273	307,223
Economic services		480,468	446,492	492,065
Other property and services		158,100	115,130	228,040
		<u>8,875,446</u>	<u>7,872,141</u>	<u>7,305,962</u>
<b>Expenses</b>	2(a)			
Governance		(340,084)	(429,161)	(372,023)
General purpose funding		(257,750)	(264,128)	(346,006)
Law, order, public safety		(382,166)	(380,926)	(284,583)
Health		(217,385)	(251,385)	(234,124)
Education and welfare		(520,913)	(512,350)	(441,062)
Housing		(200,620)	(220,640)	(190,164)
Community amenities		(2,384,151)	(2,254,434)	(2,699,417)
Recreation and culture		(1,478,312)	(1,670,040)	(1,532,251)
Transport		(3,192,887)	(3,046,483)	(3,421,688)
Economic services		(855,500)	(947,423)	(931,976)
Other property and services		(118,447)	(57,425)	(59,904)
		<u>(9,948,215)</u>	<u>(10,034,395)</u>	<u>(10,513,198)</u>
		<u>(1,072,769)</u>	<u>(2,162,254)</u>	<u>(3,207,236)</u>
Non-operating grants, subsidies and contributions	29	2,018,086	2,581,089	2,285,230
Loss on Revaluation of Non-Current Assets	7(b)	(438,149)	0	0
Profit on disposal of assets	20	0	41,651	35,114
(Loss) on disposal of assets	20	(72,900)	(58,897)	(47,793)
<b>Net result</b>		<u><b>434,268</b></u>	<u><b>401,589</b></u>	<u><b>(934,685)</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(87,915,506)	0	1,574,911
<b>Total other comprehensive income</b>		<u><b>(87,915,506)</b></u>	<u><b>0</b></u>	<u><b>1,574,911</b></u>
<b>Total comprehensive income</b>		<u><b>(87,481,238)</b></u>	<u><b>401,589</b></u>	<u><b>640,226</b></u>

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

**SHIRE OF YILGARN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	6,469,459	4,567,375
Trade and other receivables	4	587,554	565,036
Inventories	5	85,850	44,849
<b>TOTAL CURRENT ASSETS</b>		<b>7,142,863</b>	<b>5,177,260</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	58,260	49,127
Property, plant and equipment	6	27,543,257	28,387,522
Infrastructure	7	231,791,418	320,571,109
<b>TOTAL NON-CURRENT ASSETS</b>		<b>259,392,935</b>	<b>349,007,758</b>
<b>TOTAL ASSETS</b>		<b>266,535,798</b>	<b>354,185,018</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	347,000	545,897
Provisions	10	417,828	400,608
<b>TOTAL CURRENT LIABILITIES</b>		<b>764,828</b>	<b>946,505</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	51,939	38,244
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>51,939</b>	<b>38,244</b>
<b>TOTAL LIABILITIES</b>		<b>816,767</b>	<b>984,749</b>
<b>NET ASSETS</b>		<b>265,719,031</b>	<b>353,200,269</b>
<b>EQUITY</b>			
Retained surplus		61,457,345	62,518,701
Reserves - cash backed	11	5,630,896	4,135,272
Revaluation surplus	12	198,630,790	286,546,295
<b>TOTAL EQUITY</b>		<b>265,719,031</b>	<b>353,200,268</b>

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



**SHIRE OF YILGARN**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>62,115,743</b>	<b>5,472,915</b>	<b>284,971,385</b>	<b>352,560,043</b>
Comprehensive income					
Net result		(934,685)	0	0	(934,685)
Changes on revaluation of assets	12	0	0	1,574,911	1,574,911
Total comprehensive income		(934,685)	0	1,574,911	640,226
Transfers from/(to) reserves		1,337,643	(1,337,643)	0	0
<b>Balance as at 30 June 2016</b>		<b>62,518,701</b>	<b>4,135,272</b>	<b>286,546,296</b>	<b>353,200,269</b>
Comprehensive income					
Net result		434,268	0	0	434,268
Changes on revaluation of assets	12	0	0	(87,915,506)	(87,915,506)
Total comprehensive income		434,268	0	(87,915,506)	(87,481,238)
Transfers from/(to) reserves		(1,495,624)	1,495,624	0	0
<b>Balance as at 30 June 2017</b>		<b>61,457,345</b>	<b>5,630,896</b>	<b>198,630,790</b>	<b>265,719,031</b>

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

**SHIRE OF YILGARN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,639,688	3,726,043	3,735,924
Operating grants, subsidies and contributions		3,710,184	2,042,271	2,011,691
Fees and charges		1,049,255	1,102,448	924,459
Interest earnings		155,406	160,000	212,230
Goods and services tax		514,818	721,302	845,414
Other revenue		261,321	294,995	393,987
		<u>9,330,672</u>	<u>8,047,059</u>	<u>8,123,705</u>
<b>Payments</b>				
Employee costs		(2,528,938)	(2,819,056)	(2,763,403)
Materials and contracts		(1,617,134)	(1,624,584)	(1,532,255)
Utility charges		(321,776)	(359,020)	(212,041)
Insurance expenses		(188,621)	(185,889)	(237,889)
Goods and services tax		(492,877)	(604,556)	(811,125)
Other expenditure		(137,705)	(235,673)	(121,080)
		<u>(5,287,051)</u>	<u>(5,828,778)</u>	<u>(5,677,793)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	4,043,621	2,218,281	2,445,912
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,281,073)	(2,302,189)	(3,544,886)
Payments for construction of infrastructure		(3,166,288)	(3,697,417)	(3,656,480)
Non-operating grants, subsidies and contributions		2,018,086	2,581,089	2,285,230
Proceeds from sale of fixed assets		272,136	255,000	258,627
<b>Net cash provided by (used in) investment activities</b>		<u>(2,157,139)</u>	<u>(3,163,517)</u>	<u>(4,657,509)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from self supporting loans		6,000	6,000	6,000
<b>Net cash provided by (used in) financing activities</b>		<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
<b>Net increase (decrease) in cash held</b>		1,892,483	(939,236)	(2,205,597)
Cash at beginning of year		4,567,375	4,559,682	6,772,972
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>6,459,858</u></u>	<u><u>3,620,446</u></u>	<u><u>4,567,375</u></u>

