



# Attachments

**Audit Committee Meeting**

**27 February 2023**



Shire of

**Yilgarn**

*Visit the Southern Cross Skies*

**Minutes**

**Audit Committee**

**Meeting**

**16 February  
2023**

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## 1. DECLARATION OF OPENING

The presiding member, Chair of the Shire of Yilgarn Audit Committee, Cr Della Bosca, opened the meeting at 2:30 pm.

## 2. ATTENDANCE

Cr W Della Bosca	Member	(Chair)
Cr B Close	Member	
Cr P Nolan	Member	
Mr. N Warren	Chief Executive Officer	
Mr. C Watson	Executive Manager Corporate Services	
Mr. G Brigg	Executive Manager Infrastructure	(Entered room at 2:39 pm)

Apologies: Mrs. J Della Bosca, Community Member  
Cr J Cobden, Member

Observers: Mrs. Kaye Crafter (entered the room at 2:35 pm)

Leave of Absence: Nil

## 3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

## 4. PUBLIC QUESTION TIME

Nil

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 21 July 2022

*AC1/2023*

*Moved Cr Nolan/Seconded Cr Close*

*That the minutes of the Audit Committee Meeting held on 21 July, 2022 be confirmed as a true and correct record of proceedings.*

**CARRIED (3/0)**

## 6. DECLARATIONS BY MEMBERS AND OFFICERS

**Members and Officers are to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.**

### **Disclosure of Financial & Proximity Interests**

- a. Members must disclose the nature of their interest in matters to be considered at the meeting. (*Sections 5.60B and 5.65 of the Local Government Act 1995*).
- b. Employees must disclose the nature of their interest in reports or advise when giving the report or advice to the meeting. (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

### **Disclosure of Interest Affecting Impartiality**

- a. Members and staff must disclose their interest in matters to be considered at the meeting in respect of which the member or employee has given or will give advice.

## **7. STATUS OF ACTIONS PREVIOUSLY TABLED**

All actions resulting from items previously tabled are complete.

## **8. RISK DEVELOPMENTS**

No change

## **9. PRESENTATIONS**

Ms Tanya Browning of Moore Australia, Councils Auditor for the Regulation 17 Review & Financial Management Review, presented to the Audit Committee regarding the process of the audit, and the findings, of which have been compiled in the audit report.

Ms Browning's presentation is attached.

*Mrs. Kaye Crafter entered the room at 2:35 pm.*

*Executive Manager Infrastructure Glen Brigg entered the room at 2:39 pm.*

Ms Browning took questions from the Committee:

**Cr Nolan**

**Question:** *Can you provide any comparisons between similar Local Governments*

**Answer:** Is difficult to benchmark, as there is no set routine to these audits

Like most regional Local Governments, the Shire has challenges in resourcing, both staff and services.

Yilgarn Management were in general very open to improvements, especially in finance.

Things are improving, things are looking better over the past 2 years.

Occupational Safety and Health is improving

Staff were very helpful and positive and open to discuss matters;

See a top down approach to risk management, risks do exist, however management are aware.

Didn't experience any difficulties in the review.

## Cr Della Bosca

**Statement:** *Risk management procedures can't be taken too far, or productivity would stop.*

*Experienced CEO's may have had more appetite for risk, however we have a new CEO, and he won't have the same appetite for accepting risk.*

**Response:** CEO's should accept risk in accordance with the Shire risk management policy, of which I have provided an updated draft for the Shire to consider.

Risk management has progressed to a point where any risk is considered a failure, however the approach must be practicable, and doesn't mean you have to be 100% risk free.

Being 100% risk free means you may miss out on opportunities.

It also must be practicable in line with resourcing, if you had the money, you could manage all risks, but that is impracticable, and therefore you manage high risks initially, and progress to the medium risks.

Always need to think, how can we do this practicably.

## 10.1 Officers Report – Chief Executive Officer

### 10.1.1 Audit Regulation 17 Review & Financial Management Review

<b>File Reference</b>	<b>1.6.6.4</b>
<b>Disclosure of Interest</b>	<b>None</b>
<b>Voting Requirements</b>	<b>Absolute Majority</b>
<b>Author</b>	<b>Nic Warren – Chief Executive Officer</b>
<b>Attachments</b>	<b>FMR Reg 17 Report February 2023 - Yilgarn Final</b>

#### Purpose of Report

To present to the Audit Committee the recently completed Audit Regulation 17 Review and Financial Management Review 2023.

#### Background

In accordance with the Local Government (Financial Management) Regulations 1996 and the Local Government (Audit) Regulations 1996, the above Reviews were conducted during July 2022.

Management had hoped to hold one Audit Committee Meeting to consider the Audit Regulation 17 Review & Financial Management Review and the 2021/2022 annual compliance audit, however delays in the annual audit sign off delayed presentation.

Management have now listed the FMR and Reg 17, as arrangements for presentation had been made with Moore Australia.

#### Comment

Audit Regulation 17 Review and Financial Management Review. Appointing an external auditor to conduct the Reviews is of benefit as it provides an impartial review to inform the CEO and Council with recommendations that work towards continuously improving the organisation in the financial and risk management areas of responsibility.

In respect to the Audit Regulation 17 Review, the *Local Government (Audit) Regulations 1996* state that the CEO is to report on the results of the Review to Council's Audit Committee.

It is important to note that the Reviews are performed on the same basis without differentiating between a small or large local government and their respective capacities and capabilities.

As noted in the Management Comments, the Shire management have committed to addressing the recommendation made. Due to a large number of suggested improvements, addressing the recommendations is likely to continue into the 2023/2024 financial year.

Any recommendations requiring external assistance or material items will either be incorporated into current budget allocations, or alternatively, will be included in the 2023/2024 annual budget for Council's consideration.

