



Shire of  
YILGARN

*"good country for hardy people"*

# *Annual Report*

## *2019 / 2020*



New Playground-Constellation Park, Southern Cross



Entrance-New Southern Cross Aquatic Centre



New Flooring-Southern Cross Sports Complex

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Photographer- Jarrod Seng

## 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.

## Councillors

### President

Cr Wayne Della  
Bosca

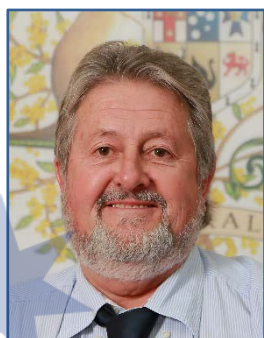
Term  
2017-2021



### Deputy President

Cr Bryan Close

Term  
2017-2021



Cr Gary Guerini

Term  
2017-2021



Cr Suzy Shaw

Term  
2017-2021



Cr Phil Nolan

Term  
2019-2023



Cr Jodie Cobden

Term  
2019-2023



Cr Linda Rose

Term  
2019-2023





## Council Meeting

Ordinary Meetings of Council are held on the third Thursday of each month with the exception Januarys. All Council meetings are held in the Yilgarn Chambers located in the Shire of Yilgarn administration building, 23 Antares Street, Southern Cross. The Council and Committee meetings are open to the public with public question time at the beginning of both Council and Committee meetings, at which time, the general public may ask questions on any Local Government matter. Meeting dates and times are subject to change, if this does occur, notice of such change is advertised as per the requirements of the Local Government Act 1995.

## Councillor Attendance

	Ordinary Meetings Of Council	Special Meetings of Council	Audit Committee Meetings	Annual Electors Meeting
Cr W Della Bosca	10 out of 11	1 out of 2	3 out of 3	1 out of 1
Cr B Close	10 out of 11	2 out of 2	1 out of 1	0 out of 1
**Cr J Cobden	6 out of 7	2 out of 2	0 out of 1	1 out of 1
Cr G Guerini	11 out of 11	2 out of 2	0 out of 1	1 out of 1
Cr P Nolan	11 out of 11	1 out of 2	1 out of 1	0 out of 1
**Cr L Rose	7 out of 7	2 out of 2	n/a	1 out of 1
Cr S Shaw	10 out of 11	2 out of 2	2 out of 3	1 out of 1
*Cr O Truran	4 out of 4	n/a	1 out of 1	n/a
*Cr D Pasini	3 out of 4	n/a	0 out of 1	n/a

\*Outgoing Councillors \*\*Incoming Councillors



## Shire Profile



The Shire of Yilgarn situated along the Great Eastern Highway 380km east of Perth is 30,720 square km's with a population of approximately 1200. 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".

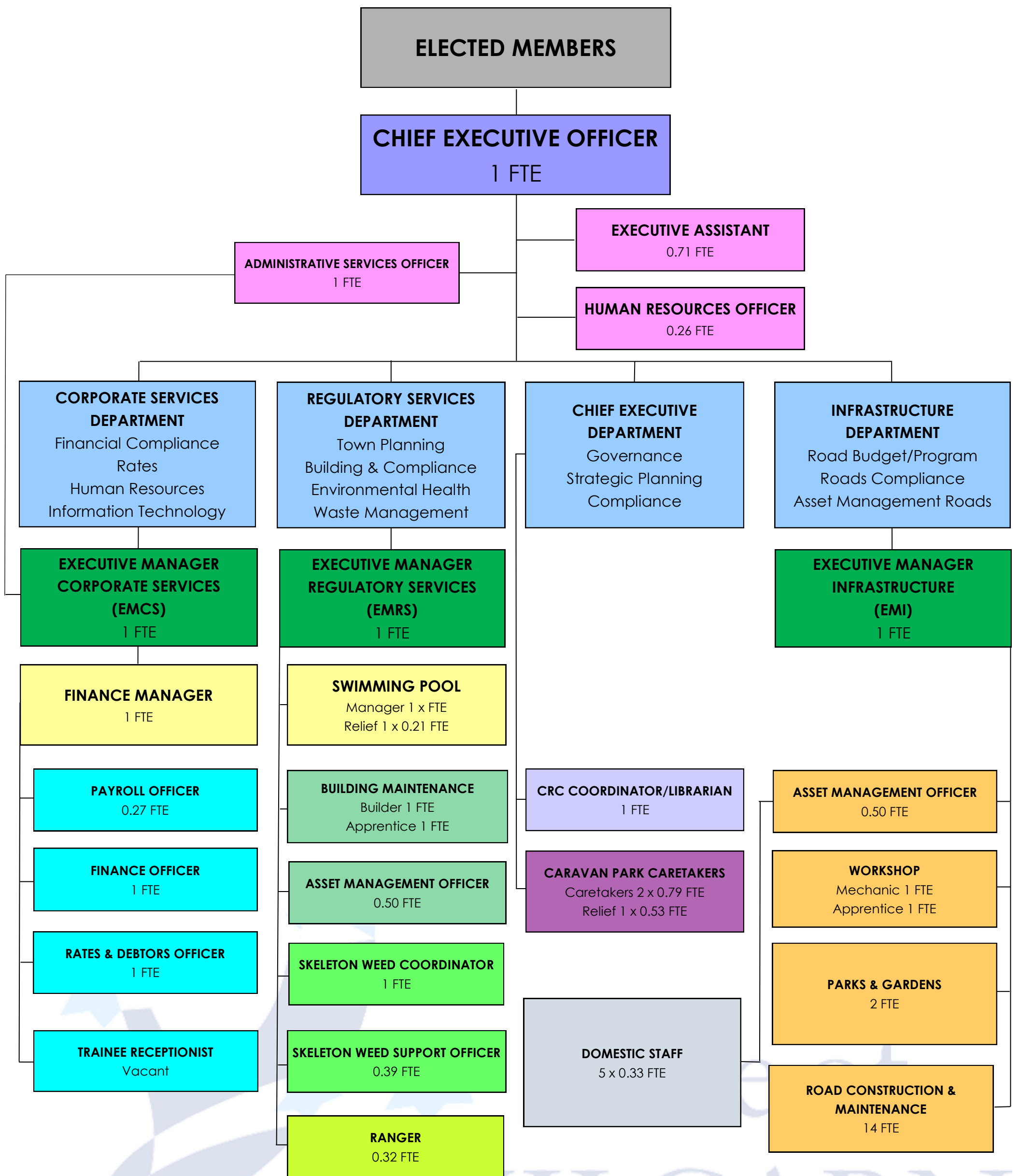
The two major industries in the area are mining and agriculture. Gold, gypsum, salt and iron ore are mined, while grain, wool, sheep, cattle and pigs are the focus of the rural industry. The co-existence of mining and agriculture has balanced the Yilgarn economy, with the two (economies) supplementing 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, within and around the town, are named after stars and constellations.

Southern Cross is the major town centre of the Shire, other townsites include Bodallin, Bullfinch, Ghooli, Marvel Loch, Koolyanobbing, Moorine Rock and Yellowdine.

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





## SHIRE PRESIDENT'S REPORT

It is with pleasure that I present the Annual Report to the ratepayers and residents of the district on the activities of the Shire of Yilgarn for the 2019/2020 financial year in my capacity as Shire President.

The year started off as normal however, in the latter part of the financial year the COVID-19 pandemic forced significant changes to the way in which Council operated, particularly with a number of the Shire's administrative staff having to work from home and having the office closed to the general public for a limited period, and then restricting access to apply social distancing measures. Even our outside works crew were forced to change certain aspects of their operations to limit contact with each other. I would like to sincerely thank all of our employees for the way in which they coped with these changes to ensure that the services to the residents of the Shire continued.

COVID-19 also affected the conduct of Council meetings, firstly by conducting telephone conference meetings and later reverting to open meetings and having to deal with social distancing rules. We are fortunate to live where we live and have been somewhat cocooned from the rest of the country and the world however, COVID-19 remains with us and Council, its staff and the residents of the district must remain vigilant to ensure that we remain virus free. Our State Government and its agencies have been instrumental in establishing robust safety protocols and this continues whilst we are in a state of flux. Hopefully by the time that I present the 2020/2021 Annual Report, the pandemic will be well and truly behind us and we can return to some normality.

With all that said, I am pleased to report that the Shire of Yilgarn achieved its objectives by completing many of its obligations and projects within the 2019/2020 financial year, under somewhat difficult circumstances. The following highlights our achievements in the year under review:-

- Stage II of the asbestos roof removal at the Yilgarn Recreation Complex was completed and we now have a facility that is totally asbestos free. The new façade certainly provides the Complex with a fresh look.
- The construction of the new Southern Cross Aquatic Centre commenced in the year under review and at the time of preparing this report, the Centre was certainly taking shape with an anticipated opening of the facility in November 2020. I'm positive that the new facility will be welcomed by the community once completed and operational and I look forward to providing a more comprehensive report on the project in my next annual report to the community.
- A new Fire Shed was constructed at the Mt Hampton Hall to cater for housing the Mt. Hampton Bush Fire Brigade's Fire Tender. Funding for the Shed was sourced via the Department of Fires and Emergency Services ESL Program.



- Automatic Doors were installed at the Southern Cross Medical Practice. The timing of the installation was perfect as contact with door handles was eliminated at the height of COVID-19.
- Council continued with its obligations to improve the orderly disposal of waste and the allocation of funds to the Southern Cross Waste Disposal Site for a designated Tip Shop, improvements to the recycling facilities and continuation of perimeter fencing to make this site easier to manage and be more compliant.
- Significant upgrades were made to the collapsing Southern Cross War Memorial garden wall, which has increased safety to this area and also improved the aesthetics of the area as a whole.
- Demolition of the old toilet facility at the rear of the Yilgarn History Museum and construction of a new facility. This has improved the space on the grounds of the Museum which will allow for additional exhibit areas.
- The Shire continued with its program to provide automatic controllers on Standpipes in the district. The swipe card system ensures that recording of water taken from standpipes is controlled and charged accordingly to the users as the Water Corporation had imposed significant increases in charges from water being accessed from the standpipes.

The Central East Aged Care Alliance Inc., (CEACA) units in Antares Street were completed in the year under review. The CEACA project involved the Shire of Yilgarn working with 10 other local governments across the Wheatbelt area to deliver 75 quality aged care units in their various towns. The 2 new units in Southern Cross will be a welcome addition in supplying quality housing for our aged and all we need now is for the units to be occupied.

Whilst I have expressed my thanks to all Shire employees for their work during the height of COVID-19, I would also like to further thank our outside employees for keeping our vast road network in tip-top shape during the course of year, for managing and maintaining our Parks and Gardens throughout the Shire and more particularly in the Southern Cross townsite, and to our group of cleaners who do a marvellous job with keeping our public facilities clean and tidy for all to use. The positive comments that I regularly receive from visitors to our town demonstrates that our employees show pride in their work and that is something that makes me and my fellow Councillors feel immensely proud.

To all of our employees in the Shire's administrative team, it has been a pleasure working with you all in the year under review and I know that many of you go beyond your normal duties for the overall benefit of the Shire. The Shire of Yilgarn has an excellent management team who provide unwavering support to Councillors and your work in this regard is much appreciated.

Having only been elected to the Shire President position in October 2019 following the Council Elections, I wish to pay on behalf of current and former Councillors, my sincere thanks to the outgoing Shire President, Onida Truran, for the work that she did during her term as Shire President. Onida was a champion for the district and her experience will be certainly missed. I also wish to acknowledge David Pasini for his contribution as a Councillor of the Shire of Yilgarn for over 20 years. David felt that it was time to hand over the baton to someone new and his services to the district over the course of these years will not be forgotten.

In farewelling Onida and David, I congratulate and welcome Jodie Cobden and Linda Rose in being elected as Councillors for a 4 year term. Both Jodie and Linda are already showing their keenness to be involved in the many aspects of Council duties and have put their hand up to be members on a number of Council committees. I'm sure that they will enjoy their terms and hope that they continue to serve the district for many years to come.

To all of my fellow Councillors, thank you for the support that you have given me following my election to the Presidency position, one that I take great pride in and I can assure all that I will give my full attention to the duties bestowed upon me.

To our CEO (Peter Clarke) I wish to thank him for this reliable advice and support. As a new President, the guidance I have received has enabled me to lead the Shire with some confidence.

Prior to closing, I wish to make mention of the Australia Day Awards for 2020, where Mrs Sandy Ciabarri was awarded the Premier's Citizenship Award. On behalf of Council and the community I would like to congratulate Sandy for her involvement in many sporting and community committees over many years to receive this prestigious award.

*Cr Wayne Della Bosca*  
**SHIRE PRESIDENT**





## CHIEF EXECUTIVE OFFICER'S REPORT

In my capacity as CEO of the Shire of Yilgarn, it is with pleasure that I present this Annual Report to outline the activities of the Shire of Yilgarn for the 2019/2020 financial year.

As mentioned in the Shire President's Report, 2019/2020 threw up some interesting challenges with COVID-19 and the response from all of Council's employees during the regional lockdown period was exceptional. COVID-19 will be with us for some time to come and the Shire staff continue to plan for every scenario that could be brought upon us into the future. The Shire of Yilgarn's Local Emergency Management Committee (LEMC) has met on a regular basis since the commencement of the pandemic and Council has appreciated the support of the Officer in Charge of the Local Police and Southern Cross District Hospital's Health Services Manager to ensure that communication lines remained opened throughout this period. The LEMC will continue to be used as a forum for information sharing throughout the course of the pandemic.

In 2019/2020, Council again kept rates increases to a minimum and applied an average 0.5% increase across all GRV and UV areas. This rate increase has been in keeping with Council's commitment to maintain the lowest of rate increases possible which ultimately benefits all ratepayers. The minimal rate increase, which was well below CPI levels, has not impacted upon the Shire of Yilgarn's ability to continue to provide services to the community.

I am pleased to report that the Shire of Yilgarn continues to remain in sound financial position. Even with the commitment to construct a new Southern Cross Aquatic Centre at an approximate cost of \$5.5M. The decision by Council some years ago to annually allocate monies to its Swimming Pool Reserve Fund has cushioned the impact of this significant spend on the annual Budget. Whilst Council will be funding some of the costs for the new Pool via a \$1M loan over a 10 year period, this was done to ensure that future ratepayers bear some of the burden associated with a project of this magnitude and the fact that interest rates are incredibly low, repayments will be easily managed on an annual basis. The Pool will be the Shire's last major infrastructure project for some time as the Shire Yilgarn's facilities are now relatively new or have been upgraded through annual maintenance commitments.

Throughout the year under review, Council and its management team have been working with the whole of the Local Government sector, and Local Government's peak body in Western Australia, the Western Australian Local Government Association, in progressing a new Local Government Act. The Minister for Local Government commenced the review of the Act in the 2018/2019 financial year and this process will continue for some time yet. The Minister has announced that it is the Government's intention to eventually present a Green Bill to Parliament, which will provide the opportunity of further consultation with the Local Government sector prior to it being passed through Parliament.

The long-awaited Rural Numbering System was introduced in the 2019/2020 financial year, which brought the Shire of Yilgarn into line with the majority of Local Governments in the southern part of the State. This system will be extremely beneficial for our Emergency Service responders when attending emergencies in the district as all rural properties that have residences and sheds are identified with the rural number. The Southern Cross Police have strongly advocated for this system to be introduced and it will certainly assist them in locating properties in the district.