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

**SHIRE OF YILGARN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at July 1 b/fwd - surplus/(deficit)</b>		<u>308,590</u>	<u>202,155</u>	<u>1,416,228</u>
		308,590	202,155	1,416,228
<b>Revenue from operating activities (excluding rates)</b>				
General purpose funding		3,348,429	2,280,388	1,190,225
Law, order, public safety		68,732	93,565	95,281
Health		949	1,000	1,066
Education and welfare		182,750	205,308	635,322
Housing		73,360	78,260	43,117
Community amenities		537,143	553,931	464,173
Recreation and culture		44,832	85,669	50,925
Transport		306,502	347,273	307,223
Economic services		480,468	446,492	492,065
Other property and services		158,100	141,476	263,154
		<u>5,201,265</u>	<u>4,233,362</u>	<u>3,542,551</u>
<b>Expenditure from operating activities</b>				
Governance		(340,084)	(429,161)	(372,023)
General purpose funding		(257,750)	(264,128)	(346,006)
Law, order, public safety		(382,166)	(380,926)	(284,583)
Health		(217,385)	(251,385)	(234,124)
Education and welfare		(520,913)	(512,350)	(441,062)
Housing		(200,620)	(220,640)	(190,164)
Community amenities		(2,588,627)	(2,254,434)	(2,699,417)
Recreation and culture		(1,537,100)	(1,670,040)	(1,532,251)
Transport		(3,427,994)	(3,105,380)	(3,469,481)
Economic services		(855,500)	(947,423)	(931,976)
Other property and services		(131,125)	(57,425)	(59,904)
		<u>(10,459,264)</u>	<u>(10,093,292)</u>	<u>(10,560,991)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	0	(41,651)	(35,114)
Loss on disposal of assets	20	72,900	58,897	47,793
Movement in deferred pensioner rates (non-current)		(15,133)	0	2,108
Movement in employee benefit provisions (non-current)		13,695	0	34,396
Depreciation and amortisation on assets	2(a)	5,372,626	4,380,500	5,376,960
Loss on Revaluation of Non-Current Assets	7(b)	438,149	0	0
<b>Amount attributable to operating activities</b>		<u>932,828</u>	<u>(1,260,029)</u>	<u>(176,069)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,018,086	2,581,089	2,285,230
Proceeds from disposal of assets	20	272,136	255,000	258,627
Purchase of property, plant and equipment	6(b)	(1,281,073)	(2,302,189)	(3,544,886)
Purchase and construction of infrastructure	7(b)	(3,166,288)	(3,697,417)	(3,656,480)
<b>Amount attributable to investing activities</b>		<u>(2,157,139)</u>	<u>(3,163,517)</u>	<u>(4,657,509)</u>
<b>FINANCING ACTIVITIES</b>				
Proceeds from self supporting loans		6,000	6,000	6,000
Transfers to reserves (restricted assets)	11	(2,111,437)	(1,580,069)	(1,383,776)
Transfers from reserves (restricted assets)	11	615,813	2,317,236	2,721,419
<b>Amount attributable to financing activities</b>		<u>(1,489,624)</u>	<u>743,167</u>	<u>1,343,643</u>
<b>Surplus(deficiency) before general rates</b>		<u>(2,713,935)</u>	<u>(3,680,379)</u>	<u>(3,489,935)</u>
<b>Total amount raised from general rates</b>	22	<u>3,674,181</u>	<u>3,680,379</u>	<u>3,798,525</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><u>960,246</u></u>	<u><u>0</u></u>	<u><u>308,590</u></u>

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**CRITICAL ACCOUNTING ESTIMATES**

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 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.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

**(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) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Trade and Other Receivables**

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(d) Inventories**

***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 sale***

Land held for development and sale 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. Finance 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 on to the buyer at this point.

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

**(e) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold land, 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	5 to 50 years
Furniture and equipment	5 to 20 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
- formation	not depreciated
- pavement	50 years
- seal	
- bituminous seals	30 years
- asphalt surfaces	25 years
Gravel roads	
- formation	not depreciated
- construction/road base	50 years
- gravel sheet	15 years
Formed roads (unsealed)	
- formation	not depreciated
- construction/road base	50 years
Footpaths - slab	12 years
Sewerage piping	50 years
Water supply piping and drainage systems	50 years
Airfields and Runways	30 years
Refuse Disposal sites	not depreciated

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

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(g) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

**(h) 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.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(i) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Employee Benefits**

**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. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits 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.

**(k) Borrowing Costs**

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

**(l) 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.

**(m) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

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

**(o) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(p) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(q) 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.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(s) Rounding Off Figures**

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

**(t) 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(u) 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.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
			<p>AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) Adoption of New and Revised Accounting Standards**

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities			The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.
[AASB 10, 124 & 1049]			The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	25,746	26,300
- Other Services	16,630	5,840
<b>Depreciation</b>		
Buildings - non-specialised	259,609	121,624
Buildings - specialised	839,197	767,091
Furniture and equipment	8,565	2,638
Plant and equipment	672,931	685,979
Roads	1,772,186	1,790,837
Footpath	48,378	51,625
Drainage	1,563,880	1,714,017
Refuse Site	17,226	17,221
Sewerage	112,421	119,596
Townscape	5,199	3,542
Parks & Ovals	10,011	16,928
Aerodromes	9,652	15,090
Other	53,371	70,772
	<u>5,372,626</u>	<u>5,376,960</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	194,935	227,628
Other	66,386	166,359
	<u>261,321</u>	<u>393,987</u>
	<b>2017</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2016</b>
- Reserve funds	105,846	<b>Actual</b>
- Other funds	27,844	
Other interest revenue (refer note 27)	21,716	
	<u>155,406</u>	<u>60,372</u>
	<u>160,000</u>	<u>212,230</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Conditions Over Grants/Contributions**