## Statutory Environment

### *Local Government (Financial Management) Regulations 1996 and the CEO's duties as to financial management*

- (1) Efficient systems and procedures are to be established by the CEO of a local government —*
  - (a) for the proper collection of all money owing to the local government; and*
  - (b) for the safe custody and security of all money collected or held by the local government; and*
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
  - (d) to ensure proper accounting for municipal or trust —*
    - (i) revenue received or receivable; and*
    - (ii) expenses paid or payable; and*
    - (iii) assets and liabilities;*
  - and*
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
  - (f) for the maintenance of payroll, stock control and costing records; and*
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) The CEO is to —*
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and*
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
  - (c) 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.*

### *Local Government (Audit) Regulations 1996*

#### *17.CEO to review certain systems and procedures*

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) risk management; and*
  - (b) internal control; and*
  - (c) legislative compliance.*
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*



(3) *The CEO is to report to the audit committee the results of that review.*

### Strategic Implications

Shire of Yilgarn Strategic Community Plan 2020-2030 - Dynamic and visionary leadership guiding our community into the future - Outcome 4.1 A trustworthy and cohesive Council that functions efficiently and effectively - 4.1.2 - Maintain a high level of corporate governance, responsibility and accountability.

### Policy Implications

Nil.

### Financial Implications

Future Budget allocations to comply with the more complex recommendations.

### Risk Implications

Risk Category	Description	Rating (Consequence x Likelihood)	Mitigation Action
Health/People	Nil	Nil	Nil
Financial Impact	Risk management and financial management practices not at best practice	Moderate (6)	External review of risk and financial management practices provides recommendations for best practice.
Service Interruption	Nil	Nil	Nil
Compliance	Local Government (Financial Management) Regulations 1996 and the Local Government (Audit) Regulations 1996	Moderate (6)	Reg 17 and FMR Audit completed.
Reputational	Not meeting statutory obligations could give rise to adverse response from DLGSC	High (15)	FMR and Reg 17 audit completed.
Property	Nil	Nil	Nil
Environment	Nil	Nil	Nil

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

#### Officer Recommendation and Committee Decision

**AC2/2023**

***Moved Cr Close / Seconded Cr Della Bosca***

***That the Audit Committee accepts the recommendations and management comments relating to the Audit Regulation 17 Review and Financial Management Review 2023 completed by Moore Australia in accordance with the Local Government (Financial Management) Regulations 1996 and the Local Government (Audit) Regulations 1996. In accepting the Review Reports, the Audit Committee recommends to Council that it also accepts the recommendations and management comments in relation to the actions to be undertaken to meet required financial and risk management obligations.***

**CARRIED BY ABSOLUTE MAJORITY (3/0)**

## 10.1.2 2022 Compliance Audit Report

<b>File Reference</b>	<b>1.6.6.4</b>
<b>Disclosure of Interest</b>	<b>None</b>
<b>Voting Requirements</b>	<b>Absolute Majority</b>
<b>Author</b>	<b>Nic Warren – Chief Executive Officer</b>
<b>Attachments</b>	<b>2022 Annual Compliance Audit Return</b>

### Purpose of Report

To present to the Audit Committee the 2022 Annual Compliance Audit Return (CAR) for consideration before presentation to Council for adoption and submission to the Department of Local Government, Sport and Cultural Industries.

### Background

Council is required by section 14 of the *Local Government (Audit) Regulations 1996* to complete a CAR each year covering the period 1 January to 31 December. The CAR is to be:-

1. Presented to Council at a meeting of the Council;
2. Adopted by the Council;
3. The adoption recorded in the minutes of the meeting at which it is adopted;
4. Signed by the Shire President and Chief Executive Officer and returned to the Department with a copy of the Council minutes of the meeting at which it was received; and
5. Submitted to the Department of Local Government by 31 March each year.

**The CAR must also be reviewed by the Shire of Yilgarn Audit Committee prior to its adoption by Council.**

### Comment

The 2022 CAR contains 94 questions of which:-

- 50 were complied with;
- 36 were not applicable to the Shire of Yilgarn during the year under review;
- 2 were not complied with; and
- 6 are pending.

The 2 questions not complied with are as follows, with comments provided in the report also provided:

Q. Were all delegations to the CEO resolved by an absolute majority?

Comment: Minutes lists voting requirements as “Simple Majority”, however resolution was carried 7/0. Officer oversight, noted for future delegation decisions.

Q. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?

Comment: Auditor General has yet to complete the audit process.

The 6 questions that are pending are as follows, with comments provided in the report also provided:

Q. Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?

Comment: Auditor General has yet to complete the audit process.

Q. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?

Comment: Auditor General has yet to complete the audit process.

Q. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?

Comment: Auditor General has yet to complete the audit process.

Q. Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?

Comment: Auditor General has yet to complete the audit process.

Q. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.

Comment: Review undertaken by Moore Australia in July 2022. Endorsement by Audit Committee to be combined with annual audit, though delays with Auditors and OAG have pushed back meeting to Feb 2023 at the earliest.

Q. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022?

If yes, please provide date of council's resolution to accept the report.

Comment: Review undertaken by Moore Australia in July 2022. Endorsement by Audit Committee to be combined with annual audit, though delays with Auditors and OAG have pushed back meeting to Feb 2023 at the earliest.

## Statutory Environment

*Local Government (Audit) Regulations 1996*

### 14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

## Strategic Implications

Nil.

## Policy Implications

Nil.

## Financial Implications

Nil.

## Risk Implications

Risk Category	Description	Rating (Consequence x Likelihood)	Mitigation Action
Health/People	Internal review by senior management to Audit Committee and Council on an annual basis	Moderate (6)	Internal CAR review ensures Council and staff are meeting statutory requirements
Financial Impact	Nil	Nil	Nil

<b>Service Interruption</b>	Nil	Nil	Nil
<b>Compliance</b>	Section 14 of the <i>Local Government (Audit) Regulations 1996</i>	Moderate (6)	Annual Compliance Audit Return
<b>Reputational</b>	Not meeting statutory obligations could give rise to adverse response from DLGSC	High (15)	Annual review and Reporting process to DLGSC
<b>Property</b>	Nil	Nil	Nil
<b>Environment</b>	Nil	Nil	Nil

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

### Officer Recommendation and Committee Decision

**AC3/2023**

**Moved Cr Close / Seconded Cr Nolan**

***That the Audit Committee recommends to Council that it adopts the Local Government Compliance Audit Return (CAR) for the Shire of Yilgarn for the period 1 January 2022 to 31 December 2022, noting non-compliance in 2 areas assessed.***

**CARRIED BY ABSOLUTE MAJORITY(3/0)**

## 11. EMERGING ISSUES

Cr Nolan sought to raise a number of queries pertinent to the audit committee. The presiding member permitted Cr Nolan to raise his issues.