Throughout the course of the 2019/2020 financial year much work has been done to maintain Council's infrastructure assets. On an annual basis Council continues to allocate funds in this direction to ensure that our utilised facilities are maintained to the highest levels. There are times that some of the Shire's older and less utilised buildings need to be considered for demolition, with this occurring with the old Playgroup Building at Constellation Park. The demolition of this building has made way for a staged redevelopment of a modern Playground at Constellation Park.

Council has continued its close association with the Wheatbelt East Regional Organisation of Councils (WEROC) and one of the major achievements of this group in recent years has been the development of the Wheatbelt Medical Student Immersion Program. This has involved working with Rural Health West and selected Universities in Perth to bring Medical Students to the Wheatbelt to get a feel of country life and the opportunities that Rural Medicine can bring to them should they opt for such a direction following their studies. In early 2020, some 16 students came to Southern Cross and were billeted with local families for a week of excursions. The positive feedback from the students indicates that the visits have a profound affect upon them, so if 1 or 2 students eventually decide to take up a rural practice, then the program would have been beneficial.

As I have mentioned in past Annual Reports, it is always hard to outline all of the achievements in the year under review, but I am more than happy to expand further on any matters that residents may wish to discuss on current or future projects that Council is considering.

I would like to sincerely thank the Shire President and Councillors for the support that they have given to all employees at the Shire in the year under review. Council's full support provides our employees with the utmost confidence that they can achieve the objectives that are expected of them. I also pay my thanks to the entire Shire team, a fantastic group of people who only want to see the best outcomes for the Yilgarn district.

Lastly but not least, I acknowledge Council's Executive team in Robert Bosenberg, Executive Manager Infrastructure, Cameron Watson, Executive Manager Corporate Services, Nic Warren (July 2018-February 2019) and Grayson Hindmarsh (March 2019 onwards) as Executive Manager Regulatory Services, for the support that they have given me and for the professional way in which they have managed their respective portfolios within Council's operations

*Peter Clarke*

**CHIEF EXECUTIVE OFFICER**



## Executive Manager Corporate Services Report

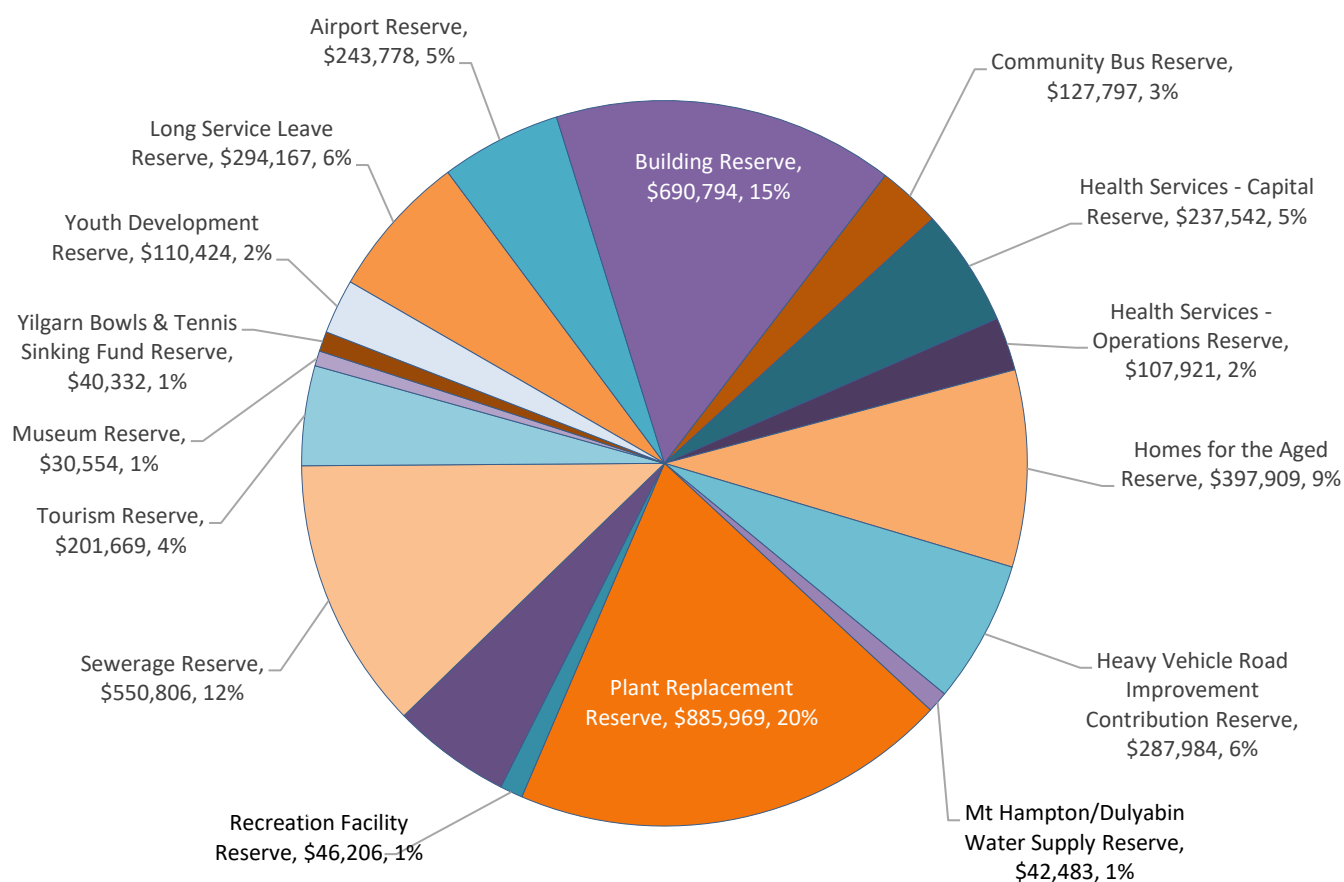
### Financial Summary

Council concluded the financial year with an unadjusted nett current asset position of \$10.756m, which is a small decrease of \$0.120m on the 2019 reported figure of \$10.871m. This small decrease is in spite of the utilization of \$3.400m in reserve funds on the Southern Cross Aquatic Centre Redevelopment Project. Overall reserve funds decreased by \$2.045m

Council's Auditor, Moore Stephens, has completed an Audit of the Shire of Yilgarn Financial Statements for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 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

As at 30th June 2020, Council held \$4,536,844 within several different special purpose Reserve accounts, being as the following chart



## Fair Value of Assets

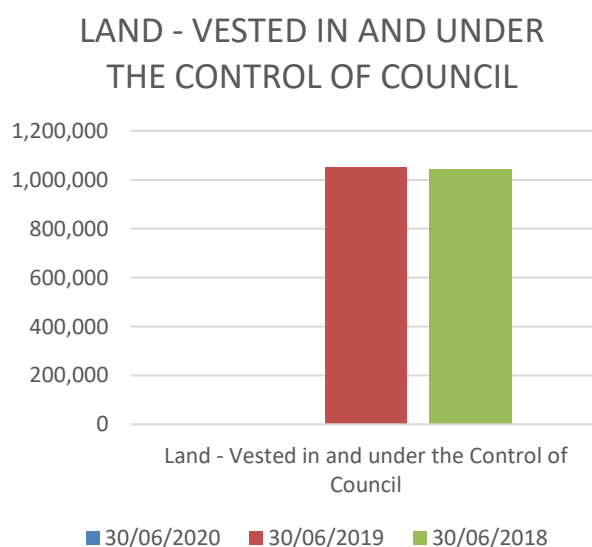
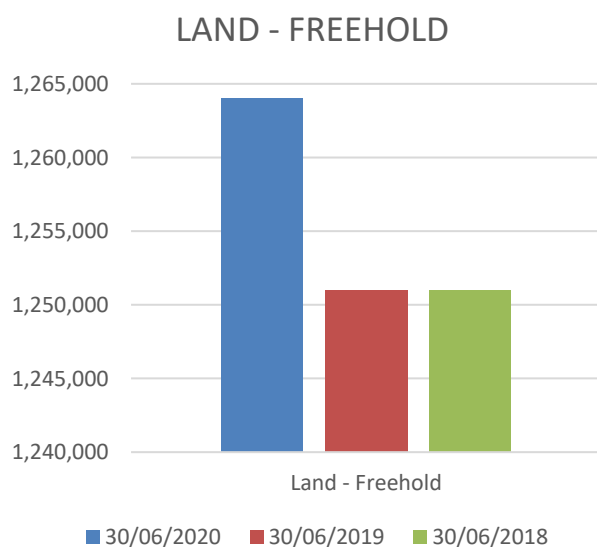
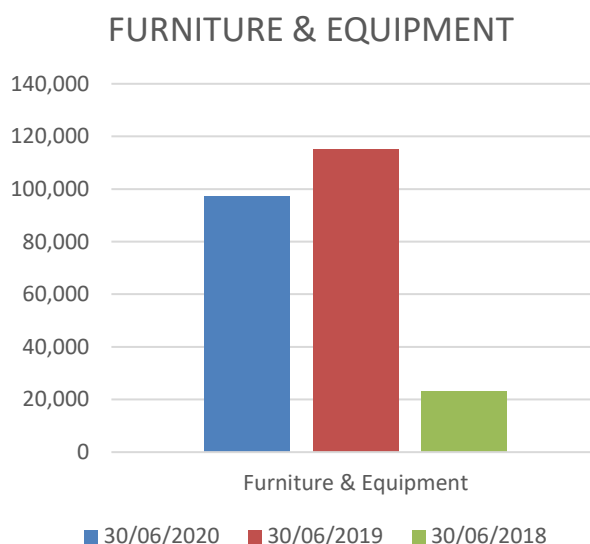
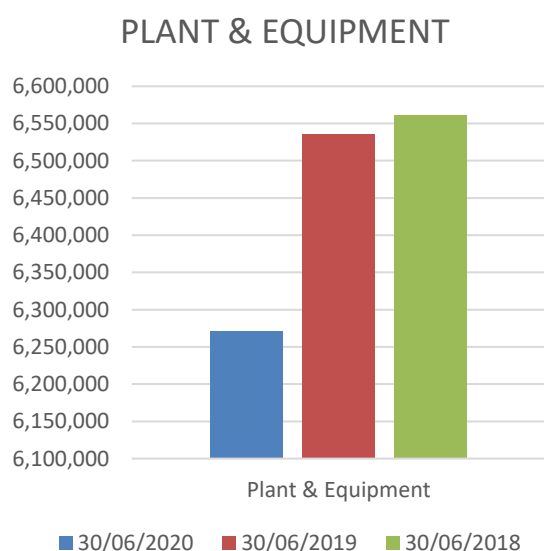
None of the Shire's asset classes underwent a Fair Value assessment valuation in the 2019/2020 financial year. The gazettal of the *Local Government (Financial Management) Amendment Regulations 2020* occurred on the 6<sup>th</sup> November 2020.

These amendment regulations had the following affect for the 2019/2020 financial year:

1. removed the requirement for Council to recognize its Plant and Equipment asset class including Right of Use assets, at Fair Value but instead recognize this asset class at cost; and
2. recognise Crown Land vested with Council as a Right of Use asset but at nil cost.

These amendment regulations had a retrospective implementation date of 1<sup>st</sup> July 2019.

The Shire of Yilgarn's non-Infrastructure asset depreciated valuations by class are as follows:

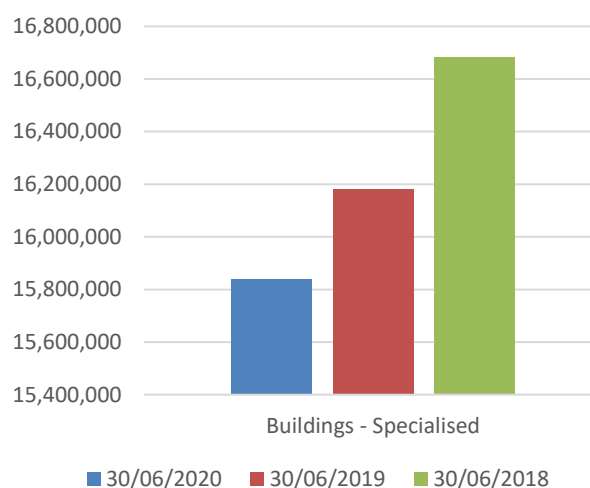




## BUILDINGS - NON-SPECIALISED

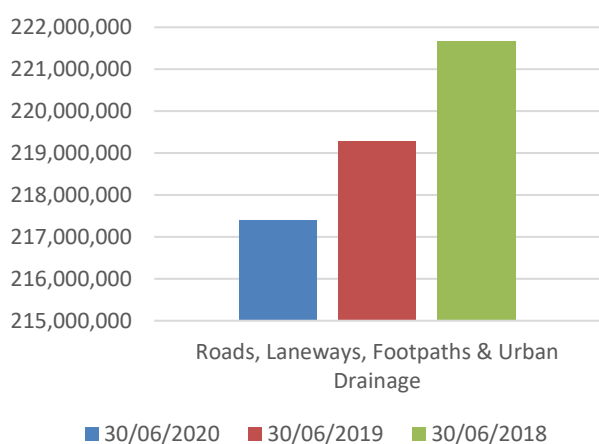


## BUILDINGS - SPECIALISED

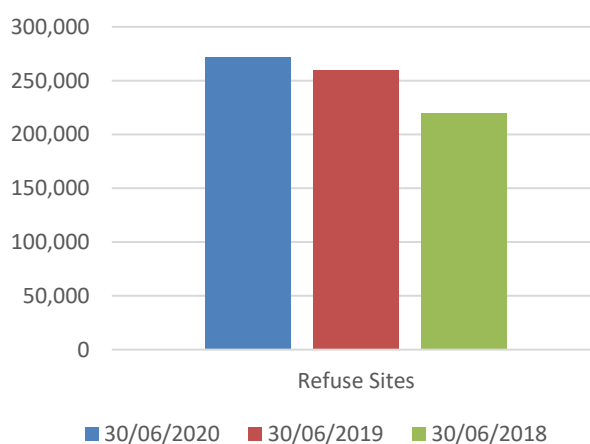


Council also maintains a Register of Small, Portable and Attractive assets which is a list of assets that fall below the statutory minimum of \$5,000 asset acquisition value but still require recording. This register was also reviewed and updated during the reporting year.