<b>Grant/Contribution</b>	<b>Opening Balance <sup>(1)</sup> 1/07/15 \$</b>	<b>Received <sup>(2)</sup> 2015/16 \$</b>	<b>Expended <sup>(3)</sup> 2015/16 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/16 \$</b>	<b>Received <sup>(2)</sup> 2016/17 \$</b>	<b>Expended <sup>(3)</sup> 2016/17 \$</b>	<b>Closing Balance 30/06/17 \$</b>
<b>Governance</b>							
DLG - Strategic Planning	12,740	0	0	12,740	0	0	12,740
<b>Education and welfare</b>							
Aged Friendly Communities Grant	46,405	0	(46,405)	0	0	0	0
KidSport Grant	0	7,000	0	7,000	0	(4,566)	2,434
<b>Recreation and culture</b>							
Museum Upgrade - Lotterywest	0	0	0	0	13,128	(13,128)	0
<b>Transport</b>							
Heavy Vehicle Road Improvement Contribution	74,457	45,657	(47,591)	72,523	45,364	(14,000)	103,887
<b>Economic services</b>							
12/13 CLGF - Caravan Park Upgrade	392,361	0	(392,361)	0	0	0	0
<b>Total</b>	<b>525,963</b>	<b>52,657</b>	<b>(486,357)</b>	<b>92,263</b>	<b>58,492</b>	<b>(31,694)</b>	<b>119,061 *</b>

**Notes:**

**(1)** - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

**(2)** - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

**(3)** - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

\* Included in Unspent Grants Reserve as per Note 3.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		838,563	432,103
Restricted		<u>5,630,896</u>	<u>4,135,272</u>
		<u><u>6,469,459</u></u>	<u><u>4,567,375</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	224,656	219,107
Airport Reserve	11	130,428	127,207
Building Reserve	11	564,484	550,542
Community Bus Reserve	11	119,271	116,325
Health Services Reserve	11	203,786	198,752
Home for the Aged Reserve	11	372,638	363,434
HVRIC Reserve	11	72,523	72,523
ICT & Furniture Equipment Reserve	11	74,886	73,036
Land Development Reserve	11	60,208	58,721
Mt Hampton/Dulyabin Water Supply Reserve	11	29,763	29,028
Museum Reserve	11	0	15,813
Plant Replacement Reserve	11	420,856	410,461
Recreation Facility Reserve	11	986,714	669,159
Refuse Disposal Reserve	11	434,438	423,708
Sewerage Reserve	11	515,490	502,758
Tourism Reserve	11	188,907	184,241
Youth Development Reserve	11	103,268	100,717
Unspent Grants Reserve	11	<u>1,128,580</u>	<u>19,740</u>
		<u><u>5,630,896</u></u>	<u><u>4,135,272</u></u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	490,626	437,441
Sundry debtors	32,118	40,844
GST receivable	78,656	100,597
Loans receivable - clubs/institutions	6,000	6,000
Less Provision for Doubtful Debts	(19,846)	(19,846)
	<u>587,554</u>	<u>565,036</u>
<b>Non-current</b>		
Rates outstanding - pensioners	44,760	29,627
Loans receivable - clubs/institutions	13,500	19,500
	<u>58,260</u>	<u>49,127</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
<b>Rates outstanding</b>	<u>490,626</u>	<u>437,441</u>
Includes:		
Past due and not impaired	490,626	437,441
Impaired	<u>0</u>	<u>0</u>
<b>Sundry debtors</b>	<u>32,118</u>	<u>40,844</u>
Includes:		
Past due and not impaired	12,272	20,998
Impaired	<u>19,846</u>	<u>19,846</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	<u>85,850</u>	<u>44,849</u>
	<u>85,850</u>	<u>44,849</u>