The following was raised by Cr Nolan:

1. Report from CEO regarding progress in relation to the fairness and equity of rating.
2. Report from CEO regarding progress/effectiveness of recovering levies – in particular related to bulk handling activities, mining, agriculture, other.
3. Law and Order report from CEO regarding the effective management of law and order issues – road, environment, public nuisance, crime, safety and damage.
4. Mining Activities – low level compliance by some miners Barto, Aurenne, Indus, NuFortune and contractors – Red Dog, Others? No plan for water management.
5. Department of Mining, Industry Regulation and Safety Failure to administer Mining Act, Work Health and Safety Act, Environmental Protection Act.
6. Environmental performance – low. Issues include incremental clearing, overspray of pesticides.
7. Work Health Safety Issues – Suitability of insurances.
8. Frequency of meetings – Not adequate.
9. Moore appears not to have consulted the audit committee.
10. No mention of release of Shire of private data to eftsure.

The Chair referred the query to the CEO, the CEO requested to take the queries on notice, and would table responses at a future Audit Committee meeting.

## 12. CLOSURE OF MEETING

The Chair closed the meeting at 3:35 pm

# Attachment 1

**SHIRE OF YILGARN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
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The Shire of Yilgarn conducts the operations of a local government with the following community vision:

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

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



**SHIRE OF YILGARN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Shire of Yilgarn for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Yilgarn at 30 June 2022 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

day of

2023

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Chief Executive Officer

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Nicholas Jad Warren

**SHIRE OF YILGARN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	26(a),2(a)	4,165,046	4,070,680	4,036,629
Operating grants, subsidies and contributions	2(a)	5,281,044	1,994,276	3,994,706
Fees and charges	25(c),2(a)	2,065,341	1,696,992	1,554,132
Interest earnings	2(a)	70,712	74,875	78,282
Reimbursements	2(a)	87,612	62,568	192,317
Other revenue	2(a)	694,718	614,758	236,051
		12,364,473	8,514,149	10,092,117
<b>Expenses</b>				
Employee costs		(2,913,724)	(3,381,903)	(2,823,423)
Materials and contracts		(2,255,037)	(2,534,448)	(1,764,747)
Utility charges		(1,017,137)	(864,715)	(837,360)
Depreciation	10(a)	(4,003,798)	(3,851,940)	(3,881,329)
Interest expense	2(b)	(11,694)	(10,589)	(6,067)
Insurance		(316,549)	(317,697)	(323,057)
Other expenditure	2(b)	(760,520)	(816,803)	(221,700)
		(11,278,459)	(11,778,095)	(9,857,684)
		1,086,014	(3,263,946)	234,433
Capital grants, subsidies and contributions	2(a)	2,602,788	3,599,775	3,373,084
Profit on asset disposals	10(b)	16,976	11,987	0
Loss on asset disposals	10(b)	(44,581)	(174,167)	(69,485)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
		2,579,180	3,437,595	3,306,185
<b>Net result for the period</b>	25(b)	<b>3,665,194</b>	<b>173,649</b>	<b>3,540,618</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	227,486,726	0	0
<b>Total other comprehensive income for the period</b>	17	<b>227,396,201</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>231,151,920</b>	<b>173,649</b>	<b>3,540,618</b>