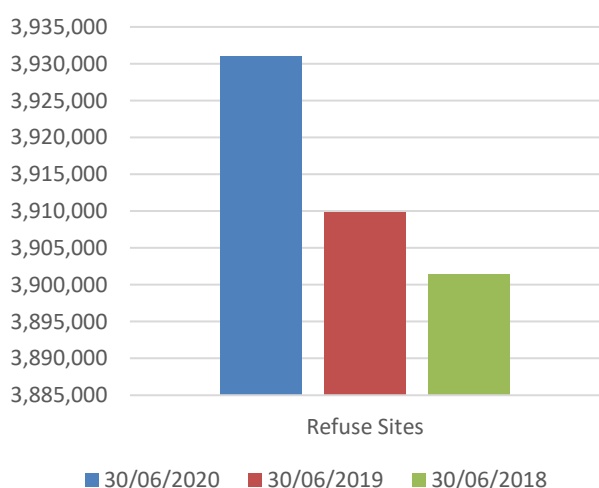
The Shire of Yilgarn's Infrastructure asset depreciated valuations by class are as follows:

ROADS, LANEWAYS, FOOTPATHS  
& URBAN DRAINAGE

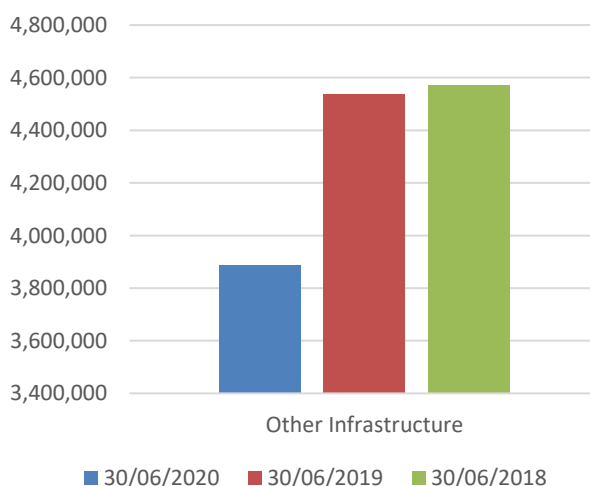
## REFUSE SITES



## SEWERAGE



## OTHER INFRASTRUCTURE

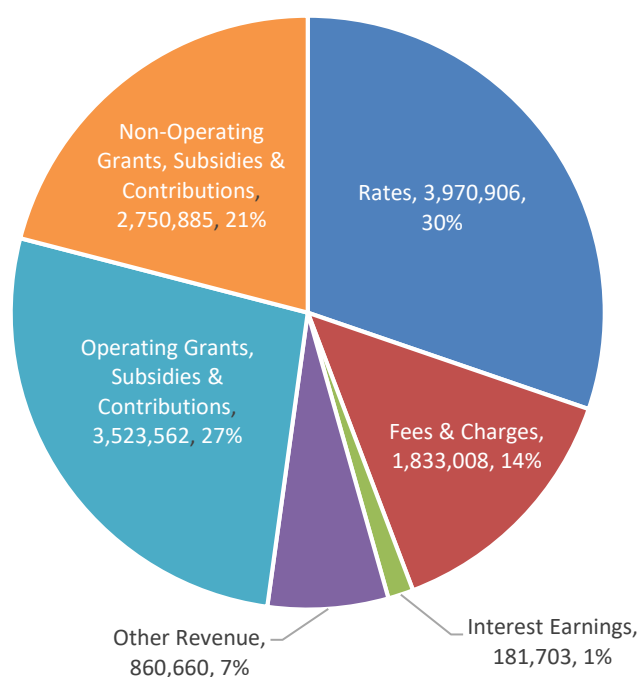


## Revenue

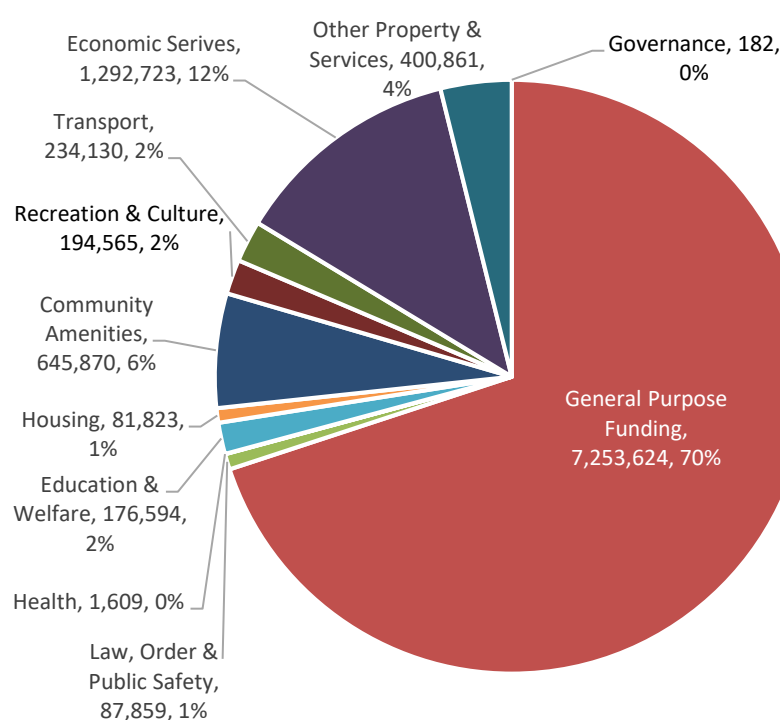
Council receives its revenue from several diverse sources, primarily through Rates & Service Charges, User Fees, Interest earnings and Operating & Non-Operating Grants.

Rates & Service charges and user fees & charges are the only income streams that Council has any influence over that can affect the desired outcome.

The following chart is an indication of the source and amount of the available income streams, both operating and non-operating, in the 2019/2020 financial year:



The graph below illustrates Council's operating revenue by Program as opposed to Nature and Type as indicated above.





## Rating

The amount of revenue raised from rates depends upon three factors:

- The type of rate – Gross Rental Value (GRV) or Unimproved Value (UV)
- The valuation of the property; and
- The rate in the dollar set for each Rate Type.

Gross Rental Values are generally applied to properties within town sites as well as mining infrastructure and Single Persons Quarters. Unimproved Values relate more to rural farmland and mining tenements.

GRV (Town) are revalued every 5 years with 2018 being the last revaluation year. UV (Farming / Mining) are revalued every year. Property valuations are set by the Valuer General and are outside Councils control. Variations in valuation can be quite widespread throughout the Shire and can create inconsistencies in the rates applied to individual properties, which in turn can create confusion and uncertainty.

Council sets its rate budget to generate overall revenue for each type of rating and is sympathetic to those ratepayers where increases are higher than average due to increased valuations. Unfortunately, there is little that Councils can do, except encourage those ratepayers unhappy with their valuation, to appeal to the Valuer General. Councils staff are more than happy to provide advice regarding this process.

Council has elected to use a Differential Rating Model based on the individual lands zoning.

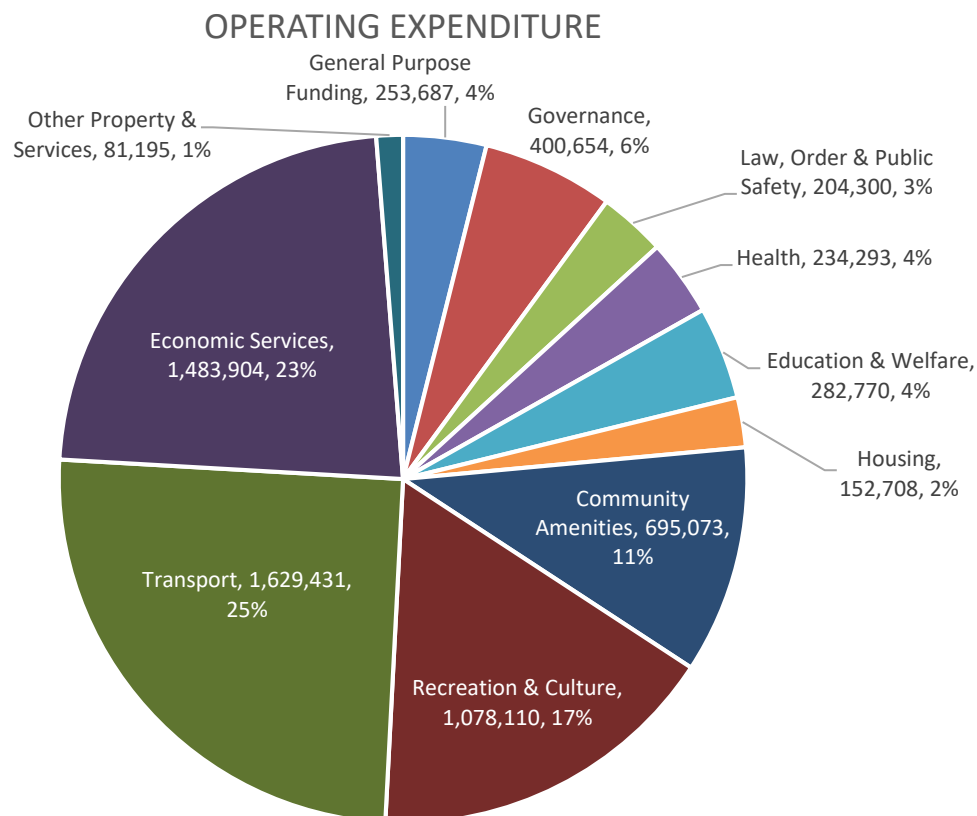
RATE TYPE	Rate in \$ / Min	No Properties	Rate Revenue	Average Valuation	Average Rate Revenue
<b>Differential General Rate</b>					
GRV - Residential / Industrial	11.2332	507	\$382,556	6,717	755
GRV - Commercial	7.9074	41	\$77,588	23,932	1,892
GRV - Minesites	15.8148	7	\$83,750	75,652	11,964
GRV - Single Persons Quarters	15.8148	12	\$122,504	64,552	10,209
UV - Rural	1.7575	402	\$1,826,511	258,524	4,544
UV - Mining	17.3923	554	\$1,490,102	15,465	2,690
		1,523	\$3,983,012		

### Minimum Payment

GRV - Residential / Industrial	500	117	\$58,500
GRV - Commercial	400	7	\$2,800
GRV - Minesites	400	3	\$1,200
GRV - Single Persons Quarters	400	3	\$1,200
UV - Rural	400	41	\$16,400
UV - Mining	400	229	\$91,600
		400	\$171,700

## Expenditure

Council's operating expenditure was mainly in the areas of transport, recreation & culture, community amenities and economic services as can be seen from the following graph (**figures adjusted for Depreciation**).



A brief description of the service-oriented activities/programs graphed above are:

<i>GOVERNANCE</i>	To provide a decision-making process for the efficient allocation of scarce resources.
<i>GENERAL PURPOSE FUNDING</i>	To collect revenue to allow for the provision of services.
<i>LAW, ORDER &amp; PUBLIC SAFETY</i>	To provide services to help ensure a safer and environmentally conscious community.
<i>HEALTH</i>	To provide an operational framework for environmental and community health.
<i>EDUCATION AND WELFARE</i>	To provide services to disadvantaged persons, the elderly, children and youth.
<i>HOUSING</i>	To provide and maintain staff, professional and elderly / disabled residents housing.
<i>COMMUNITY AMENITIES</i>	To provide services required by the community such as waste disposal, sewerage, cemetery and Town Planning.
<i>RECREATION AND CULTURE</i>	To establish and effectively manage infrastructure and resource which will help the social well-being of the community.
<i>TRANSPORT</i>	To provide safe, effective and efficient transport services and infrastructure to the community.
<i>ECONOMIC SERVICES</i>	To help promote the shire and its economic wellbeing.
<i>OTHER PROPERTY AND SERVICES</i>	To monitor and control council's overheads operating accounts including plant operations, private works and engineering office expenses.

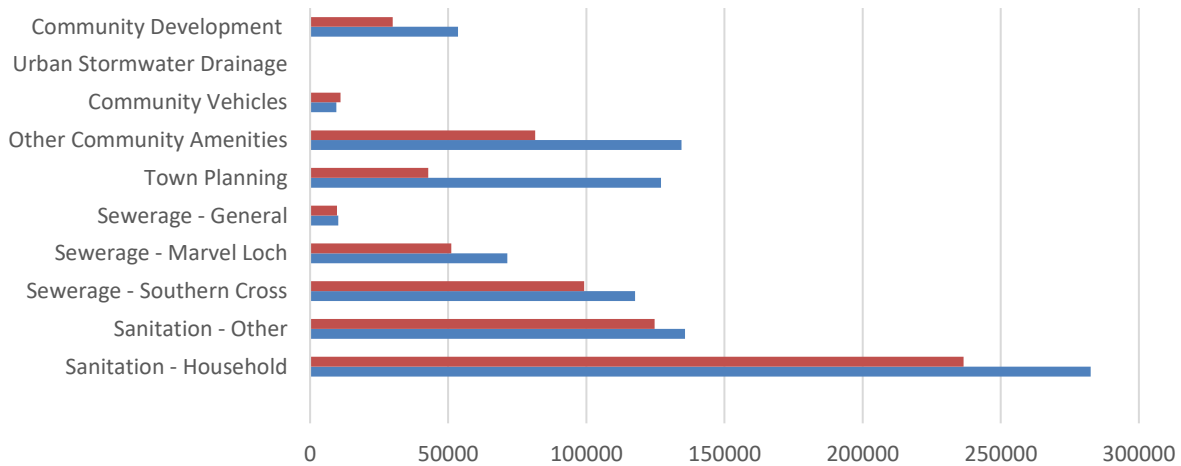


The following charts further breaks down the top 4 expenditure areas into their various sub-programs.

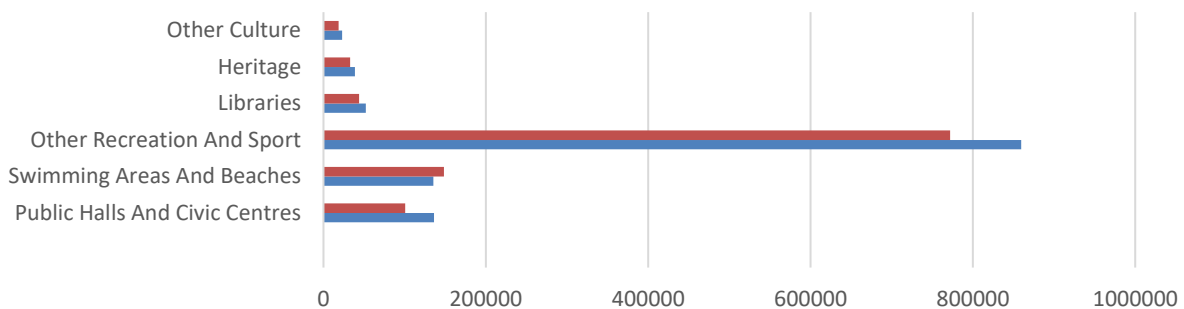
### Chart Legend

Budget | Actual

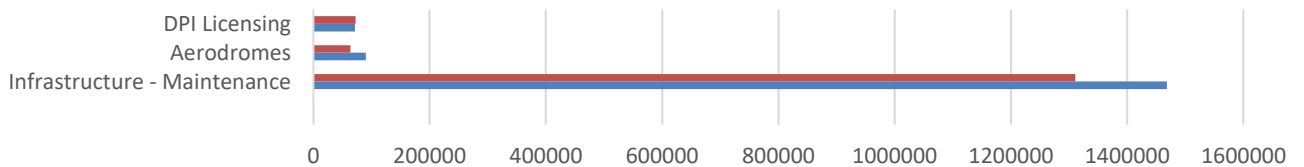
#### COMMUNITY AMENITIES



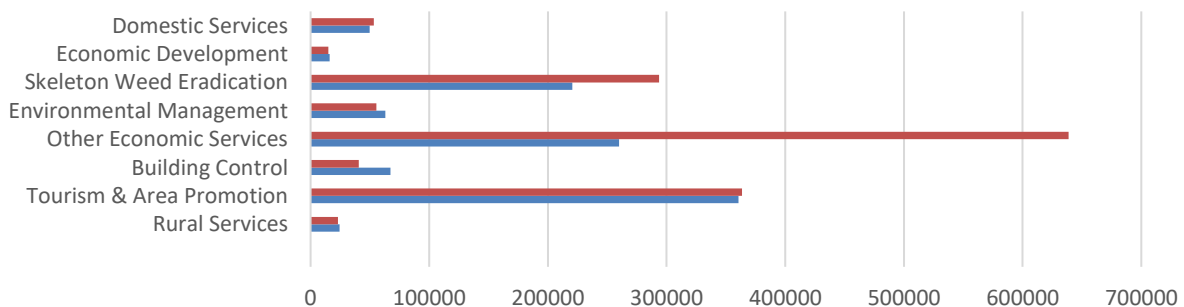
#### RECREATION & CULTURE



#### TRANSPORT

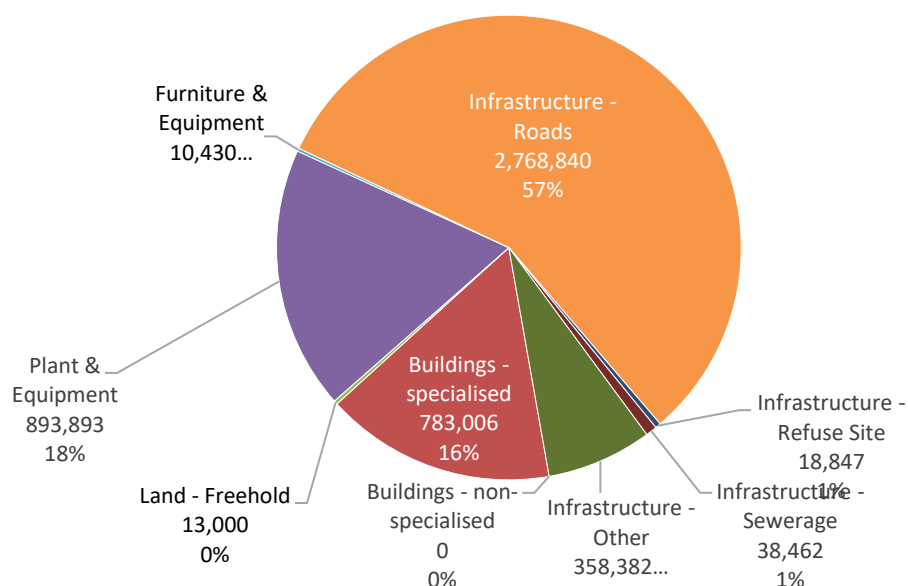


#### RECREATION & CULTURE



Council's capital expenditure was mainly in the areas of roads and replacement of Plant & Equipment. Work on the Southern Cross Aquatic Centre commenced in January 2020.