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2015 - level 3	115,000	115,000
- Independent valuation 2015 - level 2	1,369,000	1,369,000
- Management valuation 2015- level 3	35,031	35,031
	<u>1,519,031</u>	<u>1,519,031</u>
Land - vested in and under the control of Council at:		
- Management valuation 2015 - level 3	1,053,475	1,053,475
	<u>1,053,475</u>	<u>1,053,475</u>
	<u>2,572,506</u>	<u>2,572,506</u>
Buildings - non-specialised at:		
- Independent valuation 2015 - level 2	2,510,000	2,510,000
- Additions after valuation - cost	1,997,365	1,863,210
Buildings - non-specialised - Less: accumulated depreciation	(381,233)	(121,624)
	<u>4,126,132</u>	<u>4,251,586</u>
Buildings - specialised at:		
- Independent valuation 2015 - level 3	14,931,000	14,931,000
- Management valuation 2015 - level 3	185,285	185,285
- Additions after valuation - cost	1,253,651	955,975
Buildings - specialised - Less: accumulated depreciation	(1,606,288)	(767,091)
	<u>14,763,648</u>	<u>15,305,169</u>
	<u>18,889,780</u>	<u>19,556,755</u>
Total land and buildings	<u>21,462,286</u>	<u>22,129,261</u>
Furniture and equipment at:		
- Management valuation 2016- level 2	40,987	40,987
Furniture and equipment - Less: accumulated depreciation	(8,565)	0
	<u>32,422</u>	<u>40,987</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	5,847,274	6,217,274
- Additions after valuation - cost	849,242	0
Plant and equipment - Less: accumulated depreciation	(647,967)	0
	<u>6,048,549</u>	<u>6,217,274</u>
	<u>27,543,257</u>	<u>28,387,522</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	1,519,031	0	0	0	0	0	0	0	1,519,031
Land - vested in and under the control of Council	1,053,475	0	0	0	0	0	0	0	1,053,475
<b>Total land</b>	<b>2,572,506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,572,506</b>
Buildings - non-specialised	4,251,586	134,155	0	0	0	0	(259,609)	0	4,126,132
Buildings - specialised	15,305,169	297,676	0	0	0	0	(839,197)	0	14,763,648
<b>Total buildings</b>	<b>19,556,755</b>	<b>431,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,098,806)</b>	<b>0</b>	<b>18,889,780</b>
<b>Total land and buildings</b>	<b>22,129,261</b>	<b>431,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,098,806)</b>	<b>0</b>	<b>21,462,286</b>
Furniture and equipment	40,987	0	0	0	0	0	(8,565)	0	32,422
Plant and equipment	6,217,274	849,242	(345,036)	0	0	0	(672,931)	0	6,048,549
<b>Total property, plant and equipment</b>	<b>28,387,522</b>	<b>1,281,073</b>	<b>(345,036)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,780,302)</b>	<b>0</b>	<b>27,543,257</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2015	Price per hectare
Land - vested in and under the control of Council	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Management Valuation	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3 ) inputs
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2015	Price per square metre
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent valuers and Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>					
	Level 2	Market approach using recent observable market data for similar assets	Management Valuation	June 2016	Price per item
<b>Plant and equipment</b>					
	Level 2	Market approach using recent observable market data for similar assets	Management Valuation	June 2016	Price per item

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.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads (inc Laneways)		
- Management valuation 2017 - level 3	169,782,989	0
- Management valuation 2014 - level 3	0	230,872,330
- Additions after valuation - cost	0	5,656,837
Less: accumulated depreciation	0	(3,645,295)
	<u>169,782,989</u>	<u>232,883,872</u>
Infrastructure - Footpaths		
- Management valuation 2017 - level 3	1,547,317	0
- Management valuation 2014 - level 3	0	2,096,168
- Additions after valuation - cost	0	18,712
Less: accumulated depreciation	0	(102,858)
	<u>1,547,317</u>	<u>2,012,022</u>
Infrastructure - Drainage		
- Management valuation 2017 - level 3	51,945,292	0
- Management valuation 2014 - level 3	0	75,983,762
- Additions after valuation - cost	0	22,350
Less: accumulated depreciation	0	(3,408,976)
	<u>51,945,292</u>	<u>72,597,136</u>
Infrastructure - Refuse Site		
- Management valuation 2017 - level 3	158,260	0
- Management valuation 2014 - level 3	0	987,627
- Additions after valuation - cost	0	50,166
Less: accumulated depreciation	0	(34,638)
	<u>158,260</u>	<u>1,003,155</u>
Infrastructure - Sewerage		
- Management valuation 2017 - level 3	3,919,125	0
- Management valuation 2014 - level 3	0	9,353,975
- Additions after valuation - cost	0	185,690
Less: accumulated depreciation	0	(239,022)
	<u>3,919,125</u>	<u>9,300,643</u>
Infrastructure - Townscape		
- Management valuation 2017 - level 3	5,250	0
- Management valuation 2014 - level 3	0	152,967
- Additions after valuation - cost	0	39,534
Less: accumulated depreciation	0	(7,168)
	<u>5,250</u>	<u>185,333</u>
Infrastructure - Parks & Ovals		
- Management valuation 2017 - level 3	148,350	0
- Management valuation 2014 - level 3	0	584,585
- Additions after valuation - cost	0	1,906
Less: accumulated depreciation	0	(33,147)
	<u>148,350</u>	<u>553,344</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE (Continued)</b>		
Infrastructure - Aerodromes		
- Management valuation 2017 - level 3	952,150	0
- Management valuation 2014 - level 3	0	595,784
Less: accumulated depreciation	0	(29,996)
	<u>952,150</u>	<u>565,788</u>
Infrastructure - Other (inc Digital Infra)		
- Management valuation 2017 - level 3	3,332,685	0
- Management valuation 2014 - level 3	0	1,416,620
- Additions after valuation - cost	0	194,027
Less: accumulated depreciation	0	(140,831)
	<u>3,332,685</u>	<u>1,469,816</u>
	<u><u>231,791,418</u></u>	<u><u>320,571,109</u></u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads (inc Laneways)	232,883,872	2,762,806	0	(64,091,503)	0	0	(1,772,186)	0	169,782,989
Infrastructure - Footpaths	2,012,022	0	0	(416,327)	0	0	(48,378)	0	1,547,317
Infrastructure - Drainage	72,597,136	6,278	0	(19,094,242)	0	0	(1,563,880)	0	51,945,292
Infrastructure - Refuse Site	1,003,155	22,700	0	(850,369)	0	0	(17,226)	0	158,260
Infrastructure - Sewerage	9,300,643	134,777	0	(5,403,874)	0	0	(112,421)	0	3,919,125
Infrastructure - Townscape	185,333	0	0	(174,884)	0	0	(5,199)	0	5,250
Infrastructure - Parks & Ovals	553,344	10,433	0	(405,416)	0	0	(10,011)	0	148,350
Infrastructure - Aerodromes	565,788	0	0	396,014	0	0	(9,652)	0	952,150
Infrastructure - Other (inc Digital Infra)	1,469,816	229,294	0	1,686,946	0	0	(53,371)	0	3,332,685
<b>Total infrastructure</b>	<b>320,571,109</b>	<b>3,166,288</b>	<b>0</b>	<b>(88,353,655)</b>	<b>0</b>	<b>0</b>	<b>(3,592,324)</b>	<b>0</b>	<b>231,791,418</b>