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

**SHIRE OF YILGARN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	14,355,911	10,904,147
Trade and other receivables	5	887,316	823,612
Inventories	6	47,225	21,516
Other assets	7	186,237	47,035
<b>TOTAL CURRENT ASSETS</b>		<b>15,476,689</b>	<b>11,796,310</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	54,233	87,011
Other financial assets	4	77,805	73,807
Property, plant and equipment	8	30,098,149	30,087,340
Infrastructure	9	457,429,308	229,303,503
Right-of-use assets	11(a)	16,903	24,609
<b>TOTAL NON-CURRENT ASSETS</b>		<b>487,676,398</b>	<b>259,576,270</b>
<b>TOTAL ASSETS</b>		<b>503,153,087</b>	<b>271,372,580</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,098,192	1,088,260
Other liabilities	13	1,004,129	321,233
Lease liabilities	11(b)	9,260	14,210
Borrowings	14	96,588	95,494
Employee related provisions	15	471,302	495,945
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,679,471</b>	<b>2,015,142</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	7,054	9,567
Borrowings	14	760,578	857,166
Employee related provisions	15	76,369	147,326
Other provisions	16	134,316	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>978,317</b>	<b>1,014,059</b>
<b>TOTAL LIABILITIES</b>		<b>3,657,788</b>	<b>3,029,201</b>
<b>NET ASSETS</b>		<b>499,495,299</b>	<b>268,343,379</b>
<b>EQUITY</b>			
Retained surplus		62,425,961	62,297,890
Reserve accounts	29	9,215,647	5,678,524
Revaluation surplus	17	427,853,691	200,366,965
<b>TOTAL EQUITY</b>		<b>499,495,299</b>	<b>268,343,379</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 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>59,898,952</b>	<b>4,536,844</b>	<b>200,366,965</b>	<b>264,802,761</b>
Change in accounting policy		0	0	0	0
Correction of error		0	0	0	0
<b>Restated balance at the beginning of the financial year</b>		<b>59,898,952</b>	<b>4,536,844</b>	<b>200,366,965</b>	<b>264,802,761</b>
Comprehensive income for the period					
Net result for the period		3,540,618	0	0	3,540,618
Other comprehensive income for the period	17	0	0	0	0
Total comprehensive income for the period		3,540,618	0	0	3,540,618
Transfers from reserves	29	0	0	0	0
Transfers to reserves	29	(1,141,680)	1,141,680	0	0
<b>Balance as at 30 June 2021</b>		<b>62,297,890</b>	<b>5,678,524</b>	<b>200,366,965</b>	<b>268,343,379</b>
Change in accounting policies		0	0	0	0
Correction of error		0	0	0	0
<b>Restated balance at 1 July 2021</b>		<b>62,297,890</b>	<b>5,678,524</b>	<b>200,366,965</b>	<b>268,343,379</b>
Comprehensive income for the period					
Net result for the period		3,665,194	0	0	3,665,194
Other comprehensive income for the period	17	0	0	227,486,726	227,486,726
Total comprehensive income for the period		3,665,194	0	227,486,726	231,151,920
Transfers from reserves	29	42,700	(42,700)	0	0
Transfers to reserves	29	(3,579,823)	3,579,823	0	0
<b>Balance as at 30 June 2022</b>		<b>62,425,961</b>	<b>9,215,647</b>	<b>427,853,691</b>	<b>499,495,299</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 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,293,254	4,170,680	3,982,034
Operating grants, subsidies and contributions		5,763,455	1,994,276	4,223,707
Fees and charges		2,101,362	1,696,992	1,564,605
Interest received		70,712	74,875	78,282
Goods and services tax received		11,372	0	117,749
Reimbursements		87,612	0	0
Other revenue		694,718	677,326	408,966
		13,022,485	8,614,149	10,375,343
<b>Payments</b>				
Employee costs		(3,015,486)	(3,381,903)	(2,785,622)
Materials and contracts		(2,240,346)	(2,524,448)	(2,406,079)
Utility charges		(1,017,137)	(864,715)	(862,973)
Finance costs		(11,694)	(10,589)	(6,067)
Insurance paid		(316,549)	(317,697)	(323,057)
Goods and services tax paid		0	0	(27,286)
Other expenditure		(750,823)	(816,803)	(218,695)
		(7,352,035)	(7,916,155)	(6,629,779)
<b>Net cash provided by (used in) operating activities</b>	18(b)	5,670,450	697,994	3,745,564
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(1,278,083)	(1,909,027)	(2,125,675)
Payments for construction of infrastructure	9(a)	(3,694,538)	(3,829,402)	(5,010,102)
Non-operating grants, subsidies and contributions		2,602,788	3,249,475	3,373,084
Proceeds from financial assets at fair values through profit and loss		0	0	(2,586)
Proceeds from sale of property, plant & equipment	10(b)	439,932	351,818	202,955
Movement in trust funds		(179,247)	0	(117,631)
<b>Net cash provided by (used in) investing activities</b>		(2,109,147)	(2,137,136)	(3,679,955)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(95,494)	(95,504)	(47,340)
Payments for principal portion of lease liabilities	28(b)	(14,047)	0	(15,149)
Proceeds from new borrowings	28(a)	0	0	1,000,000
<b>Net cash provided by (used in) financing activities</b>		(109,540)	(95,504)	937,511
<b>Net increase (decrease) in cash held</b>		3,451,763	(1,534,646)	1,003,120
Cash at beginning of year		10,904,147	10,633,094	9,901,027
<b>Cash and cash equivalents at the end of the year</b>	18(a)	14,355,911	9,098,448	10,904,147

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

**SHIRE OF YILGARN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	27(c)	4,212,347	4,139,858	7,408,240
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Operating grants, subsidies and contributions		5,281,044	1,994,276	3,994,706
Fees and charges		2,065,341	1,696,992	1,554,132
Reimbursements		87,612	62,568	192,317
Interest earnings		70,712	74,875	78,281
Other revenue		694,718	614,758	236,053
Profit on asset disposals	10(b)	16,976	11,987	0
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
		8,220,400	4,455,456	6,058,074
<b>Expenditure from operating activities</b>				
Employee costs		(2,913,724)	(3,381,903)	(2,823,422)
Materials and contracts		(2,255,037)	(2,534,448)	(1,764,749)
Utility charges		(1,017,137)	(864,715)	(837,360)
Depreciation		(4,003,798)	(3,851,940)	(3,881,329)
Interest expense		(11,694)	(10,589)	(6,067)
Insurance		(316,549)	(317,697)	(323,057)
Other expenditure		(760,520)	(816,803)	(221,700)
Loss on asset disposals	10(b)	(44,581)	(174,167)	(69,485)
		(11,323,040)	(11,952,262)	(9,927,169)
Non-cash amounts excluded from operating activities	27(a)	3,989,232	4,014,120	4,135,374
<b>Amount attributable to operating activities</b>		886,592	(3,482,686)	266,280
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,602,788	3,599,775	3,373,084
Proceeds from disposal of assets	10(b)	439,932	351,818	202,955
Purchase of property, plant and equipment	8(a)	(1,278,083)	(1,909,027)	(2,125,675)
Purchase and construction of infrastructure	9(a)	(3,852,732)	(3,829,402)	(5,176,502)
Capital work in progress finalised		0	0	(3,568,496)
		(2,088,095)	(1,786,836)	(7,294,634)
Non-cash amounts excluded from investing activities	27(b)	134,316	0	0
<b>Amount attributable to investing activities</b>		(1,929,901)	(1,786,836)	(7,294,634)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(95,494)	(95,504)	(47,340)
Proceeds from borrowings	28(a)	0	0	1,000,000
Payments for principal portion of lease liabilities	28(b)	(14,047)	0	(15,149)
Transfers to reserves (restricted assets)	29	(3,579,823)	(2,884,563)	(1,141,680)
Transfers from reserves (restricted assets)	29	42,700	15,000	0
<b>Amount attributable to financing activities</b>		(3,646,664)	(2,965,067)	(204,169)
<b>Surplus/(deficit) before imposition of general rates</b>		(477,626)	(4,094,731)	175,718
<b>Total amount raised from general rates</b>	26(a)	4,165,046	4,070,680	4,036,629
<b>Surplus/(deficit) after imposition of general rates</b>	27(c)	<b>3,687,419</b>	<b>(24,051)</b>	<b>4,212,347</b>