Capital expenditure in 2019/2020 was broken down as follows.



## COMMUNITY SERVICES

### Community Contributions

The Shire of Yilgarn supports local clubs and groups by allowing them to use facilities free of charge. Council also supports the community by providing facilities to important service providers such as chiropractors, physiotherapists, podiatrists and veterinarians. This support is made up of either cash or in-kind contributions, donations or waivers of fees and charges.

#### Support to Community Groups - Cash or In-Kind

Yilgarn Agricultural Society	6,251
Yilgarn Motoring Enthusiasts	4,714
Southern Cross District High School	1,285
Moorine Rock Primary School	50
Southern Cross Hospital Auxillary	91
Southern Cross Golf Club	120
Moorine Rock Tennis Club	4,012
St Joseph's Catholic Primary School	70

#### Community Events

Australia Day Celebrations	5,363
Seniors Christmas Luncheon	5,570
Southern Cross Christmas Decorations & Lights	3,290
Comedy Gold Event	3,382
Country Arts WA - Erth's Dinosaurs Zoo Event	4,557

Community Funding Program

Yilgarn Mens Shed	Purchase a Plasma Cutter, Linisher & Accessories	1,818
Yilgarn Mixed Basketball Assoc	iPad for Scoring & Record Keeping	708
Yilgarn Motoring Enthusiasts	Airconditioner in Clubrooms (Netball Pavillion)	1,086
Moorine Rock Tennis Club	Playground Fencing & Gate	1,446
Yilgarn History Museum	Vacuum, Microwave Oven, Entry Flags & Shelf Unit	771

Support of Service Providers

Senior Citizens Centre	Podiatrist	710
Recreation Centre	Vet	840
	WA Police	70

COVID-19 Related Community Support

Refund of Facility Usage	Yilgarn Netball Assoc	1,409
Fees	Yilgarn Bowls & Tennis Club	1,409
	Southern Cross Football Club	3,273
	Southern Cross Golf Club	545
	Yilgarn Mixed Basketball Assoc	1,409
Rates Relief	Suspension of Overdue Rates Interest Charges - Est	12,000
Support of Local Businesses	Suspension of Rent - 2 x Commercial Tenants	1,200

**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 2020-2030***

The four-yearly review (Regulation 19C (4)) of Councils Strategic Community Plan has been completed (adopted April 2020) with the involvement of the district's electors and ratepayers. This process was carried out through in person community meetings and online surveys.



- ***Corporate Business Plan 2018/19 to 2022/2023***

This plan was reviewed in 2018/19. 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 2019/2020 to 2024/2025***

The Shire of Yilgarn Forward Capital Works Plan was reviewed in 2019/20 and its content assisted with the formulation of the 2020/21 Budget.

- ***Adopted 2019/2020 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 2020. Naturally, copies of the 2019/2020 adopted budget, which reflected income and expenditure associated with this Annual Report are also available.

*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)*

M40	6 km's 10mm bitumen reseal	(\$191,187)
Koolyanobbing Road	3 km's constructed to a 7metre prime seal	(\$594,848)
Koolyanobbing Road	3 km's 10mm bitumen reseal	(\$97,869)
Moorine South Road	9 km's 10mm bitumen reseal	(\$263,045)

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

Cramphorne Road	2 km's x 9m x 150mm gravel overlay	(\$117,114)
Cramphorne Road	1.5 km's 10mm bitumen reseal	(\$51,003)
Bodallin South Road	1.1 km's construct to a 7metre prime seal	(\$389,872)
Bodallin South Road	2.7 km's 10mm bitumen seal	(\$88,322)
Southern Cross South Road	3 km's x 9m x 150mm gravel overlay	(\$142,367)
Gatley Road	2.5 km's x 9m x 150mm gravel overlay	(\$120,134)

#### **Commodity Route Funding (Funding Source Main Roads – 100%)**

Bodallin South Road	2.2 km's to a 7 metre prime seal	(\$388,719)
---------------------	----------------------------------	-------------

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

Koolyanobbing Road	2km's 10mm bitumen reseal	(\$51,596)
Nulla Nulla South Road	2 km's x 9m x 150mm gravel overlay	(\$95,333)
Cockatoo Tank Road	2 km's x 9m x 150mm gravel overlay	(\$109,542)
Emu Fence Road	2 km's x 9m x 150mm gravel overlay	(\$33,466)
Lenneberg Street Marvelloch	150m x 1.5m concrete pathway	(\$27,881)

In the 2019/2020 Financial Year Councils maintenance and construction staff have completed a total of 6.3 kilometers of road constructed to a bitumen prime seal, 24.2 kilometers of bitumen reseal works carried out and 15.5 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 2019/2020 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 2019/2020 Financial Year council assisted various community groups (*in-kind*) with the following:

### Car and Collectors Show

Marking out oval, Supplying additional bins, installing/dismantling portable fencing for external alcohol consumption area	(\$1714)
--	----------

### Southern Cross District High School

School carnival	(\$315)
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### Moorine Rock Tennis Club

Bitumen repairs works to playing surface	(\$4,012)
--	-----------

### Yilgarn Show

Assisting with setting up and cleaning up oval	(\$4,705)
--	-----------

## Plant Replacement

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

- 2 x Tray Back Utility
- 1 x Dual Cab Utility
- 1 x Eight Wheel Tip Truck
- 1 x Skid Steer Loader
- 1 x Steel fabricated 15,000 litre water tank
- 1 x Steel Drum Roller

*Robert Bosenberg*

**EXECUTIVE MANAGER INFRASTRUCTURE**



## EXECUTIVE MANAGER REGULATORY SERVICES

It has been an exciting and busy year for the Regulatory Services Team. The team's core focus has been asset management, undertaking public health risk assessments and responding to public health and ranger enquiries and complaints.

The Shire has endeavoured to improve public health and amenity, promote wellbeing in the community and stimulate local business. Our team including Asset Manager and Builder have been very busy with some substantial works on our public buildings and maintenance on Shire owned infrastructure.

During the Covid 19 pandemic, capital and maintenance projects were expedited with a focus on the engagement of local businesses.

Ranger Services Michelle Day and the WA Contract Ranger Service have continued their valuable work around Southern Cross including regular patrols, call-outs, firebreak inspections and trapping nuisance cats.

In 2019/2020 the Shire had 130 dog registrations (new and renewed) and 18 cat registrations (new and renewed).

### Waste

Continual improvement in infrastructure at the Southern Cross Waste facility has been undertaken with the addition of a purpose built Tip Shop facility shed, New front gates and improved access to the recycling bulk bins on site.

Kerbside deliveries through the household MGB bins increased from 364 tonnes to 383 tonnes, whilst residential deliveries reduced from 687 tonnes to 584 tonnes this year. Commercial delivery of waste increased by 80 tonnes from the previous year.

There was a marked difference in the receipt of asbestos at the facility nearly doubling to 96 tonnes in 2019/2020, which was largely due to the large clean up and demolition program undertaken by the Shire in Marvel Loch.

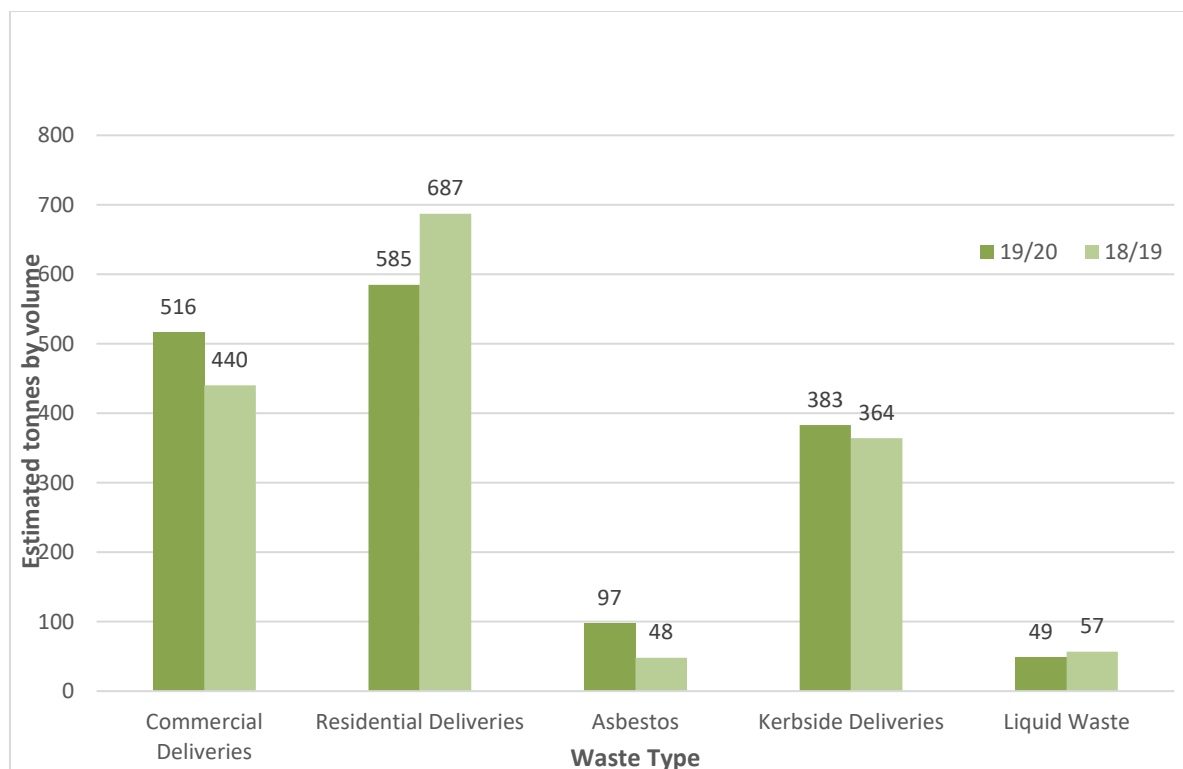
In the 2019/2020, \$47,733.15 was collected through commercial landfill deposits at the Southern Cross Waste facility. This is excluding Avon waste and other residential waste deposits, which of course are not charged. This is a significant increase from the previous year at \$22,417.26 was collected and in 2017/2018 it was \$8,947.00.

The four registered rural landfills being, Bodallin, Moorine Rock, Marvel Loch and Bullfinch have seen a reduction in illegal dumping in comparison to the 2018/2019 year. New trenches were excavated as required to comply with DWER conditions.

Ninety (90) tonnes of green waste was diverted from landfill during the 2019/2020 year, which was a marked improvement in comparison to the previous year. Previously much of it was disposed of in the landfill. The green waste was disposed of predominantly with a controlled burn within the confines of the landfill site, which will continue following the success of this year.

Facility upgrades planned in the upcoming financial year include increased security, such as cameras with improved vision, particularly at night.

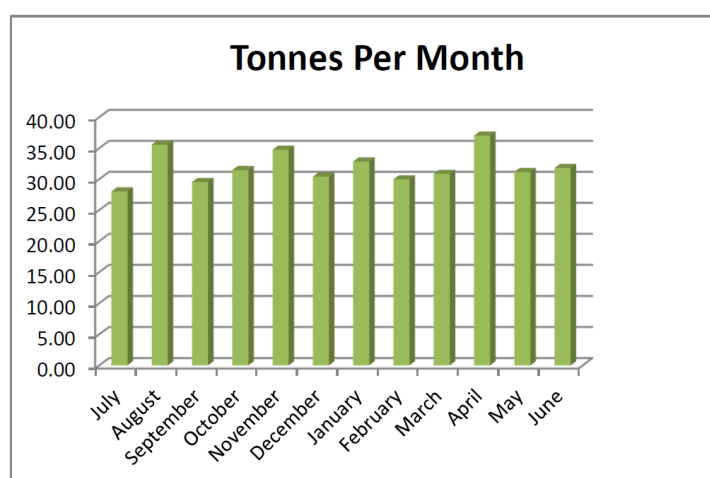
### Comparison Chart for 2018/2019 to 2019/2020 Tonnes/ Waste Classification



\*The values are estimations based on volumes.