The revaluation of the Shire's Infrastructure assets resulted in an overall decrease of \$88,353,655. \$87,915,506 was debited to the revaluation surplus in the Shire's equity (refer Note 12 for further details) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income. \$438,149 was debited and recognised as a Loss on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads (inc Laneways)</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Footpaths</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Drainage</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Refuse Site</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Sewerage</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Townscape</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Parks &amp; Ovals</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Aerodromes</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Other (inc Digital Infra)</b>	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	270,723	449,466
Accrued salaries and wages	29,253	19,652
ATO liabilities	47,024	76,779
	<u>347,000</u>	<u>545,897</u>

**9. LONG-TERM BORROWINGS**

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>			
Current provisions	219,950	180,658	400,608
Non-current provisions	0	38,244	38,244
	<u>219,950</u>	<u>218,902</u>	<u>438,852</u>
Additional provision	26,080	38,624	64,705
Amounts used	(4,017)	(29,773)	(33,790)
<b>Balance at 30 June 2017</b>	<u>242,013</u>	<u>227,753</u>	<u>469,767</u>
<b>Comprises</b>			
Current	242,013	175,814	417,827
Non-current	0	51,939	51,939
	<u>242,013</u>	<u>227,753</u>	<u>469,766</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**11 RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Long Service Leave Reserve	219,107	5,549	0	224,656	219,107	5,419	0	224,526	203,317	15,790	0	219,107
Airport Reserve	127,207	3,221	0	130,428	127,207	3,146	0	130,353	124,044	3,163	0	127,207
Building Reserve	550,542	113,942	(100,000)	564,484	550,542	152,996	(392,489)	311,049	1,290,609	504,623	(1,244,690)	550,542
Community Bus Reserve	116,325	2,946	0	119,271	116,325	2,877	0	119,202	113,433	2,892	0	116,325
Health Services Reserve	198,752	5,034	0	203,786	198,752	4,916	0	203,668	193,810	4,942	0	198,752
Home for the Aged Reserve	363,434	9,204	0	372,638	363,434	8,989	(41,900)	330,523	354,398	9,036	0	363,434
HVRIC Reserve	72,523	0	0	72,523	72,523	42,188	(72,188)	42,523	120,918	45,657	(94,052)	72,523
ICT & Furniture Equipment Reserve	73,036	1,850	0	74,886	73,036	100,960	(130,859)	43,137	71,220	1,816	0	73,036
Land Development Reserve	58,721	1,487	0	60,208	58,721	1,452	0	60,173	57,261	1,460	0	58,721
Mt Hampton/Dulyabin Water Supply Reserve	29,028	735	0	29,763	29,029	718	0	29,747	28,306	722	0	29,028
Museum Reserve	15,813	0	(15,813)	0	15,813	391	0	16,204	15,419	394	0	15,813
Plant Replacement Reserve	410,461	10,395	0	420,856	410,461	929,453	(969,300)	370,614	410,617	709,558	(709,714)	410,461
Recreation Facility Reserve	669,159	817,555	(500,000)	986,714	669,159	16,551	(320,000)	365,710	652,569	16,590	0	669,159
Refuse Disposal Reserve	423,708	10,730	0	434,438	423,708	10,480	(30,000)	404,188	413,173	10,535	0	423,708
Sewerage Reserve	502,758	12,732	0	515,490	502,758	226,718	(205,500)	523,976	490,257	12,501	0	502,758
Tourism Reserve	184,241	4,666	0	188,907	184,241	70,322	(130,000)	124,563	408,246	10,192	(234,197)	184,241
Youth Development Reserve	100,717	2,551	0	103,268	100,717	2,492	(25,000)	78,209	73,812	26,905	0	100,717
Unspent Grants Reserve	19,740	1,108,840	0	1,128,580	19,740	0	0	19,740	451,506	7,000	(438,766)	19,740
	<u>4,135,272</u>	<u>2,111,437</u>	<u>(615,813)</u>	<u>5,630,896</u>	<u>4,135,273</u>	<u>1,580,068</u>	<u>(2,317,236)</u>	<u>3,398,105</u>	<u>5,472,915</u>	<u>1,383,776</u>	<u>(2,721,419)</u>	<u>4,135,272</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**11 RESERVES - CASH BACKED**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Long Service Leave Reserve	Ongoing	- to be used to fund Long Service Leave requirements.
Airport Reserve	Ongoing	- to be used for the upkeep and any major upgrade works to the Southern Cross Airport.
Building Reserve	Ongoing	- to be used for major construction and improvements to Council's Buildings.
Community Bus Reserve	Ongoing	- to to used for the proceeds from the hire of the Yilgarn Community Bus.
Health Services Reserve	Ongoing	- to be used for the future management of Council's computer systems.
Home for the Aged Reserve	Ongoing	- to be used to maintain the Health Service GP practice and associated assets.
HVRIC Reserve	Ongoing	- to be used for future redevelopment works at this facility.
ICT & Furniture Equipment Reserve	Ongoing	- to provide adequate disclosure of funds received under the HVRIC and the relevant road funds are expended on.
Land Development Reserve	Ongoing	- to be used for the future of the Council's computer systems and furniture and equipment.
Mt Hampton/Dulyabin Water Supply Reserve	Ongoing	- to be used for the acquisition of land in the Southern Cross townsite for future expansion of the town.
Museum Reserve	Ongoing	- to be used for maintenance works at the Mt Hampton Dam and Dulyalbin Water Supply tank.
Plant Replacement Reserve	Ongoing	- monies held on behalf of the Yilgarn History Museum for their purpose and use as required.
Recreation Facility Reserve	Ongoing	- to be used for the purchase of major plant.
Refuse Disposal Reserve	Ongoing	- to be used for major projects relating to Recreation within the community.
Sewerage Reserve	Ongoing	- to be used for major works carried out at the Refuse Disposal Sites within the Shire.
Tourism Reserve	Ongoing	- to be used for major maintenance or future construction works required for the Southern Cross and Marvel Loch Effluent Waste Water Schemes.
Youth Development Reserve	Ongoing	- to be used to fund tourism in the Yilgarn District.
Unspent Grants Reserve	Ongoing	- to provide adequate record keeping and disclosure of tied grants received, the source of funds and related expenditure.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**12. REVALUATION SURPLUS**