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

**SHIRE OF YILGARN**  
**FOR THE YEAR ENDED 30 JUNE 2022**  
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**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 Requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulation 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General	N/A	35 days	N/A	At time of notice
Operating grants	General	N/A	N/A	N/A	Earlier of receipt or confirmation of entitlement
Non-operating grants	Capital works or community services	Upon completion of deliverables	Variable	N/A	Upon completion of deliverables under contract
Fees and charges	General	Upon delivery of service	Immediate or 30 days	At CEO or Council discretion	Immediate or at time of invoicing
Interest	N/A	N/A	N/A	N/A	Upon receipt
Other income	General	N/A	N/A	N/A	Upon receipt
Reimbursements	General	N/A	N/A	N/A	Upon receipt
Profit on disposal of assets	General	N/A	N/A	N/A	At time of invoice

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

**Revenue Recognition**

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

**For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,165,046	0	4,165,046
Operating grants, subsidies and contributions	0	0	0	5,281,044	5,281,044
Fees and charges	2,065,341	0	0	0	2,065,341
Interest earnings	0	0	0	70,712	70,712
Reimbursements	87,612	0	0	0	87,612
Other revenue	694,718	0	0	0	694,718
Non-operating grants, subsidies and contributions	0	2,602,788	0	0	2,602,788
<b>Total</b>	<b>2,847,671</b>	<b>2,602,788</b>	<b>4,165,046</b>	<b>5,351,756</b>	<b>14,967,261</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,036,629	0	4,036,629
Operating grants, subsidies and contributions	0	0	0	3,994,706	3,994,706
Fees and charges	1,554,132	0	0	0	1,554,132
Interest earnings	0	0	0	78,282	78,282
Reimbursements	192,317	0	0	0	192,317
Other revenue	236,051	0	0	0	236,051
Non-operating grants, subsidies and contributions	0	3,373,084	0	0	3,373,084
<b>Total</b>	<b>1,982,500</b>	<b>3,373,084</b>	<b>4,036,629</b>	<b>4,072,988</b>	<b>13,465,201</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

	Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>				
Interest on reserve funds		23,336	19,875	27,303
Rates instalment and penalty interest (refer Note 26(c))		35,120	40,000	38,150
Other interest earnings		12,256	15,000	12,829
		70,712	74,875	78,282
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		28,000	28,000	28,598
- Other services		2,127	7,500	0
		30,127	35,500	28,598
<b>Finance costs</b>				
Interest on borrowings	28(a)	10,613	10,589	5,713
Interest on lease liabilities	28(b)	1,081	0	354
		11,694	10,589	6,067
<b>Other expenditure</b>				
Impairment losses on receivables from other contracts		9,697	0	2,124
Sundry expenses		750,823	816,803	219,576
		760,520	816,803	221,700

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
 Term deposits  
**Total cash and cash equivalents**

Held as  
 - Unrestricted cash and cash equivalents  
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	2,231,495	10,209,032
	12,124,416	695,115
18(a)	14,355,911	10,904,147
	5,140,264	4,632,751
18(a)	9,215,647	6,271,396
	14,355,911	10,904,147

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 18.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**4. OTHER FINANCIAL ASSETS**

**Non-current assets**

Financial assets at fair value through profit and loss

	77,805	73,807
	<u>77,805</u>	<u>73,807</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

**Financial assets at fair value through profit 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.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

	Note	2022	2021
		\$	\$
Rates receivable		517,329	597,019
ESL payable		14,757	10,548
Trade and other receivables		273,328	134,206
GST receivable		84,616	95,988
Allowance for credit losses of trade and other receivables	22(b)	(4,452)	(14,149)
Rate refund suspense	22(b)	1,738	0
		<b>887,316</b>	<b>823,612</b>

**Non-current**

Pensioner's rates and ESL deferred		54,233	87,011
		<b>54,233</b>	<b>87,011</b>

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**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 22.

**Classification and subsequent measurement**

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

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

Note	2022	2021
	\$	\$
<b>Current</b>		
Fuel and materials	47,225	21,516
	47,225	21,516

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	21,516	27,554
Inventories expensed during the year	0	(6,038)
Additions to inventory	25,709	0
<b>Balance at end of year</b>	47,225	21,516

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**7. OTHER ASSETS**

**Other assets - current**

Accrued income

Contract assets

	2022	2021
	\$	\$
	7,506	5,765
	178,731	41,270
	186,237	47,035

**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.

**Contract assets**

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Note	Land	Buildings - non- specialised	Buildings - specialised	Work in progress	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$		\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		1,264,000	3,864,684	15,837,700	1,703,864	22,670,248	97,148	6,271,144	29,038,540
Additions		0	310,881	1,190,068	0	1,500,949	28,207	596,519	2,125,675
Disposals		(2,000)	0	0	0	(2,000)	0	(270,440)	(272,440)
Depreciation	10(a)	0	(88,298)	(393,446)	0	(481,744)	(11,336)	(311,355)	(804,435)
Transfers		0	0	1,703,864	(1,703,864)	0	0	0	0
<b>Balance at 30 June 2021</b>		1,262,000	4,087,267	18,338,186	0	23,687,453	114,019	6,285,868	30,087,340
<b>Comprises:</b>									
Gross balance amount at 30 June 2021		1,262,000	4,549,267	20,489,144	0	26,300,411	138,347	7,238,193	33,676,951
Accumulated depreciation at 30 June 2021		0	(462,000)	(2,150,958)	0	(2,612,958)	(24,328)	(952,325)	(3,589,611)
<b>Balance at 30 June 2021</b>		1,262,000	4,087,267	18,338,186	0	23,687,453	114,019	6,285,868	30,087,340
Additions		0	39,319	162,341	0	201,660	39,625	1,036,798	1,278,083
Disposals		0	0	0	0	0	0	(467,537)	(467,537)
Depreciation	10(a)	0	(94,405)	(420,479)	0	(514,884)	(20,018)	(319,156)	(854,058)
Transfers		0	0	0	0	0	54,322	0	54,322
<b>Balance at 30 June 2022</b>		1,262,000	4,032,181	18,080,047	0	23,374,229	187,949	6,535,972	30,098,149
<b>Comprises:</b>									
Gross balance amount at 30 June 2022		1,262,000	4,588,586	20,651,484	0	26,502,070	243,160	7,705,914	34,451,144
Accumulated depreciation at 30 June 2022		0	(556,405)	(2,571,437)	0	(3,127,842)	(55,211)	(1,169,942)	(4,352,995)
<b>Balance at 30 June 2022</b>		1,262,000	4,032,181	18,080,047	0	23,374,228	187,949	6,535,972	30,098,149