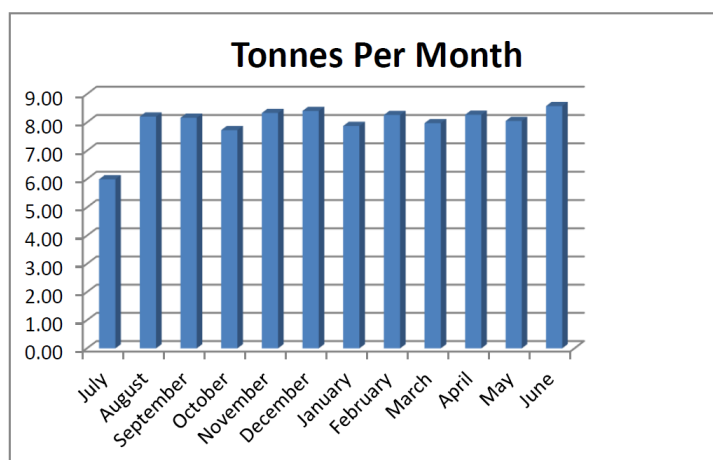
### Avon Waste Kerbside (General Rubbish) MGB Monthly Comparison

Month	Tonnes Per Month
July	28.02
August	35.55
September	29.51
October	31.45
November	34.73
December	30.40
January	32.83
February	29.95
March	30.82
April	37.01
May	31.14
June	31.79
<b>Total</b>	<b>383.20</b>

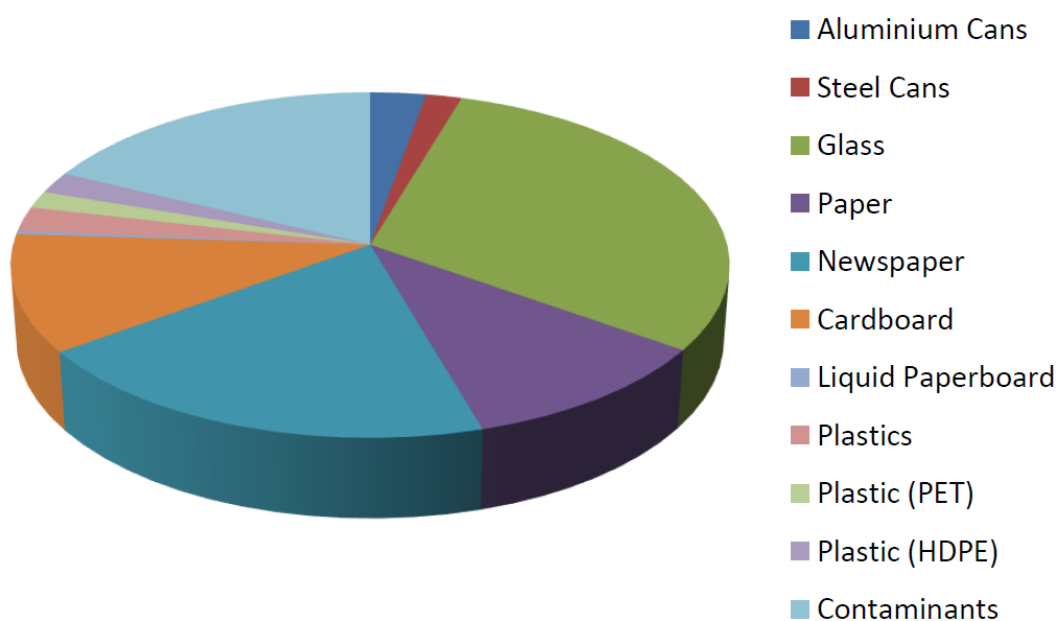


### Avon Waste Kerbside MGB/ Bulk Bin (Recycling) Collection

Month	Tonnes Per Month
July	5.99
August	8.21
September	8.16
October	7.73
November	8.33
December	8.40
January	7.88
February	8.26
March	7.97
April	8.27
May	8.05
June	8.58
<b>Total</b>	<b>95.83</b>



### **PRODUCT WEIGHT (Tonnes)**



### Waste Water Reuse Scheme

318 water samples were taken for operational monitoring of the Shire's Southern Cross Recycled Waste Water Scheme. The effluent reuse for reticulation of the Shires parks and gardens in the town site of Southern Cross provides significant cost savings on the purchase of scheme water and an effective recycling initiative.



Compliance with the Department of Health (DoH) and Department of Water and Environmental Regulation (DWER) reporting requirements requires the current sampling regime. The sampling results and reports were accepted by the DoH and DWER respectively for the year despite some shortcomings in some results in particular the Total Dissolved Solids (TDS).

### Health, Building and Planning

During the reporting period there were:

- Six Development Applications totalling over \$12.9 million in expected development costs were approved. Please note this figure is including the Southern Cross Aquatic Centre development, which is valued at 5.5 million dollars.
- Nine demolition permits were issued.
- Ten building permits were issued for constructions totalling more than \$6.2 million in expected building costs, again including the Aquatic Centre development.
- Thirty two food premise inspections were conducted during this period.
- Legal Food Sampling was undertaken at local businesses also for compliance with the Food Safety Standards. Those samples taken all produced satisfactory results.

### Local Emergency Management Committee (LEMC)

The Local Emergency Management Committee (LEMC) for Westonia/Yilgarn held meetings on 4 occasions between March to June 2020. There was much discussion surrounding the Corvid 19 pandemic, which also provided its own difficulties convening all meetings with teleconferencing as an option.

*Grayson Hindmarsh*  
**EXECUTIVE MANAGER REGULATORY SERVICES**

## Statutory Compliance

### 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
\$100,001 to \$110,000	2
\$110,001 to \$120,000	1
\$180,001 to \$190,000	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 2019-2020 the Shire of Yilgarn received no Complaints of Minor Breach**

### Disability Access and Inclusion 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.

### State Records Act 2000 - 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 Disclosures

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.

No disclosures were received in relation to the Shire of Yilgarn during the 2019/2020 financial year.

## Freedom of Information Act 1992 -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. Council's Freedom of Information Statement was revised during 2019/2020 financial year, presented to Council and subsequently adopted.

## Financial Management Review

As per the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

The last review was undertaken in 2019/2020 financial year.

## Audit Regulation 17 Review

Guidelines released from the Department of Local Government, Sport and Cultural Industries has revised the timeframes surrounding this audit. An amendment to Regulation 17(2) of the Local Government (Audit) Regulations 1996 requires the CEO to undertake a review of audit systems and procedures no less than once in every 3 financial years. This change will introduce consistency in CEO responsibilities to review financial management and audit systems and procedures in a timely manner.

The last review was carried out in the 2019/2020 financial year.

## Plan for the Future

The current Shire of Yilgarn Strategic Community Plan was adopted in June 2020. 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 as required.

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 2020/2021 major projects to be undertaken are roadworks including the following:**

Korda/Bullfinch Rd- 10mm Bitumen Reseal (SLK 3.0-9.0)	194k
Koolyanobbing Rd- Construct to 7m Seal (SLK 11.0 to 14.0)	614k
Koolyanobbing Rd- 10mm Bitumen Reseal (SLK 8.0-11.0)	102K
Moorine South Rd- 10mm Bitumen Reseal (SLK 16.5-24.5)	270k
Cramphorne Rd- Construct to 7m Seal (SLK 8.5 to 10.0 )	326k
Bodallin South Rd- Construct to 7m Seal (SLK 6.5 to 7.7)	293k
Bodallin South Rd- 10mm Bitumen Reseal (SLK 4.9-6.4)	41k
Southern Cross South Rd- Form & Gravel Overlay (SLK 47.8 to 51.3)	146k
Gatley Rd- Formation and Gravel Overlay (SLK 2.5 to 4.5)	98K
Bodallin South Rd- Construct to 7m Seal (SLK 2.7 to 4.9)	99K
Kent Rd- Formation & Gravel Overlay (SLK 18.3 TO 20.3)	98k
Nulla Nulla South Rd- Formation & Gravel Overlay (SLK 30.0 TO 32.5)	102k
Cockatoo Tank Rd- Formation & Gravel Overlay (SLK 7.0 TO 9.0)	108k
Emu Fence Rd- Formation & Gravel Overlay (SLK 137.5-139.5)	102k
Koolyanobbing Rd- 10mm Bitumen Reseal (SLK 31.0-33.0)	58k
Brennand Rd- Formation and Gravel Overlay (SLK 13.5 to 15.5)	99K
Beaton Rd- Construct to 7m Seal (Bullfinch Rd to Three Boys Rd)	227k
Moorine South Rd- Construct Slipway (Moorine South Rd to Bennett Rd)	95k
Achenear St- Bitumen Reseal (Antares St to Sirius St)	62k
Crn Altair St & GEH- Concrete Crossover (Parking Area)	8k
Shire Depot- Bitumen Seal (Parking Area & Entrance)	37k
Pegasus St- Enclose Drainage & Seal (Full Length)	11k
Spica Street- Footpath Construction	49k
Beaton Rd- Footpath Construction (Antares St to Cemetery)	147k
General Road Maintenance	1.3m

**Building Maintenance and Construction including the following:**

Homes for the Aged- Rear Courtyards & General Improvements	240k
Staff & General Housing- Rewire, Replace Fencing & General Improvements	102k
Southern Cross Sewerage- Containerised Filtration & Treatment System	124k
Southern Cross Swimming Pool- Completion of Facility Replacement Program	2.4m



**2019-2020**

**Annual Financial  
Report**

**&**

**Independent  
Auditors Report**



**SHIRE OF YILGARN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**COMMUNITY VISION**

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

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




**SHIRE OF YILGARN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Yilgarn for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Yilgarn at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the                      11th                      day of                      December                      2020



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Chief Executive Officer

**Peter Clarke**

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Name of Chief Executive Officer

**SHIRE OF YILGARN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	26(a)	3,970,906	4,018,009	3,842,363
Operating grants, subsidies and contributions	2(a)	3,523,562	2,024,419	3,601,111
Fees and charges	2(a)	1,833,008	1,082,458	1,229,179
Interest earnings	2(a)	181,703	244,799	275,102
Other revenue	2(a)	684,507	226,200	267,419
		10,193,687	7,595,885	9,215,174
<b>Expenses</b>				
Employee costs		(3,350,647)	(3,077,786)	(3,247,786)
Materials and contracts		(1,178,199)	(2,291,429)	(1,343,155)
Utility charges		(916,113)	(498,052)	(461,631)
Depreciation on non-current assets	11(b)	(6,612,934)	(6,661,650)	(6,633,239)
Interest expenses	2(b)	(1,029)	0	0
Insurance expenses		(286,169)	(267,332)	(277,287)
Other expenditure		(223,137)	(258,993)	(168,466)
		(12,568,229)	(13,055,242)	(12,131,564)
		(2,374,542)	(5,459,357)	(2,916,390)
Non-operating grants, subsidies and contributions	2(a)	2,925,885	2,610,131	1,862,810
Profit on asset disposals	11(a)	7,404	57,550	106,558
(Loss) on asset disposals	11(a)	(1,299,052)	(61,600)	(134,050)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
		1,635,390	2,606,081	1,905,386
<b>Net result for the period</b>		<b>(739,152)</b>	<b>(2,853,276)</b>	<b>(1,011,004)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	442
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>442</b>
<b>Total comprehensive income for the period</b>		<b>(739,152)</b>	<b>(2,853,276)</b>	<b>(1,010,562)</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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance	2(a)	182	0	0
General purpose funding		7,252,471	5,891,308	7,384,245
Law, order, public safety		87,859	73,567	53,665
Health		1,609	1,000	1,076
Education and welfare		176,594	175,932	197,694
Housing		81,823	78,000	77,783
Community amenities		645,870	655,983	625,257
Recreation and culture		19,565	42,897	34,453
Transport		234,130	37,900	46,896
Economic services		1,292,723	509,334	587,692
Other property and services		400,861	129,964	206,413
		10,193,687	7,595,885	9,215,174
<b>Expenses</b>				
Governance	2(b)	(461,220)	(491,927)	(443,248)
General purpose funding		(253,687)	(304,155)	(279,185)
Law, order, public safety		(474,527)	(512,919)	(449,288)
Health		(253,784)	(282,389)	(246,906)
Education and welfare		(433,804)	(546,516)	(520,596)
Housing		(274,929)	(376,542)	(234,629)
Community amenities		(862,660)	(1,114,688)	(925,653)
Recreation and culture		(1,637,245)	(1,814,142)	(1,763,175)
Transport		(6,203,099)	(6,324,786)	(6,215,314)
Economic services		(1,631,652)	(1,197,851)	(1,001,358)
Other property and services		(80,593)	(89,327)	(52,212)
		(12,567,200)	(13,055,242)	(12,131,564)
<b>Finance Costs</b>				
Other property and services	2(b)	(1,029)	0	0
		(1,029)	0	0
		(2,374,542)	(5,459,357)	(2,916,390)
Non-operating grants, subsidies and contributions	2(a)	2,925,885	2,610,131	1,862,810
Profit on disposal of assets	11(a)	7,404	57,550	106,558
(Loss) on disposal of assets	11(a)	(1,299,052)	(61,600)	(134,050)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
		1,635,390	2,606,081	1,905,386
<b>Net result for the period</b>		<b>(739,152)</b>	<b>(2,853,276)</b>	<b>(1,011,004)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	442
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>442</b>
<b>Total comprehensive income for the period</b>		<b>(739,152)</b>	<b>(2,853,276)</b>	<b>(1,010,562)</b>

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

**SHIRE OF YILGARN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	9,901,027	10,299,161
Trade and other receivables	6	810,100	541,353
Other financial assets	5(a)	0	6,000
Inventories	7	27,554	29,909
Other assets	8	25,046	0
<b>TOTAL CURRENT ASSETS</b>		<b>10,763,727</b>	<b>10,876,423</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	79,203	53,584
Other financial assets	5(b)	71,221	71,568
Property, plant and equipment	9	29,038,540	29,190,095
Infrastructure	10	227,344,709	227,991,102
Right-of-use assets	12(a)	38,499	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>256,572,172</b>	<b>257,306,349</b>
<b>TOTAL ASSETS</b>		<b>267,335,898</b>	<b>268,182,772</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,831,936	633,810
Contract liabilities	15	32,820	0
Lease liabilities	16(a)	14,218	0
Employee related provisions	18	550,451	522,232
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,429,425</b>	<b>1,156,042</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	24,707	0
Employee related provisions	18	79,006	79,840
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>103,713</b>	<b>79,840</b>
<b>TOTAL LIABILITIES</b>		<b>2,533,138</b>	<b>1,235,882</b>
<b>NET ASSETS</b>		<b>264,802,760</b>	<b>266,946,890</b>
<b>EQUITY</b>			
Retained surplus		59,898,950	58,944,687
Reserves - cash backed	4	4,536,844	6,581,763
Revaluation surplus	13	200,366,965	201,420,440
<b>TOTAL EQUITY</b>		<b>264,802,760</b>	<b>266,946,890</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 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>60,431,238</b>	<b>6,106,216</b>	<b>201,419,998</b>	<b>267,957,452</b>
<b>Restated total equity at the beginning of the financial year</b>		<b>60,431,238</b>	<b>6,106,216</b>	<b>201,419,998</b>	<b>267,957,452</b>
Comprehensive income					
Net result for the period		(1,011,004)	0	0	(1,011,004)
Other comprehensive income	13	0	0	442	442
Total comprehensive income		(1,011,004)	0	442	(1,010,562)
Transfers from reserves	4	629,903	(629,903)	0	0
Transfers to reserves	4	(1,105,450)	1,105,450	0	0
<b>Balance as at 30 June 2019</b>		<b>58,944,687</b>	<b>6,581,763</b>	<b>201,420,440</b>	<b>266,946,890</b>
Change in accounting policies	30(b)	(351,502)	0	(1,053,475)	(1,404,977)
<b>Restated total equity at 1 July 2019</b>		<b>58,593,185</b>	<b>6,581,763</b>	<b>200,366,965</b>	<b>265,541,913</b>
Comprehensive income					
Net result for the period		(739,152)	0	0	(739,152)
Total comprehensive income		(739,152)	0	0	(739,152)
Transfers from reserves	4	3,470,285	(3,470,285)	0	0
Transfers to reserves	4	(1,425,366)	1,425,366	0	0
<b>Balance as at 30 June 2020</b>		<b>59,898,950</b>	<b>4,536,844</b>	<b>200,366,965</b>	<b>264,802,760</b>