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	10,730,855	0	0	0	10,730,855	10,730,855	0	0	0	10,730,855
Furniture and equipment	21,871	0	0	0	21,871	39,253	0	(17,382)	(17,382)	21,871
Plant and equipment	2,299,879	0	0	0	2,299,879	707,586	1,592,293	0	1,592,293	2,299,879
Infrastructure - Roads	186,892,316	0	(64,091,503)	(64,091,503)	122,800,813	186,892,316	0	0	0	186,892,316
Infrastructure - Footpath	1,965,378	0	(416,327)	(416,327)	1,549,051	1,965,378	0	0	0	1,965,378
Infrastructure - Drainage	75,536,320	0	(19,094,242)	(19,094,242)	56,442,078	75,536,320	0	0	0	75,536,320
Infrastructure - Refuse Site	645,894	0	(645,894)	(645,894)	0	645,894	0	0	0	645,894
Infrastructure - Sewerage	8,107,157	0	(5,403,874)	(5,403,874)	2,703,283	8,107,157	0	0	0	8,107,157
Infrastructure - Parks & Ovals	346,626	0	(346,626)	(346,626)	0	346,626	0	0	0	346,626
Infrastructure - Aerodromes	0	396,014	0	396,014	396,014	0	0	0	0	0
Infrastructure - Other	0	1,686,946	0	1,686,946	1,686,946	0	0	0	0	0
	<u>286,546,296</u>	<u>2,082,960</u>	<u>(89,998,466)</u>	<u>(87,915,506)</u>	<u>198,630,790</u>	<u>284,971,385</u>	<u>1,592,293</u>	<u>(17,382)</u>	<u>1,574,911</u>	<u>286,546,296</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>6,469,459</u>	<u>3,620,446</u>	<u>4,567,375</u>

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

Net result	434,268	401,538	(934,685)
Non-cash flows in Net result:			
Depreciation	5,372,626	4,380,500	5,376,960
(Profit)/Loss on sale of asset	72,900	17,246	12,679
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(37,651)	174,969	6,618
(Increase)/Decrease in inventories	(41,001)	3,500	3,074
Increase/(Decrease) in payables	(198,897)	(198,823)	300,286
Increase/(Decrease) in provisions	30,915	20,440	(33,790)
Grants contributions for			
the development of assets	(2,018,086)	(2,581,089)	(2,285,230)
Loss on Revaluation of Non-Current Assets	438,149	0	0
Net cash from operating activities	<u>4,053,223</u>	<u>2,218,281</u>	<u>2,445,912</u>

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Credit card limit	15,000	15,000
Credit card balance at balance date	(1,604)	0
<b>Total amount of credit unused</b>	<u>13,396</u>	<u>15,000</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**14. CONTINGENT LIABILITIES**

The Shire has no known contingent liabilities.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	2,741,627	1,223,520
General purpose funding	535,386	437,441
Law, order, public safety	3,088,729	2,967,349
Health	747,100	768,090
Education and welfare	4,448,798	4,500,817
Housing	3,221,870	3,233,221
Community amenities	57,717,656	84,553,331
Recreation and culture	13,054,868	12,291,962
Transport	174,432,147	238,028,362
Economic services	1,633,104	1,381,237
Other property and services	4,598,567	4,429,359
Unallocated	315,946	370,329
	<u>266,535,798</u>	<u>354,185,018</u>



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	2.57	1.43	3.87
Asset sustainability ratio	0.71	0.72	0.61
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.31)	(0.62)	(0.29)
Own source revenue coverage ratio	0.49	0.49	0.53

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.

One of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,108,800.

Two of the 2017 ratios disclosed above were distorted by an item of significant expense totalling \$438,149 relating to the Loss on Revaluation of Non-Current Assets.

Two of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$972,983.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	2.57	1.43	1.91
Operating surplus ratio	(0.44)	(0.43)	(0.46)
Own source revenue coverage ratio	0.51	0.49	0.53

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	<b>1 July 2016 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>30 June 2017 \$</b>
Police Licensing	1,707	652,333	(646,333)	7,707
Builders Levy (BCITF)	5,137	305	(836)	4,606
Transwa Bookings	4,611	12,335	(13,045)	3,901
Staff Personal Deductions	28,835	32,090	(21,972)	38,953
Housing Tenancy Bonds	23,290	4,340	(6,890)	20,740
Hall Hire Bonds	2,725	2,030	(1,647)	3,108
Security Key System	1,580	0	(50)	1,530
Skeleton Weed	53,886	0	(20,250)	33,636
Community Groups	11,941	1,620	(443)	13,118
Rates Overpaid	7,039	2,200	(4,426)	4,813
Third Party Contributions	5,708	1,408	(999)	6,117
Medical Services Provision	107,093	12,500	(12,500)	107,093
YBTC Sinking Fund	13,332	6,666	0	19,998
Dump Point	92	0	0	92
SXFC SINKING FUND	0	1,000	0	1,000
Museum Trust	0	15,813	0	15,813
	<u>266,976</u>			<u>282,225</u>