**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
<b>Land</b>	Level 2	Market Approach using recent observable market data or similar properties	Independent registered Valuers	June 2018	Price per hectare
<b>Buildings - non-specialised</b>	Level 2	Market Approach using observable market data or similar properties	Independent registered Valuers	June 2018	Price per square metre
<b>Buildings - specialised</b>	Level 2	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
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		Cost	Cost		Asset purchase cost
<b>Plant and equipment</b>		Cost	Cost		Asset purchase cost

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - refuse site	Other infrastructure - sewerage	Other infrastructure - townscape	Other infrastructure - parks and ovals	Other infrastructure - aerodromes	Other infrastructure - other (inc. digital infrastructure)	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	214,479,302	1,291,928	1,619,229	272,250	3,930,972	32,519	264,080	901,047	2,688,751	1,864,632	227,344,710
Additions	2,682,087	188,918	12,086	12,167	18,233	0	0	0	2,096,611	0	5,010,102
Depreciation	10(a) (2,754,376)	(34,710)	(39,631)	(671)	(11,793)	(874)	(14,435)	(25,348)	(169,470)	0	(3,051,308)
Transfers	0	0	0	0	0	0	0	0	1,864,632	(1,864,632)	0
<b>Balance at 30 June 2021</b>	214,407,013	1,446,136	1,591,684	283,746	3,937,412	31,645	249,645	875,699	6,480,524	0	229,303,503
<b>Comprises:</b>											
Gross balance at 30 June 2021	371,489,336	2,965,717	3,094,001	304,928	4,070,320	34,979	269,658	952,150	6,854,638	0	390,035,727
Accumulated depreciation at 30 June 2021	(157,082,323)	(1,519,581)	(1,502,317)	(21,182)	(132,908)	(3,334)	(20,015)	(76,451)	(374,114)	0	(160,732,225)
<b>Balance at 30 June 2021</b>	214,407,013	1,446,136	1,591,684	283,746	3,937,412	31,645	249,643	875,699	6,480,524	0	229,303,501
Additions	3,273,891	63,461	0	134,316	0	0	0	0	357,186	0	3,828,854
Revaluation increments / (decrements) transferred to revaluation surplus	196,470,488	(504,657)	32,112,928	(90,830)	39,331	90,229	150,892	34,950	(816,606)	0	227,486,725
Depreciation	10(a) (2,783,374)	(37,340)	(39,820)	(1,013)	(12,043)	(874)	(14,435)	(25,349)	(221,202)	0	(3,135,450)
Transfers	0	0	0	0	0	0	0	0	(54,322)	0	(54,322)
<b>Balance at 30 June 2022</b>	411,368,018	967,600	33,664,792	326,218	3,964,700	121,000	386,100	885,300	5,745,580	0	457,429,308
<b>Comprises:</b>											
Gross balance at 30 June 2022	571,233,717	2,524,521	35,206,929	348,415	4,109,651	125,208	420,550	987,100	6,340,896	0	621,296,987
Accumulated depreciation at 30 June 2022	(159,865,699)	(1,556,921)	(1,542,137)	(22,197)	(144,951)	(4,208)	(34,450)	(101,800)	(595,316)	0	(163,867,679)
<b>Balance at 30 June 2022</b>	411,368,018	967,600	33,664,792	326,218	3,964,700	121,000	386,100	885,300	5,745,580	0	457,429,308

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - refuse site	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - sewerage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - townscape	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Other infrastructure - other (inc. digital)	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)
Work in progress	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual and remaining useful life assessments (Level 3 inputs)

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

**SHIRE OF YILGARN**  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	94,405	88,086	88,298
Buildings - specialised	8(a)	420,479	392,501	393,446
Furniture and equipment	8(a)	20,018	9,830	11,336
Plant and equipment	8(a)	319,156	309,516	311,355
Infrastructure - roads	9(a)	2,783,374	2,747,197	2,754,377
Infrastructure - footpaths	9(a)	37,340	34,627	34,710
Infrastructure - drainage	9(a)	39,820	39,536	39,631
Infrastructure - refuse sites	9(a)	1,013	566	671
Infrastructure - sewerage	9(a)	12,043	11,765	11,793
Infrastructure - townscape	9(a)	874	872	874
Infrastructure - parks and ovals	9(a)	14,435	14,298	14,435
Infrastructure - aerodromes	9(a)	25,349	25,287	25,348
Infrastructure - other	9(a)	221,202	169,166	169,470
Right-of-use assets - plant and equipment	11(a)	14,290	8,693	25,585
		<b>4,003,798</b>	<b>3,851,940</b>	<b>3,881,329</b>

**Revision of useful lives of plant and equipment**

Council has elected to materially alter the estimated useful lives of property, plant, equipment and infrastructure assets following an independent valuation, as previous estimates materially understated the useful life of major asset and misrepresented Council's ability to maintain its assets

**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 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:

- (a) 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
- (b) 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. 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.