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

**SHIRE OF YILGARN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,930,158	4,168,009	4,139,521
Operating grants, subsidies and contributions		3,148,972	2,024,419	3,601,111
Fees and charges		1,833,008	1,082,458	1,179,135
Interest received		181,703	244,799	275,102
Goods and services tax received		(160,084)	0	583,075
Other revenue		684,507	226,200	256,935
		9,618,264	7,745,885	10,034,879
<b>Payments</b>				
Employee costs		(3,273,813)	(3,077,786)	(2,847,189)
Materials and contracts		(89,839)	(2,306,429)	(1,320,553)
Utility charges		(916,113)	(498,052)	(461,631)
Insurance paid		(286,169)	(267,332)	(277,287)
Goods and services tax paid		0	0	(554,167)
Other expenditure		(223,137)	(258,993)	(168,786)
		(4,790,100)	(6,408,592)	(5,629,613)
<b>Net cash provided by (used in) operating activities</b>	19	4,828,164	1,337,293	4,405,266
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(1,700,329)	(3,484,603)	(1,742,896)
Payments for construction of infrastructure	10(a)	(3,184,531)	(6,235,012)	(2,385,326)
Non-operating grants, subsidies and contributions	2(a)	2,925,885	2,610,131	1,862,810
Payments for Capital Work in Progress		(3,568,495)	0	0
Proceeds from financial assets at amortised cost - self supporting loans	5	6,000	0	0
Proceeds from sale of property, plant & equipment	11(a)	306,864	286,500	331,584
<b>Net cash provided by (used in) investment activities</b>		(5,214,606)	(6,822,984)	(1,933,828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for principal portion of lease liabilities	16(b)	(13,189)	0	0
<b>Net cash provided by (used in) financing activities</b>		(13,189)	0	0
<b>Net increase (decrease) in cash held</b>		(398,134)	(5,485,691)	2,471,438
Cash at beginning of year		10,299,161	9,982,816	7,827,723
<b>Cash and cash equivalents at the end of the year</b>	19	9,901,027	4,497,125	10,299,161

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

**SHIRE OF YILGARN**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	27 (b)	3,393,552	3,345,560	2,002,036
		3,393,552	3,345,560	2,002,036
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,335	0	70,068
General purpose funding		3,381,799	1,873,299	3,574,968
Law, order, public safety		87,859	73,567	53,665
Health		1,609	1,000	1,076
Education and welfare		176,594	175,932	197,694
Housing		81,823	78,000	77,783
Community amenities		645,870	666,483	625,257
Recreation and culture		19,565	43,447	34,453
Transport		241,534	78,900	153,454
Economic services		1,292,723	509,334	587,692
Other property and services		400,861	135,464	206,413
		6,331,572	3,635,426	5,582,523
<b>Expenditure from operating activities</b>				
Governance		(461,220)	(491,927)	(443,248)
General purpose funding		(253,687)	(304,155)	(279,185)
Law, order, public safety		(474,527)	(512,919)	(449,288)
Health		(253,784)	(282,389)	(246,906)
Education and welfare		(433,804)	(546,516)	(520,596)
Housing		(274,929)	(376,542)	(234,629)
Community amenities		(869,136)	(1,114,688)	(966,063)
Recreation and culture		(2,785,378)	(1,814,142)	(1,763,175)
Transport		(6,313,465)	(6,386,386)	(6,296,204)
Economic services		(1,631,652)	(1,197,851)	(1,001,358)
Other property and services		(115,699)	(89,327)	(64,962)
		(13,867,281)	(13,116,842)	(12,265,614)
Non-cash amounts excluded from operating activities	27(a)	7,876,976	6,672,086	6,612,332
<b>Amount attributable to operating activities</b>		3,734,819	536,230	1,931,277
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,925,885	2,610,131	1,862,810
Proceeds from disposal of assets	11(a)	306,864	286,500	331,584
Proceeds from financial assets at amortised cost - self supporting loans		6,000	0	0
Purchase of property, plant and equipment	9(a)	(1,700,329)	(3,484,603)	(1,742,896)
Purchase and construction of infrastructure	10(a)	(3,184,531)	(6,235,012)	(2,385,326)
<b>Amount attributable to investing activities</b>		(1,646,111)	(6,822,984)	(1,933,828)
<b>FINANCING ACTIVITIES</b>				
Payments for principal portion of lease liabilities	16(b)	(13,189)	0	0
Transfers to reserves (restricted assets)	4	(1,425,366)	(1,162,610)	(1,105,450)
Add Back: movement in leave reserve (restricted assets)	4	3,873	0	91,733
Transfers from reserves (restricted assets)	4	3,470,285	3,586,154	629,903
<b>Amount attributable to financing activities</b>		2,035,603	2,423,544	(383,814)
<b>Surplus/(deficit) before imposition of general rates</b>		4,124,311	(3,863,210)	(386,365)
<b>Total amount raised from general rates</b>	26(a)	3,900,032	4,018,009	3,809,277
<b>Surplus/(deficit) after imposition of general rates</b>	27(b)	<b>8,025,840</b>	<b>154,799</b>	<b>3,422,912</b>

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

**SHIRE OF YILGARN**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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.

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### 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 31 to these financial statements.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	3,078,741	1,600,000	3,229,862
Law, order, public safety	80,273	54,967	45,347
Education and welfare	104,612	109,052	138,261
Community amenities	149	1,000	0
Transport	9,787	54,400	9,401
Economic services	250,000	250,000	178,240
	<b>3,523,562</b>	<b>2,069,419</b>	<b>3,601,111</b>
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	47,000	38,308
Recreation and culture	525,000	525,000	182,979
Transport	2,400,885	2,038,131	1,641,523
	<b>2,925,885</b>	<b>2,610,131</b>	<b>1,862,810</b>
<b>Total grants, subsidies and contributions</b>	<b>6,449,447</b>	<b>4,679,550</b>	<b>5,463,921</b>
<b>Fees and charges</b>			
General purpose funding	6,805	24,500	12,581
Law, order, public safety	3,586	4,600	4,318
Health	1,609	1,000	1,076
Education and welfare	62,226	65,880	58,599
Housing	80,623	78,000	77,783
Community amenities	644,559	605,344	624,189
Recreation and culture	15,044	15,150	19,723
Transport	4,251	5,500	4,395
Economic services	977,227	475,170	396,916
Other property and services	37,078	54,464	29,599
	<b>1,833,008</b>	<b>1,329,608</b>	<b>1,229,179</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Non-operating grants, subsidies and contributions	2,925,885	2,610,131	1,862,810
	2,925,885	2,610,131	1,862,810
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Contracts with customers included as a contract liability at the start of the period	322,142	0	0
Other revenue from performance obligations satisfied during the year	2,603,743	2,610,131	1,862,810
	2,925,885	2,610,131	1,862,810

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

Contract liabilities from contracts with customers	(32,820)	0	0
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Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

#### General rates

#### Other revenue

Reimbursements and recoveries

Other

#### Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 26(c))

Other interest earnings

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
General rates	3,900,032	3,984,739	3,779,917
	3,900,032	3,984,739	3,779,917
Other revenue			
Reimbursements and recoveries	118,476	137,200	102,816
Other	566,031	89,000	164,603
	684,507	226,200	267,419
Interest earnings			
Interest on reserve funds	95,727	144,799	150,515
Rates instalment and penalty interest (refer Note 26(c))	38,779	14,500	91,889
Other interest earnings	47,197	85,500	32,698
	181,703	244,799	275,102

#### SIGNIFICANT ACCOUNTING POLICIES

##### Interest earnings

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

##### Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

## 2. REVENUE AND EXPENSES (Continued)

### (b) Expenses

#### Auditors remuneration

- Audit of the Annual Financial Report
- Other services

#### Other expenditure

Impairment loss on trade and other receivables

Sundry expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	37,516	43,300	46,442
- Other services	5,672	7,500	2,500
	43,188	50,800	48,942
Other expenditure			
Impairment loss on trade and other receivables	12,025		
Sundry expenses	211,112	258,993	168,466
	223,137	258,993	168,466



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	9,901,027	10,299,161
<b>Total cash and cash equivalents</b>	<b>9,901,027</b>	<b>10,299,161</b>
<b>Restrictions</b>		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Unrestricted Cash and cash equivalents	4,942,096	3,078,759
- Restricted Cash and cash equivalents	4,958,931	7,220,402
	<b>9,901,027</b>	<b>10,299,161</b>

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

Reserves - cash backed	4	4,536,844	6,581,763
Contract liabilities from contracts with customers	15	32,820	0
Unspent grants, subsidies and contributions		0	322,142
Bonds and Deposits	14	389,267	316,497
<b>Total restricted assets</b>		<b>4,958,931</b>	<b>7,220,402</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	290,294	74,158	(70,285)	294,167	290,294	6,386	0	296,680	198,561	115,836	(24,103)	290,294
(b) Plant Replacement Reserve	477,612	408,357	0	885,969	477,612	410,507	0	888,119	731,907	15,705	(270,000)	477,612
(c) Building Reserves	679,390	11,404	0	690,794	679,390	14,947	0	694,337	778,966	18,424	(118,000)	679,390
(d) Airport Reserve	239,753	4,025	0	243,778	239,753	5,275	0	245,028	233,865	5,888	0	239,753
(e) Sewerage Reserve	541,713	9,093	0	550,806	541,713	11,918	0	553,631	528,409	13,304	0	541,713
(f) MT Hampton/Dulyalbin Reserve	31,277	11,206	0	42,483	31,277	18,500	0	49,777	30,509	768	0	31,277
(g) Recreation Facility Reserve	2,811,956	634,250	(3,400,000)	46,206	2,811,956	661,863	(3,400,000)	73,819	1,961,271	850,685	0	2,811,956
(h) Homes for the Aged Reserve	391,595	6,314	0	397,909	391,595	8,615	0	400,210	381,977	9,618	0	391,595
(i) Refuse Disposal Reserve	236,541	3,968	0	240,509	236,542	5,204	(56,200)	185,546	445,325	9,016	(217,800)	236,541
(j) Community Bus Reserve	125,338	2,459	0	127,797	125,339	2,757	0	128,096	122,260	3,078	0	125,338
(k) Health Services Reserves-Capital	233,805	3,737	0	237,542	233,803	5,144	(28,000)	210,947	228,062	5,743	0	233,805
(l) HVRIC Reserve	215,451	72,533	0	287,984	215,451	4,740	(101,954)	118,237	165,607	49,844	0	215,451
(m) Youth Development Reserve	108,521	1,903	0	110,424	108,521	2,387	0	110,908	105,856	2,665	0	108,521
(n) Tourism Reserve	198,517	3,152	0	201,669	198,517	4,367	0	202,884	193,641	4,876	0	198,517
(o) Museum Reserves	0	30,554	0	30,554	0	0	0	0	0	0	0	0
(p) Health Services Reserves-Operations	0	107,921	0	107,921	0	0	0	0	0	0	0	0
(q) Yilgarn Bowls & Tennis Club Sinking Fund Reserve	0	40,332	0	40,332	0	0	0	0	0	0	0	0
	6,581,763	1,425,366	(3,470,285)	4,536,844	6,581,763	1,162,610	(3,586,154)	4,158,219	6,106,216	1,105,450	(629,903)	6,581,763

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund Long Service Leave requirements.
(b) Plant Replacement Reserve	Ongoing	To be used for the purchase of major plant.
(c) Building Reserves	Ongoing	To be used for major construction and improvements to Council's Buildings.
(d) Airport Reserve	Ongoing	To be used for the upkeep and any major upgrade works to the Southern Cross Airport.
(e) Sewerage Reserve	Ongoing	Water Schemes.
(f) MT Hampton/Dulyalbin Reserve	Ongoing	Water from these facilities.
(g) Recreation Facility Reserve	Ongoing	To be used To fund any major projects relating To Recreation within the community.
(h) Homes for the Aged Reserve	Ongoing	To be used as a conduit for the placement of rental income from all twelve units, providing funding for future redevelopment works at this facility.
(i) Refuse Disposal Reserve	Ongoing	To be used To meet future costs of major works to be carried out at Refuse Disposal Sites within the Shire of Yilgarn.
(j) Community Bus Reserve	Ongoing	To provide a conduit Reserve of the proceeds from the hire of the Yilgarn Community Bus.
(k) Health Services Reserves-Capital	Ongoing	To be used to maintain the Health Service GP practice and associated assets.
(l) HVRIC Reserve	Ongoing	To provide adequate disclosure of funds received under the HVRIC and the relevant road funds are expended on.
(m) Youth Development Reserve	Ongoing	To be used for the development of Youth in the Yilgarn District.
(n) Tourism Reserve	Ongoing	To be used to fund tourism in the Yilgarn District.
(o) Museum Reserves	Ongoing	To be used for Museum requirements
(p) Health Services Reserves-Operations	Ongoing	To be used to maintain the Health Service GP practice Operations.
(q) Yilgarn Bowls & Tennis Club Sinking Fund Reserve	Ongoing	To be Yilgarn Bowls & Tennis Club Sinking Fund

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Self supporting loans

2020	2019
\$	\$
0	6,000
0	6,000

**Financial assets previously classified as loans and receivables**

Self supporting loans

0	6,000
0	6,000

**(b) Non-current assets**

Other loans and receivables

Financial assets at fair value through profit and loss

0	1,500
71,221	70,068
71,221	71,568

**Financial assets previously classified as loans and receivables**

- Loans receivable - clubs/institutions

0	1,500
0	1,500

**Financial assets at fair value through profit and loss**

Unlisted equity investments- Local Government House Trust

71,221	70,068
71,221	70,068

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
ESL Levied	
Pensioner Rebates	

**Non-current**

Pensioner's rates and ESL deferred	
------------------------------------	--

2020	2019
\$	\$
488,221	435,466
83,143	62,213
213,737	53,653
(12,025)	(15,025)
29,418	5,046
7,606	0
810,100	541,353
79,203	53,584
79,203	53,584

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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.

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

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



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**7. INVENTORIES**

**Current**

Fuel and materials

	2020	2019
	\$	\$
	27,554	29,909
	27,554	29,909
	29,909	39,137
	(2,355)	(9,228)
	27,554	29,909

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

**Carrying amount at end of period**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

8. OTHER ASSETS

Other assets - current

Prepayments  
Accrued income

2020	2019
\$	\$
17,970	0
7,076	0
25,046	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**9. PROPERTY, PLANT AND EQUIPMENT**

**(a) 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Work in Progress	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	1,251,000	1,053,475	2,304,475	4,124,500	16,683,542	0	20,808,042	23,112,517	23,179	6,561,542	29,697,238
Additions	0	0	0	113,885	461,623	0	575,508	575,508	70,710	1,096,678	1,742,896
(Disposals)	0	0	0	0	(40,410)	0	(40,410)	(40,410)	(12,750)	(305,916)	(359,076)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	35,414	(34,972)	442
Depreciation (expense)	0	0	0	(184,129)	(924,051)	0	(1,108,180)	(1,108,180)	(1,443)	(781,782)	(1,891,405)
<b>Carrying amount at 30 June 2019</b>	1,251,000	1,053,475	2,304,475	4,054,256	16,180,704	0	20,234,960	22,539,435	115,110	6,535,550	29,190,095
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	1,251,000	1,053,475	2,304,475	4,054,256	17,104,755	0	21,159,011	23,463,486	116,553	7,317,332	30,897,371
Accumulated depreciation at 30 June 2019	0	0	0	0	(924,051)	0	(924,051)	(924,051)	(1,443)	(781,782)	(1,707,276)
<b>Carrying amount at 30 June 2019</b>	1,251,000	1,053,475	2,304,475	4,054,256	16,180,704	0	20,234,960	22,539,435	115,110	6,535,550	29,190,095
Change in accounting policy	0	(1,053,475)	(1,053,475)	0	0	0	0	(1,053,475)	0	0	(1,053,475)
<b>Carrying amount at 1 July 2019</b>	1,251,000	0	1,251,000	4,054,256	16,180,704	0	20,234,960	21,485,960	115,110	6,535,550	28,136,620
Additions	13,000	0	13,000	0	783,006	0	783,006	796,006	10,430	893,893	1,700,329
(Disposals)	0	0	0	0	(242,510)	0	(242,510)	(242,510)	(6,003)	(455,071)	(703,584)
WIP	0	0	0	0	0	1,703,864	1,703,864	1,703,864	0	0	1,703,864
Depreciation (expense)	0	0	0	(189,572)	(883,500)	0	(1,073,072)	(1,073,072)	(13,589)	(712,028)	(1,798,689)
Transfers	0	0	0	0	0	0	0	0	(8,800)	8,800	0
<b>Carrying amount at 30 June 2020</b>	1,264,000	0	1,264,000	3,864,684	15,837,700	1,703,864	21,406,248	22,670,248	97,148	6,271,144	29,038,540
<b>Comprises:</b>											
Gross carrying amount at 30 June 2020	1,264,000	0	1,264,000	4,238,385	17,595,213	1,703,864	23,537,462	24,801,462	110,140	6,948,032	31,859,634
Accumulated depreciation at 30 June 2020	0	0	0	(373,701)	(1,757,513)	0	(2,131,214)	(2,131,214)	(12,992)	(676,888)	(2,821,094)
<b>Carrying amount at 30 June 2020</b>	1,264,000	0	1,264,000	3,864,684	15,837,700	1,703,864	21,406,248	22,670,248	97,148	6,271,144	29,038,540