**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Actual Net Book Value \$</b>	<b>Actual Sale Proceeds \$</b>	<b>Actual Profit \$</b>	<b>Actual Loss \$</b>	<b>Budget Net Book Value \$</b>	<b>Budget Sale Proceeds \$</b>	<b>Budget Profit \$</b>	<b>Budget Loss \$</b>
<b>Plant and Equipment</b>								
<b>Transport</b>								
YL_087 John Deere Grader	79,993	60,000	0	(19,993)	101,034	70,000	0	(31,034)
YL_117 Prime Mover Iveco	78,837	64,000	0	(14,837)	67,364	50,000	0	(17,364)
YL5410 - Mitsubishi Light Tip Truck	35,752	24,500	0	(11,252)	30,499	20,000	0	(10,499)
YL121 - Hilux 4 x 4 Ute	28,730	24,091	0	(4,639)	12,920	20,000	7,080	0
YL333 - Land Cruiser 4 x 4 Ute	52,227	42,727	0	(9,500)	31,775	40,000	8,225	0
<b>Other property and services</b>								
YL_1 Toyota Kluger Grande	46,602	37,273	0	(9,329)	9,168	35,000	25,832	0
YL_252 Ford Ranger	22,894	19,545	0	(3,349)	19,486	20,000	514	0
	<u>345,036</u>	<u>272,136</u>	<u>0</u>	<u>(72,900)</u>	<u>272,246</u>	<u>255,000</u>	<u>41,651</u>	<u>(58,897)</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS**

*(a) Repayments - Debentures*

The Shire did not have any debentures as at 30 June 2017.

*(b) New Debentures - 2016/17*

The Shire did not take up any new debentures during the year ended 30 June 2017.

*(c) Unspent Debentures*

The Shire did not have any unspent debentures as at 30 June 2017.

*(d) Overdraft*

Council does not have an overdraft facility in place.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Residential / Industrial	0.1101	388	2,967,542	326,789	1,831	0	328,620	326,789	0	0	326,789
Commercial	7.7518	32	995,384	77,160	0	0	77,160	77,160	0	0	77,160
Minesite	15.5036	4	120,160	18,629	0	0	18,629	18,629	0	0	18,629
Single Persons Quarters	15.5036	8	1,683,062	260,935	0	0	260,935	260,935	0	0	260,935
<b>Unimproved value valuations</b>											
Rural	1.9274	386	86,063,127	1,658,781	3,130	0	1,661,938	1,657,316	0	0	1,657,316
Mining	17.4810	336	7,191,990	1,226,098	(12,380)	0	1,213,718	1,224,125	0	0	1,224,125
<b>Sub-Total</b>		1,154	99,021,265	3,568,392	(7,419)	0	3,560,973	3,564,954	0	0	3,564,954
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Residential / Industrial	500	125	184,176	62,500	0	0	62,500	62,500	0	0	62,500
Commercial	400	7	19,934	2,800	0	0	2,800	2,800	0	0	2,800
Minesite	400	3	3,340	1,200	0	0	1,200	1,200	0	0	1,200
Single Persons Quarters	400	1	400	400	0	0	400	400	0	0	400
<b>Unimproved value valuations</b>											
Rural	400	35	294,036	14,000	0	0	14,000	14,000	0	0	14,000
Mining (General)	800	129	158,684	103,200	6,919	0	110,119	140,700	0	0	140,700
Mining (Lesser)	260	115	125,987	29,900	0	0	29,900	0	0	0	0
<b>Sub-Total</b>		415	786,557	214,000	6,919	0	220,919	221,600	0	0	221,600
		<b>1,569</b>	<b>99,807,822</b>	<b>3,782,392</b>	<b>(500)</b>	<b>0</b>	<b>3,781,892</b>	<b>3,786,554</b>	<b>0</b>	<b>0</b>	<b>3,786,554</b>
Discounts/concessions (refer note 26)							(107,770)				(140,000)
Movement in excess rates							59				0
<b>Total amount raised from general rate</b>							<b>3,674,181</b>				<b>3,646,554</b>
Ex-gratia rates							33,825				33,825
<b>Totals</b>							<b>3,708,006</b>				<b>3,680,379</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
<b>Surplus/(Deficit)</b>	<u>960,246</u>	<u>308,590</u>	<u>308,590</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	838,563	432,103	432,103
Restricted	5,630,896	4,135,272	4,135,272
Receivables			
Rates outstanding	490,626	437,441	437,441
Sundry debtors	32,118	40,844	40,844
GST receivable	78,656	100,597	100,597
Loans receivable - clubs/institutions	6,000	6,000	6,000
Less Provision for Doubtful Debts	(19,846)	(19,846)	(19,846)
Inventories			
Fuel and Materials	85,850	44,849	44,849
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(270,723)	(449,466)	(449,466)
Accrued salaries and wages	(29,253)	(19,652)	(19,652)
ATO liabilities	(47,024)	(76,779)	(76,779)
Provisions			
Provision for annual leave	(242,013)	(219,950)	(219,950)
Provision for long service leave	(175,815)	(180,658)	(180,658)
<b>Unadjusted net current assets</b>	<u><b>6,378,035</b></u>	<u><b>4,230,755</b></u>	<u><b>4,230,755</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(5,630,896)	(4,135,272)	(4,135,272)
Less: Loans receivable - clubs/institutions	(6,000)	(6,000)	(6,000)
Add: Component of leave not required to be funded	219,107	219,107	219,107
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>960,246</b></u></u>	<u><u><b>308,590</b></u></u>	<u><u><b>308,590</b></u></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2016/17 FINANCIAL YEAR**

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount %</b>	<b>Discount \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Circumstances in which Discount is Granted</b>
General Rates	5.00%		107,770	123,678	Rates paid within 35 days of the date of issue noted on the rate notice
Minimum Rates	5.00%		0	16,322	Rates paid within 35 days of the date of issue noted on the rate notice
			<u>107,770</u>	<u>140,000</u>	