**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	Depreciation %
Land	Not depreciated	-
Infrastructure - roads	15 to 150 years	0.83% - 6.66%
Infrastructure - footpath	10 to 80 years	1.25% - 10.00%
Infrastructure - laneways	20 to 80 years	1.25% - 5.00%
Infrastructure - aerodrome	10 to 30 years	3.33% - 10.00%
Infrastructure - urban stormwater drainage	5 to 80 years	1.25% - 20.00%
Infrastructure - parks and ovals	10 to 40 years	2.50% - 10.00%
Infrastructure - refuse sites	Not depreciated	-
Infrastructure - sewerage	60 to 100 years	1.00% - 1.66%
Infrastructure - townscape	20 to 35 years	2.857% - 5.00%
Infrastructure - digital equipment	3 to 8 years	12.5% - 33.33%
Infrastructure - other	10 to 80 years	1.25% - 10.00%
Buildings - specialised	30 to 75 years	1.33% - 3.33%
Buildings - non-specialised	30 to 75 years	1.33% - 3.33%
Furniture and equipment	4 to 20 years	5.00% - 25.00%
Plant and equipment (major plant)	15 to 30 years	3.33% - 6.66%
Plant and equipment (minor plant)	5 to 20 years	5.00% - 20.00%

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10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	2,000	0	0	(2,000)
Plant and equipment	467,537	439,932	16,976	(44,581)	513,998	351,818	11,987	(174,167)	270,440	202,955	0	(67,485)
	467,537	439,932	16,976	(44,581)	513,998	351,818	11,987	(174,167)	272,440	202,955	0	(69,485)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Side tipper trailer	47,617	50,000	2,383	0
Side tipper trailer	46,698	50,000	3,302	0
Caterpillar 950H loader	146,184	136,364	0	(9,820)
John Deere 670G Grader	133,398	101,750	0	(31,648)
<b>Other property and services</b>				
2019 Toyota Prado	50,527	61,818	11,291	0
2019 Toyota Kluger	43,113	40,000	0	(3,113)
	467,537	439,932	16,976	(44,581)

**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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 direct and indirect overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates 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 revaluation 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 carrying amount for each asset class 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.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

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

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

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 on revaluation**

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

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

**Amortisation**

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

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

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

**SHIRE OF YILGARN**  
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**11. LEASES**

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

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

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
<b>Balance at 1 July 2020</b>		38,499	38,499
Depreciation		(13,890)	(13,890)
<b>Balance at 30 June 2021</b>		24,609	24,609
Additions		6,584	6,584
Depreciation	10(a)	(14,290)	(14,290)
<b>Balance at 30 June 2022</b>		16,903	16,903

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

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(14,290)	(13,890)
Interest expense on lease liabilities	28(b)	(1,081)	(355)
<b>Total amount recognised in the statement of comprehensive income</b>		(15,371)	(14,245)
Total cash outflow from leases		(15,128)	(14,794)
<b>(b) Lease Liabilities</b>			
Current		9,260	14,210
Non-current		7,054	9,567
	28(b)	16,314	23,777

**Secured liabilities and assets pledged as security**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 28(b).

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

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

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

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

**SHIRE OF YILGARN  
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**11. LEASES (Continued)**

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

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

	<b>2022 Actual</b>
	<u>\$</u>
Less than 1 year	99,564
1 to 2 years	14,509
2 to 3 years	14,509
3 to 4 years	14,509
4 to 5 years	12,107
> 5 years	53,288
	<u>208,486</u>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

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

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

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

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



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued payroll liabilities  
 ATO liabilities  
 Trust funds

	2022	2021
	\$	\$
	773,395	593,793
	88,896	73,157
	113,217	81,072
	30,292	68,599
	92,392	271,639
	1,098,192	1,088,260

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**13. OTHER LIABILITIES**

**Current**

Contract liabilities  
 Unearned revenue

**Reconciliation of changes in contract liabilities**

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

	2022	2021
	\$	\$
	958,411	321,233
	45,718	0
	1,004,129	321,233
	321,233	32,820
	958,411	288,413
	(321,233)	0
	958,411	321,233

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**14. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		96,588	760,578	857,166	95,494	857,166	952,660
<b>Total secured borrowings</b>	28(a)	96,588	760,578	857,166	95,494	857,166	952,660

**Secured liabilities and assets pledged as security**

Debentures are secured by a charge over the assets of the Shire of Yilgarn.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	2022	2021
<b>Current provisions</b>	<b>\$</b>	<b>\$</b>
<b>Employee benefit provisions</b>		
Annual Leave	287,735	327,849
Long Service Leave	183,567	168,096
	<b>471,302</b>	<b>495,945</b>
<b>Non-current provisions</b>		
Long Service Leave	76,369	147,326
	<b>547,671</b>	<b>643,271</b>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2022	2021
<b>Amounts are expected to be settled on the following basis:</b>		<b>\$</b>	<b>\$</b>
Less than 12 months after the reporting date		471,302	495,945
More than 12 months from reporting date		76,369	147,326
		<b>547,671</b>	<b>643,271</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**16. OTHER PROVISIONS**

<b>Note</b>	<b>Provision for rehabilitation</b>	<b>Total</b>
	\$	\$
<b>Opening balance at 1 July 2021</b>		
Current provisions	0	0
Non-current provisions	0	0
	0	0
Additional provision	134,316	134,316
<b>Balance at 30 June 2022</b>	<b>134,316</b>	<b>134,316</b>
<b>Comprises</b>		
Non-current	134,316	134,316
	134,316	134,316

**Other provisions**

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

**Provision for rehabilitation**

Under the licence for the operation of the Shire of Yilgarn's waste landfill site, the Shire has a legal obligation to restore the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimated principle amount are reflected in the present value of the remediation provision at each reporting date. Movements owing to the unwinding of discounts are expensed as borrowing expenses.

**Provisions**

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

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

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

	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>Total</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Movement on</b>	<b>Closing</b>	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Closing</b>
	<b>Balance</b>	<b>Increment</b>	<b>(Decrement)</b>	<b>Revaluation</b>	<b>Balance</b>	<b>Balance</b>	<b>Increment</b>	<b>(Decrement)</b>	<b>Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Buildings - non-specialised	12,466,588	0	0	0	12,466,588	12,466,588	0	0	12,466,588
Revaluation surplus - Plant and equipment	2,322,192	0	0	0	2,322,192	2,322,192	0	0	2,322,192
Revaluation surplus - Infrastructure	185,578,185	227,486,725	0	227,486,725	413,064,911	185,578,185	0	0	185,578,185
	200,366,965	227,486,725	0	227,486,725	427,853,691	200,366,965	0	0	200,366,965

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.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	14,355,911	9,098,448	10,904,147

**Restrictions**

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	9,215,647	8,548,085	6,271,396
		<u>9,215,647</u>	<u>8,548,085</u>	<u>6,271,396</u>