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	Level 2	Market Approach using recent observable market data or similar properties	Independent registered Valuers	June 2018	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 2018	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful assessments (Level 3) inputs
Buildings - non-specialised	Level 2	Market Approach using observable market data or similar properties	Independent registered Valuers	June 2018	Price per square metre
Buildings - specialised	Level 3	Market Approach using observable market data or similar properties	Independent registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 2	Market Approach using observable market data or similar assets	Management valuation	June 2019	Price per items
Plant and equipment	Level 2	Market Approach using observable market data or similar assets	Independent Valuers and Management Valuation	June 2019	Price per items
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Valuers and Management Valuation	June 2019	Purchase costs and current condition, residual values and remaining useful life assessments inputs
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Valuers and Management Valuation	June 2019	Purchase costs and current condition, residual values and remaining useful life assessments inputs

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. INFRASTRUCTURE**

**(a) 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.

	Infrastructure - Roads & Laneways	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Refuse Site	Infrastructure - Sewerage	Infrastructure - Townscape	Infrastructure - Parks and Ovals	Infrastructure - Aerodrome	Infrastructure - Other Inc Digital Infra	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	169,404,491	1,464,801	50,785,885	219,982	3,901,367	1,855	138,618	939,070	3,491,221	0	230,347,290
Additions	2,228,194	0	0	40,321	24,928	29,729	0	0	62,154	0	2,385,326
Assets Written (off)/back	0	0	0	4,100	0	1,743	1,668	0	(7,191)	0	320
Depreciation (expense)	(4,381,053)	(100,336)	(119,150)	(4,918)	(16,509)	(223)	(1,179)	(19,012)	(99,454)	0	(4,741,834)
Transfers	48,935,677	0	(48,935,677)	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2019</b>	216,187,309	1,364,465	1,731,058	259,485	3,909,786	33,104	139,107	920,058	3,446,730	0	227,991,102
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	220,568,362	1,464,801	1,850,208	264,403	3,926,295	33,327	140,286	939,070	3,546,184	0	232,732,936
Accumulated depreciation at 30 June 2019	(4,381,053)	(100,336)	(119,150)	(4,918)	(16,509)	(223)	(1,179)	(19,012)	(99,454)	0	(4,741,834)
<b>Carrying amount at 30 June 2019</b>	216,187,309	1,364,465	1,731,058	259,485	3,909,786	33,104	139,107	920,058	3,446,730	0	227,991,102
Additions	2,733,521	27,882	7,437	18,847	38,462	0	121,469	0	236,913	0	3,184,531
WIP	0	0	0	0	0	0	0	0	0	1,864,632	1,864,632
(Disposals)	0	0	0	0	0	0	0	0	(947,140)	0	(947,140)
Depreciation (on disposal)	0	0	0	0	0	0	4,153	0	48,061	0	52,214
Depreciation (expense)	(4,441,528)	(100,419)	(119,266)	(6,082)	(17,276)	(585)	(859)	(19,011)	(95,604)	0	(4,800,630)
<b>Carrying amount at 30 June 2020</b>	214,479,302	1,291,928	1,619,229	272,250	3,930,972	32,519	263,870	901,047	2,688,960	1,864,632	227,344,709
<b>Comprises:</b>											
Gross carrying amount at 30 June 2020	368,807,249	2,776,799	3,081,915	292,761	4,052,087	34,979	269,658	952,150	2,904,260	1,864,632	385,036,490
Accumulated depreciation at 30 June 2020	(154,327,947)	(1,484,871)	(1,462,686)	(20,511)	(121,115)	(2,460)	(5,788)	(51,103)	(215,300)	0	(157,691,781)
<b>Carrying amount at 30 June 2020</b>	214,479,302	1,291,928	1,619,229	272,250	3,930,972	32,519	263,870	901,047	2,688,960	1,864,632	227,344,709



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads & Laneways	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Refuse Site	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Sewerage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Townscape	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Aerodrome	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Infrastructure - Other Inc Digital Infra	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)

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

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

## **11. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### **Revaluation**

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

At the end of each period the 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY** **Land under control prior to 1 July 2019**

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

### **Land under roads prior to 1 July 2019**

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

### **Land under roads from 1 July 2019**

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

### **Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right of use assets).

# SHIRE OF YILGARN

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

#### 11. FIXED ASSETS

##### (a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	242,510	0	0	(242,510)	0	0	0	0	40,410	0	0	(40,410)
Furniture and equipment	6,003	0	0	(6,003)	0	0	0	0	12,750	0	0	(12,750)
Plant and equipment	455,071	306,864	7,404	(155,611)	290,550	286,500	57,550	(61,600)	305,916	331,584	106,558	(80,890)
Infrastructure - Other Inc Digital Infra	894,928	0	0	(894,928)	0	0	0	0	0	0	0	0
	1,598,512	306,864	7,404	(1,299,052)	290,550	286,500	57,550	(61,600)	359,076	331,584	106,558	(134,050)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Community amenities</b>				
CAR - 2016 TOYOTA CAMRY ALTISE -YL290	18,521	12,045	0	(6,476)
	<b>18,521</b>	<b>12,045</b>	<b>0</b>	<b>(6,476)</b>
<b>Recreation and culture</b>				
UTE - 2016 TOYOTA HILUX 2.8 DIESEL 4x4 - YL121	33,784	29,091	0	(4,693)
	<b>33,784</b>	<b>29,091</b>	<b>0</b>	<b>(4,693)</b>
<b>Transport</b>				
LOADER - SKID STEER - CAT - YL5302	39,429	11,500	0	(27,929)
ROLLER - CAT VIBRATORY - YL595	101,609	53,500	0	(48,109)
TRUCK - 2012 MITSUBISHI 8 WHEEL TIP - YL698	100,608	70,000	0	(30,608)
UTE - MAZDA BT-50 - BUILDER	17,803	16,182	0	(1,621)
UTE - 2016 TOYOTA LANDCRUISER 70 SERIES SINGLE CAB - YL333	41,687	49,091	7,404	0
2017- TOYOTA HILUX 4x4 2.8L DSL D/C 6AT SR5 - YL150	38,462	36,364	0	(2,098)
	<b>339,598</b>	<b>236,636</b>	<b>7,404</b>	<b>(110,365)</b>
<b>Other property and services</b>				
WAGON - 2016 TOYOTA KLUGER AWD V6 WAGON A/T GXL - YL50	54,086	29,091	0	(24,995)
SWIMMING POOL - EQUIPMENT	9,082	0	0	(9,082)
	<b>63,168</b>	<b>29,091</b>	<b>0</b>	<b>(34,077)</b>
	<b>455,071</b>	<b>306,863</b>	<b>7,404</b>	<b>(155,611)</b>
<b>Buildings - Specialised</b>				
<b>Community amenities</b>				
Swimming Pool Shed- Southern Cross	8,091	0	0	(8,091)
Swimming Pool - Kiosk Office and Change Room-Antares Street	157,045	0	0	(157,045)
Swimming Pool - Plant Room-Antares Street	9,284	0	0	(9,284)
Play Ground Centre- Constellation Park	68,090	0	0	(68,090)
	<b>242,510</b>	<b>0</b>	<b>0</b>	<b>(242,510)</b>
<b>Furniture</b>				
<b>Recreation and Culture</b>				
Robotic Pool Cleaner with Trolley - Swimming Pool	6,003	0	0	(6,003)
	<b>6,003</b>	<b>0</b>	<b>0</b>	<b>(6,003)</b>
<b>Infrastructure</b>				
<b>Recreation and Culture</b>				
SX Town Park & Swimming Pool Area	(4,153)	0	0	4,153
SX Swimming Pool Infrastructure - (Bowls & Improvements)	899,081	0	0	(899,081)
	<b>894,928</b>	<b>0</b>	<b>0</b>	<b>(894,928)</b>
	<b>1,598,512</b>	<b>306,863</b>	<b>7,404</b>	<b>(1,299,052)</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	189,572	185,047	184,129
Buildings - specialised	883,500	931,031	924,051
Furniture and equipment	13,589	2,038	1,443
Plant and equipment	712,028	784,727	781,782
Infrastructure - Roads & Laneways	4,441,528	4,402,897	4,381,053
Infrastructure - Footpaths	100,419	100,835	100,336
Infrastructure - Drainage	119,266	119,744	119,150
Infrastructure - Refuse Site	6,082	4,943	4,918
Infrastructure - Sewerage	17,276	16,591	16,509
Infrastructure - Townscape	585	192	223
Infrastructure - Parks and Ovals	859	1,185	1,179
Infrastructure - Aerodrome	19,011	19,106	19,012
Infrastructure - Other Inc Digital Infra	95,604	93,314	99,454
Right-of-use assets - Furniture and equipment	13,615	0	0
	6,612,934	6,661,650	6,633,239

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Buildings	5 to 50 years
Furniture and equipment	6 to 20 years
Plant and equipment	4 to 20 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50-200 years
Footpaths - slab	10 to 80 years
Sewerage piping	100 years
Water supply piping and drainage systems	120-134 years
Refuse site	33-50 years
Townscape	25 years
Parks and Ovals	40 years
Aerodromes	30 years
Laneways	15 years
Other (inc Digital Infra)	12 to 50 years

**Depreciation on revaluation**

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:

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

**Amortisation**

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**12. LEASES**

**(a) Right-of-Use Assets**

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

	Right-of-use assets - Furniture and equipment \$	Right-of-use assets Total
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	52,114	52,114
Restated total equity at the beginning of the financial year	52,114	52,114
Depreciation (expense)	(13,615)	(13,615)
Carrying amount at 30 June 2020	38,499	38,499
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	1,029	1,029
Lease principal expense	13,189	13,189
Total cash outflow from leases	14,218	14,218

The Shire of Yilgarn has leases relating to Furniture and equipment. The lease term for one is 4 Years and the other is 3 Years and 4 Months. Both leases have variable lease repayments. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which Shire of Yilgarn is committed.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

Leases for right-of-use assets are secured over the asset being leased.

**Right-of-use assets - valuation**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

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



**SHIRE OF YILGARN**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**13. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	9,641,349	0	0	0	0	9,641,349	9,641,349	0	0	0	9,641,349
Revaluation surplus - Land - vested in and under the control of Council	1,053,475	(1,053,475)	0	0	0	0	1,053,475	0	0	0	1,053,475
Revaluation surplus - Buildings - non-specialised	18,503	0	0	0	0	18,503	18,503	0	0	0	18,503
Revaluation surplus - Buildings - specialised	2,806,736	0	0	0	0	2,806,736	2,806,736	0	0	0	2,806,736
Revaluation surplus - Furniture and equipment	22,313	0	0	0	0	22,313	21,871	35,414	(34,972)	442	22,313
Revaluation surplus - Plant and equipment	2,299,879	0	0	0	0	2,299,879	2,299,879	0	0	0	2,299,879
Revaluation surplus - Infrastructure - Roads & Laneways	122,800,813	0	0	0	0	122,800,813	122,800,813	0	0	0	122,800,813
Revaluation surplus - Infrastructure - Footpaths	1,549,051	0	0	0	0	1,549,051	1,549,051	0	0	0	1,549,051
Revaluation surplus - Infrastructure - Drainage	56,442,078	0	0	0	0	56,442,078	56,442,078	0	0	0	56,442,078
Revaluation surplus - Infrastructure - Sewerage	2,703,283	0	0	0	0	2,703,283	2,703,283	0	0	0	2,703,283
Revaluation surplus - Infrastructure - Parks and Ovals	396,014	0	0	0	0	396,014	396,014	0	0	0	396,014
Revaluation surplus - Infrastructure - Aerodrome	1,686,946	0	0	0	0	1,686,946	1,686,946	0	0	0	1,686,946
	201,420,440	(1,053,475)	0	0	0	200,366,965	201,419,998	35,414	(34,972)	442	201,420,440

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**14. TRADE AND OTHER PAYABLES**

**Current**

	2020 \$	2019 \$
Sundry creditors	1,238,505	212,988
Prepaid rates	37,626	0
Accrued salaries and wages	55,108	29,225
ATO liabilities	98,666	75,100
Bonds and deposits held	389,267	316,497
Accrued Expenditure	12,764	0
	1,831,936	633,810

**SIGNIFICANT ACCOUNTING POLICIES**

**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

**Prepaid rates**

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

15. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
32,820	0
32,820	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

32,820
32,820

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

SHIRE OF YILGARN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

16. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
	\$	\$
Current	14,218	0
Non-current	24,707	0
	38,925	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments		Lease Principal 1 July 2019	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding		Lease Principal 1 July 2018	Actual New Loans	Actual Lease Principal Repayments	Actual Lease Principal Outstanding
					\$	\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$	\$
<b>Other property and services</b>																			
AVAYA IP Telephone System		Commander Centre	2.30%	30/06/2023	40,384	0	9,755	30,629	818	0	0	0	0	0	0	0	0	0	0
Canon c5560i Photocopier		Canon Finance	2.10%	24/10/2022	11,730	0	3,434	8,296	211	0	0	0	0	0	0	0	0	0	0
					52,114	0	13,189	38,925	1,029	0	0	0	0	0	0	0	0	0	0

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**17. INFORMATION ON BORROWINGS (Continued)**

(a) The shire does not have Borrowings as at 30 June 2020 and 30 June 2019

	2020	2019
	\$	\$
<b>(b) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Credit card limit	15,000	15,000
Credit card balance at balance date	(770)	(3,211)
<b>Total amount of credit unused</b>	<b>14,230</b>	<b>11,789</b>
<b>Loan facilities</b>		
Lease liabilities - current	14,218	0
Lease liabilities - non-current	24,707	0
<b>Total facilities in use at balance date</b>	<b>38,925</b>	<b>0</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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.

**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.

**Risk**

Information regarding exposure to risk can be found at Note 28.



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**18. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2019</b>			
Current provisions	311,224	211,008	522,232
Non-current provisions	0	79,840	79,840
	<b>311,224</b>	<b>290,848</b>	<b>602,072</b>
<b>Additional provision</b>	<b>22,461</b>	<b>4,924</b>	<b>27,385</b>
<b>Balance at 30 June 2020</b>	<b>333,685</b>	<b>295,772</b>	<b>629,457</b>
<b>Comprises</b>			
Current	333,685	216,766	550,451
Non-current	0	79,006	79,006
	<b>333,685</b>	<b>295,772</b>	<b>629,457</b>
<b>Amounts are expected to be settled on the following basis:</b>	<b>2020</b>	<b>2019</b>	
Less than 12 months after the reporting date	\$ 333,685	\$ 311,224	
More than 12 months from reporting date	295,772	290,848	
	<b>629,457</b>	<b>602,072</b>	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Other long-term employee benefits**

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

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

**Other long-term employee benefits (Continued)**

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.