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	7 September 2016			11.00%
<b>Option Two</b>				
First Instalment	7 September 2016		5.50%	11.00%
Second Instalment	6 January 2017	10	5.50%	11.00%
<b>Option Three</b>				
First Instalment	7 September 2016		5.50%	11.00%
Second Instalment	7 November 2016	10	5.50%	11.00%
Third Instalment	6 January 2017	10	5.50%	11.00%
Fourth Instalment	9 March 2017	10	5.50%	11.00%
	<b>Interest Rate</b>	<b>Budgeted Revenue</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates	11.00%	51,500	15,430	51,500
Interest on instalment plan	5.50%	8,500	6,286	8,500
Charges on instalment plan	\$10.00	10,000	4,600	10,000
			<u>26,316</u>	<u>70,000</u>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>28. FEES &amp; CHARGES</b>		
General purpose funding	7,074	12,254
Law, order, public safety	7,959	12,418
Health	949	1,066
Education and welfare	66,235	76,616
Housing	71,216	43,117
Community amenities	532,576	464,173
Recreation and culture	11,609	16,554
Transport	5,380	7,037
Economic services	330,231	282,347
Other property and services	16,026	8,877
	<u>1,049,255</u>	<u>924,459</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	3,151,236	918,910
Law, order, public safety	60,773	78,463
Education and welfare	30,744	436,332
Community amenities	1,527	0
Recreation and culture	32,000	32,000
Transport	281,740	271,987
Economic services	139,009	209,718
Other property and services	4,429	0
	<u>3,701,458</u>	<u>1,947,410</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	57,360	2,285,230
Recreation and culture	13,128	0
Transport	1,947,598	0
	<u>2,018,086</u>	<u>2,285,230</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>32</u>	<u>40</u>
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**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>31. ELECTED MEMBERS REMUNERATION</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	20,350	28,500	21,710
President's allowance	8,000	8,000	8,000
Deputy President's allowance	2,000	2,000	2,000
Travelling expenses	2,337	7,210	3,749
Telecommunications Allowance	725	2,500	0
	<u>33,412</u>	<u>48,210</u>	<u>35,459</u>

**32. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

**2017**  
**\$**

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

Short-term employee benefits	391,370
Post-employment benefits	58,248
Other long-term benefits	9,566
Termination benefits	0
	<u>459,184</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

**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 elected member, are considered key management personnel.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

*iii. Joint venture entities accounted for under the equity method*

The Shire has no joint ventures.

**Transactions with related parties**

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

The following transactions occurred with related parties:

**2017**

**\$**

**Associated companies/individuals:**

Sale of goods and services	4,207
Purchase of goods and services	79,498

**Joint venture entities:**

Distributions received from joint venture entities	0
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**Amounts outstanding from related parties:**

Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0

**Amounts payable to related parties:**

Trade and other payables	2,625
Loans from associated entities	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	6,469,459	4,567,375	6,469,459	4,567,375
Receivables	645,814	614,163	645,814	614,163
	<u>7,115,273</u>	<u>5,181,538</u>	<u>7,115,273</u>	<u>5,181,538</u>
<b>Financial liabilities</b>				
Payables	347,000	545,897	347,000	545,897
	<u>347,000</u>	<u>545,897</u>	<u>347,000</u>	<u>545,897</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio with the assistance of independent advisers (where applicable). The Shire has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	64,695	45,674
- Statement of Comprehensive Income	64,695	45,674

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	87%	98%
- Overdue	13%	2%

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

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

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	347,000	0	0	347,000	347,000
	<u>347,000</u>	<u>0</u>	<u>0</u>	<u>347,000</u>	<u>347,000</u>
<b><u>2016</u></b>					
Payables	545,897	0	0	545,897	545,897
	<u>545,897</u>	<u>0</u>	<u>0</u>	<u>545,897</u>	<u>545,897</u>

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## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF YILGARN**

### ***Opinion on the Audit of the Financial Report***

We have audited the accompanying financial report of the Shire of Yilgarn (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Yilgarn is in accordance with *the Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

### ***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Report on Other Legal and Regulatory Requirements***

During the course of the audit we became aware of the following instances where the Shire did not comply with the *Local Government Act 1995* (as amended) and *Local Government (Financial Management) Regulations 1996* (as amended):

#### **Reserve Fund**

Reserve funds were used other than for the purpose for which they were established without giving local public notice of the proposed use as required by Section 6.11(2) of the Local Government Act.

#### **Differential General Rates**

With respect to differential rates imposed for 2016/2017,

- The annual statutory budget did not include information relating to the lesser minimum imposed on the UV mining category as required by Local Government (Financial Management) Regulation 23(c).
- A brief statement of objects/reasons for imposing differential rates was not included in the rate notice or information accompanying as required by Local Government (Financial Management) Regulation 56(4)(a)(i).
- The reasons the lesser minimum adopted for the UV mining rating category differed from the minimum set forth in the local public notice were not included in the rate notice or information accompanying as required by Local Government (Financial Management) Regulation 56(4)(b).

***Report on Other Legal and Regulatory Requirements (continued)***

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position of the Shire.

In respect of the financial management practices of the Shire, we noted the audit in respect of the year ended 30 June 2017 was considerably delayed and far from efficient. This was a direct result of insufficient accounting resources being allocated to the year-end accounting process and inadequate planning of infrastructure assets revaluation. This reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information.

- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not supported by:
  - i) verifiable information; and
  - ii) reasonable assumptions.

The Asset Renewal Funding Ratio was not calculated and consequently, no review was able to be carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

***Responsibilities of Management and Council for the Financial Report***

Management is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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



## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF YILGARN (CONTINUED)

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Date: 24 April 2018  
Perth, WA

**SHIRE OF YILGARN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

		<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio		0.99	0.98	0.99
Asset renewal funding ratio	- Note 1	N/A	1.16	1.14

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**Note 1:**

The Shire's Long Term Financial Plan and Asset Management Plan do not include the required information, therefore the ratio cannot be calculated.