**Provisions**

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**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>2020 Actual \$</b>	<b>2020 Budget \$</b>	<b>2019 Actual \$</b>
Cash and cash equivalents	9,901,027	4,497,125	10,299,161
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(739,152)	(2,853,276)	(1,011,004)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,153)	0	(70,068)
Adjustments to fair value of investment property	0	0	(320)
Depreciation on non-current assets	6,612,934	6,661,650	6,633,239
(Profit)/loss on sale of asset	1,291,648	4,050	27,492
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(294,366)	150,000	242,329
(Increase)/decrease in other assets	(25,046)	0	0
(Increase)/decrease in inventories	2,355	(15,000)	9,228
Increase/(decrease) in payables	1,198,126	0	355,340
Increase/(decrease) in provisions	27,385	0	81,840
Increase/(decrease) in contract liabilities	(318,682)	0	0
Non-operating grants, subsidies and contributions	(2,925,885)	(2,610,131)	(1,862,810)
Net cash from operating activities	4,828,164	1,337,293	4,405,266

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Governance	5,775,433	4,247,575
General purpose funding	488,223	494,541
Law, order, public safety	2,564,647	4,047,502
Health	778,099	673,534
Education and welfare	4,168,125	4,367,448
Housing	3,367,919	3,472,420
Community amenities	7,635,667	7,616,279
Recreation and culture	11,926,424	15,432,940
Transport	218,581,947	218,206,927
Economic services	1,857,819	1,893,094
Other property and services	5,403,818	7,320,808
Unallocated	4,787,777	409,704
	<b>267,335,898</b>	<b>268,182,772</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**21. CONTINGENT LIABILITIES**

The Shire of Yilgarn has no contingent liability as at 30 June 2020

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**22. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	2,426,178	0
Payable:		
- not later than one year	2,426,178	0
Swimming Pool - Land & Building	839,284	0
Swimming Pool -Infrastructure	1,586,894	0
	<b>2,426,178</b>	<b>0</b>

The Capital expenditure project outstanding at the end of the reporting period represents the construction of Shire of Yilgarn Swimming Pool

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Payable:		
- not later than one year	0	14,232
- later than one year but not later than five years	0	40,264
	<b>0</b>	<b>54,496</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**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 of 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.

**Leases (Continued)**

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 on a straight line basis over the lease term.

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



## 23. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	46,826	46,200	25,900
President's allowance	13,726	12,000	8,000
Deputy President's allowance	3,575	3,000	2,000
Travelling expenses	3,721	5,000	2,968
Telecommunications allowance	5,940	8,260	18,971
	73,788	74,460	57,839

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	439,986	519,053
Post-employment benefits	60,182	75,661
Other long-term benefits	4,281	13,315
	504,449	608,029

#### Short-term employee benefits

These amounts include all salary, 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 above.

#### 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.

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

**Transactions with related parties**

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

The following transactions occurred with related parties:	2020	2019
	Actual	Actual
	\$	\$
Sale of goods and services	152,666	280,230
Purchase of goods and services	3,926	4,850

**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.

*ii. Other Related Parties*

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

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

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

**24. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2019/20 financial year.

**25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings and major trading undertakings during the 2019/20 Financial Year

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**26. RATING INFORMATION**

**(a) Rates**

**RATE TYPE**

Differential general rate / general rate

**Gross rental valuations**

Residential/ Industrial

Commercial

Minesites

Single Persons Quarters

**Unimproved valuations**

Rural

Mining

**Sub-Total**

**Minimum payment**

**Gross rental valuations**

Residential/ Industrial

Commercial

Minesites

Single Persons Quarters

**Unimproved valuations**

Rural

Mining

**Sub-Total**

Discounts (Note 26(b))

Total amount raised from general rate

Excess Rates

Ex-gratia rates

Prepaid rates

Totals

Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
0.11233	507	3,405,586	382,556	29,357	0	411,913	383,252	0	0	383,252	382,628
0.07907	41	981,205	77,588	0	0	77,588	78,349	0	0	78,349	72,510
0.15815	7	529,565	83,750	0	0	83,750	83,750	0	0	83,750	83,333
0.15815	12	774,619	122,504	(187)	0	122,317	123,491	0	0	123,491	121,895
0.01758	402	103,926,617	1,826,511	(24,122)	0	1,802,389	1,826,358	0	0	1,826,358	1,681,173
0.17392	554	8,567,598	1,490,102	(115,609)	0	1,374,493	1,451,040	0	0	1,451,040	1,357,362
	1,523	118,185,190	3,983,011	(110,561)	0	3,872,450	3,946,239	0	0	3,946,239	3,698,901
Minimum \$											
500	117	150,582	58,500	(445)	0	58,055	58,500	0	0	58,500	60,000
400	7	20,061	2,800	0	0	2,800	2,800	0	0	2,800	6,000
400	3	2,408	1,200	0	0	1,200	1,200	0	0	1,200	1,200
400	3	1,713	1,200	(400)	0	800	800	0	0	800	400
400	41	305,145	16,400	0	0	16,400	15,600	0	0	15,600	15,600
400	229	252,874	91,600	3,203	0	94,803	99,600	0	0	99,600	100,691
	400	732,783	171,700	2,358	0	174,058	178,500	0	0	178,500	183,891
	1,923	118,917,973	4,154,711	(108,203)	0	4,046,508	4,124,739	0	0	4,124,739	3,882,792
						(146,476)				(140,000)	(102,875)
						3,900,032				3,984,739	3,779,917
						0				0	29,360
						33,248				33,270	33,086
						37,626					
						3,970,906				4,018,009	3,842,363

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF YILGARN  
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26. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
All GRV and Rate Tyes(Exluding Sewerage, ESL and house hold and Recycling Water Collection Charges)	5%	14,000	146,476	140,000	102,875	Rates Paid within 35 days of the date of issue noted on the rate notice
Total discounts/concessions (Note 26(a))			146,476	140,000	102,875	

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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26. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	4/10/2019	0	0.0%	11.0%
<b>Option Two</b>				
First instalment	4/10/2019	0	5.5%	11.0%
Second instalment	6/03/2020	10	5.5%	11.0%
<b>Option Three</b>				
First instalment	4/10/2019	0	5.5%	11.0%
Second instalment	6/12/2019	10	5.5%	11.0%
Third instalment	7/02/2020	10	5.5%	11.0%
Fourth instalment	3/04/2020	10	5.5%	11.0%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	38,779	14,500	91,889
Charges on instalment plan	4,540	75,000	11,530
	43,319	89,500	103,419



**SHIRE OF YILGARN**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**27. RATE SETTING STATEMENT INFORMATION**

		2019/20 Budget	2019/20 2018/19	
		(30 June 2020)	(1 July 2019)	(30 June 2019)
Note	2019/20 (30 June 2020) Carried Forward)	2019/20 Budget (30 June 2020) Carried Forward)	2019/20 2018/19 (1 July 2019) Brought Forward)	2018/19 (30 June 2019) Carried Forward)
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	11(a)	(7,404)	(57,550)	(106,558)
Less: Assets (Written Back) /on		0	(320)	(320)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,153)	0	(70,068)
Movement in pensioner deferred rates (non-current)		(25,619)	0	7,626
Movement in employee benefit provisions (non-current)		(834)	6,386	14,363
Add: Loss on disposal of assets	11(a)	1,299,052	61,600	134,050
Add: Depreciation on non-current assets	11(b)	6,612,934	6,661,650	6,633,239
<b>Non cash amounts excluded from operating activities</b>		<b>7,876,976</b>	<b>6,672,086</b>	<b>6,612,332</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash backed	4	(4,536,844)	(4,158,219)	(6,581,763)
Less: Loans receivable - clubs/institutions		0	0	(6,000)
Capital Work in Progress		3,568,495	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of contract liability held in reserve		32,820	0	0
- movement of contract liability during 2019/2020		318,682	0	0
- Employee benefit provisions		294,167	296,680	290,294
<b>Total adjustments to net current assets</b>		<b>(308,462)</b>	<b>(3,861,539)</b>	<b>(6,297,469)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		10,763,727	4,909,753	10,876,423
Less: Total current liabilities		(2,429,425)	(893,415)	(1,185,402)
Less: Total adjustments to net current assets		(308,462)	(3,861,539)	(6,297,469)
<b>Net current assets used in the Rate Setting Statement</b>		<b>8,025,840</b>	<b>154,799</b>	<b>3,422,912</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current liabilities at 30 June 2019</b>				
- Contract liabilities from contracts with customers	29(a)			(1,156,042)
- Rates paid in advance	29(b)			(322,142)
<b>Total current liabilities at 1 July 2019</b>				<b>(1,185,402)</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**28. FINANCIAL RISK MANAGEMENT**

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2020</b>					
Cash and cash equivalents	0.71%	9,901,027	0	9,899,677	1,350
<b>2019</b>					
Cash and cash equivalents	0.95%	10,299,161	0	10,297,811	1,350

**Sensitivity**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	99,010	102,992

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 30 June 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	19	291,263	132,849	143,293	567,424
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	4,987	257,864	78,666	147,533	489,050
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	40.66%	14.46%
Gross carrying amount	49,531	3,074	963	29,576	83,143
Loss allowance	0	0	0	12,025	12,025
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	1.36%	18.10%	8.18%	65.60%	24.15%
Gross carrying amount	37,926	1,981	840	21,466	62,213
Loss allowance	516	359	69	14,081	15,025

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(c) Liquidity risk**

**Payables**

Payables are 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.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	1,824,207	0	0	1,824,207	1,831,936
Contract liabilities	32,820	0	0	32,820	32,820
	1,857,027	0	0	1,857,027	1,903,681
<b>2019</b>					
Payables	633,810	0	0	633,810	633,810
	633,810	0	0	633,810	633,810

## 29. INITIAL APPLICATION OF AUSTRALIAN 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.

### (a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	15	0	(322,142)	(322,142)
Adjustment to retained surplus from adoption of AASB 15	30(b)		(322,142)	(322,142)

### (b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
<b>Trade and other payables</b>				
Rates paid in advance	14	0	(29,360)	(29,360)
Adjustment to retained surplus from adoption of AASB 1058	30(b)		(29,360)	(29,360)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
	Note	As reported under AASB 15 and AASB 1058		Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	26(a)	3,970,906	37,626	4,008,532
Operating grants, subsidies and contributions	2(a)	3,523,562	32,820	3,556,382
Fees and charges	2(a)	1,833,008	0	1,833,008
Non-operating grants, subsidies and contributions	2(a)	2,925,885	0	2,925,885
Net result		(739,152)	70,446	(668,706)
<b>Statement of Financial Position</b>				
Trade and other payables	14	1,831,936	(37,626)	1,794,310
Contract liabilities	15	32,820	(32,820)	0
Net assets		264,802,760	70,446	264,873,206
<b>Statement of Changes in Equity</b>				
Net result		(739,152)	70,446	(668,706)
Retained surplus		59,898,950	70,446	59,969,396

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

**(c) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		54,496
Discount applied using incremental borrowing rate		(2,382)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.20%	16(b)	52,114
Lease liability - current		14,218
Lease liability - non-current		24,707
Right-of-use assets recognised at 1 July 2019		38,925

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**30. CHANGE IN ACCOUNTING POLICIES**

**(a) Change in Accounting Policies due to regulation changes**

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	29,190,095	(1,053,475)	28,136,620
Revaluation surplus	13	201,420,440	(1,053,475)	200,366,965

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

**(b) Changes in equity due to change in accounting policies**

The impact on the Shires opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			58,944,687
Adjustment to retained surplus from adoption of AASB 15	29(a)	(322,142)	
Adjustment to retained surplus from adoption of AASB 1058	29(b)	(29,360)	(351,502)
Retained surplus - 1 July 2019			58,593,185

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			201,420,440
Adjustment to revaluation surplus from deletion of FM Reg 16	30(a)	(1,053,475)	
Adjustment to revaluation surplus from deletion of FM Reg 17	30(a)	0	(1,053,475)
Revaluation surplus - 1 July 2019			200,366,965



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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**31. TRUST FUNDS**

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

	1 July 2019	Amounts Received	Amounts Paid	Reclassified to restricted cash	30 June 2020
	\$	\$	\$		\$
Police Licencing	5,758	525,459	(525,459)	(5,758)	0
Builders Levy (BCITF)	6,595	22,559	(3,264)	(25,890)	0
TransWA Bookings	2,979	8,866	(8,867)	(2,978)	0
Staff Personal Deductions	42,307	35,490	(34,368)	(43,429)	0
Housing Tenancy Bonds	11,620	2,480	(4,740)	(9,360)	0
Hall Hire Bonds	0	1,115	0	(1,115)	0
Security Key Bonds	50	1,780	0	(1,830)	0
Skeleton Weed	53,887	0	(53,887)	0	0
Community Groups	789	3,860	(4,430)	(219)	0
Third Party Contributions	6,338	250	(240)	(6,348)	0
Rates Overpaid	17,654	8,114	(10,979)	(14,789)	0
Medical Services Provision	107,093	0	(107,093)	0	0
YBTC Sinking Fund	33,330	6,667	(39,997)	0	0
Dump Point	92	0	(92)	0	0
SXFC Sinking Fund	3,000	1,000	(4,000)	0	0
Museum Trust	25,005	2,691	(27,696)	0	0
Rentention Monies	0	277,550	0	(277,550)	0
	316,497	897,881	(825,112)	(389,267)	0

# SHIRE OF YILGARN

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

### 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) 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

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**33. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	
To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the assisting elected members and ratepayers on matters which do not concern specific council services
<b>GENERAL PURPOSE FUNDING</b>	
To collect revenue to allow for the provision of services	To collect revenue to allow for the provision of services
<b>LAW, ORDER, PUBLIC SAFETY</b>	
To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention and animal control
<b>HEALTH</b>	
To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b>	
To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care youth services.
<b>HOUSING</b>	
To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
<b>COMMUNITY AMENITIES</b>	
To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b>	
To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<b>TRANSPORT</b>	
To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>ECONOMIC SERVICES</b>	
To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control, standpipes and building control
<b>OTHER PROPERTY AND SERVICES</b>	
To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

### 34. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.33	6.67	4.50
Asset consumption ratio	0.62	0.63	0.98
Asset renewal funding ratio	0.31	0.33	0.29
Asset sustainability ratio	0.22	0.34	0.49
Operating surplus ratio	(0.60)	(0.52)	(0.42)
Own source revenue coverage ratio	0.44	0.45	0.44

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF YILGARN****Report on the Audit of the Financial Report****Opinion**

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 2020, 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:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

**Basis for Opinion**

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.

**Emphasis of Matters – Basis of Accounting**

We draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the *Local Government (Financial Management) Regulations 1996* (Regulations). Our opinion is not modified in respect of these matters:

- a) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- b) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF YILGARN (CONTINUED)**

**Report on the Audit of the Financial Report (continued)**

**Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

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

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 the 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 the 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 Standard Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

**Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, there is a significant adverse trend in the financial position of the Shire as the Asset Renewal Funding Ratio, Asset Sustainability Ratio and Operating Surplus Ratio have been below the industry benchmark for the past 3 years.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF YILGARN (CONTINUED)**

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Yilgarn for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Signed at Perth this 11<sup>th</sup> day of December 2020.