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

Restricted reserve accounts	29	9,215,647	8,548,085	6,271,396
<b>Total restricted financial assets</b>		<u>9,215,647</u>	<u>8,548,085</u>	<u>6,271,396</u>

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

Net result		3,665,194	173,649	3,540,618
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,997)	0	0
Depreciation/amortisation		4,003,798	3,851,940	3,881,329
(Profit)/loss on sale of asset		27,605	162,180	69,485
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(30,926)	100,000	(21,316)
(Increase)/decrease in other assets		(139,202)	0	(21,989)
(Increase)/decrease in inventories		(25,709)	10,000	6,038
Increase/(decrease) in trade and other payables		9,932	0	(626,049)
Increase/(decrease) in employee related provisions		(95,600)	0	13,814
Increase/(decrease) in other provisions		0	0	276,718
Increase/(decrease) in other liabilities		862,143	(350,300)	0
Non-operating grants, subsidies and contributions		(2,602,788)	(3,249,475)	(3,373,084)
Net cash provided by/(used in) operating activities		<u>5,670,450</u>	<u>697,994</u>	<u>3,745,564</u>

**(c) Undrawn Borrowing Facilities**

**Loan facilities**

Loan facilities - current		96,588		95,494
Loan facilities - non-current		760,578		857,166
<b>Total facilities in use at balance date</b>		<u>857,166</u>		<u>952,660</u>

**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**19. CONTINGENT LIABILITIES**

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

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

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

The other contaminated sites are:

Lot 1588 on plan 127359, Carrabin, 6423

Lot 350 on plan 55290, Ghooli, 6426

Parcel 70083, Ghooli, 6426

Parcel 74577, Ghooli, 6426



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**20. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

**Cr Wayne Della Bosca**

President's annual allowance	12,000	12,000	12,000
Meeting attendance fees	10,200	9,000	10,200
ICT expenses	1,180	1,180	1,180
	<b>23,380</b>	<b>22,180</b>	<b>23,380</b>

**Cr Bryan Close**

Deputy President's annual allowance	3,000	3,000	3,000
Meeting attendance fees	5,600	6,200	8,000
ICT expenses	1,180	1,180	1,180
	<b>9,780</b>	<b>10,380</b>	<b>12,180</b>

**Cr Linda Rose**

Meeting attendance fees	5,400	6,200	5,000
ICT expenses	1,180	1,180	1,180
Travel and accommodation expenses	2,554	2,500	2,376
	<b>9,134</b>	<b>9,880</b>	<b>8,556</b>

**Cr Jodie Cobden**

Meeting attendance fees	5,000	6,200	5,600
ICT expenses	1,180	1,180	1,180
	<b>6,180</b>	<b>7,380</b>	<b>6,780</b>

**Cr Gary Guerini**

Meeting attendance fees	6,000	6,200	5,600
ICT expenses	1,180	1,180	1,180
Travel and accommodation expenses	1,012	1,100	1,058
	<b>8,192</b>	<b>8,480</b>	<b>7,838</b>

**Cr Susan Shaw**

Meeting attendance fees	1,600	6,200	4,800
ICT expenses	1,180	1,180	1,180
Travel and accommodation expenses	0	0	158
	<b>2,780</b>	<b>7,380</b>	<b>6,138</b>

**Cr Lisa Granich**

Meeting attendance fees	2,000	0	0
ICT expenses	2,040	0	0
Travel and accommodation expenses	40	0	0
	<b>4,080</b>	<b>0</b>	<b>0</b>

**Cr Phil Nolan**

Meeting attendance fees	5,600	6,200	4,400
ICT expenses	1,180	1,180	1,180
Travel and accommodation expenses	1,188	1,900	1,783
	<b>7,968</b>	<b>9,280</b>	<b>7,363</b>

	<b>71,494</b>	<b>74,960</b>	<b>72,235</b>
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Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	12,000	12,000	12,000
Deputy President's annual allowance	3,000	3,000	3,000
Meeting attendance fees	41,400	46,200	43,600
ICT expenses	10,300	8,260	8,260
Travel and accommodation expenses	4,794	5,500	5,375

20(b)	71,494	74,960	72,235
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**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	750,387	535,003
Post-employment benefits	88,582	74,202
Employee - other long-term benefits	67,254	57,858
Council member costs	71,494	72,235
20(a)	977,717	739,298

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Council member costs*

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

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

**(c) Transactions with related parties**

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

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

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

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	8,825	7,790
Purchase of goods and services	366,770	358,445
Short term employee benefits - other related parties	55,600	48,301
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	0	45
<b>Amounts payable to related parties:</b>		
Trade and other payables	24,177	12,128

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

*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.

**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**21. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

**Capital expenditure projects**

Southern Cross skate park

**Plant and equipment purchases**

- Toyota Kluger (EMCS vehicle)
- Bullmaster Side Tipping Trailers (x2)
- Toyota Hilux - YL13 (works vehicle)
- Toyota Hilux - YL150 (EMI vehicle)
- Toyota Hilux - YL252 (EHO vehicle)
- Toyota Hilux - YL333 (works vehicle)
- Toyota Hilux - YL38 (works vehicle)
- Toyota Hilux - YL50 (works vehicle)

	2022	2021
	\$	\$
	0	183,040
	410,348	247,551
	410,348	430,591
	0	183,040
	0	183,040
	0	49,153
	0	198,398
	54,260	0
	58,174	0
	76,234	0
	74,722	0
	73,479	0
	73,479	0
	410,348	247,551

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. 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 rates</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 debt investments	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 deposits with variable interest rates, which exposes the Shire to cash flow Shire interest rate risk.

Excess cash is invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash required for working capital is held in accessible variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash at the 30 June and the weighted average interest rates for each account 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>2022</b>					
Cash and cash equivalents	0.898%	14,355,911	12,124,416	2,230,145	1,350
<b>2021</b>					
Cash and cash equivalents	0.030%	10,904,147	695,115	10,207,682	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>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	22,301	102,077

\* Holding all other variables constant

**Borrowings**

Borrowings are inherently subject to interest rate risk; movements in relevant 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 28(a).

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. 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 is minimised by the ability of the Shire to recover these debts as a secured charge over the land, which can be seized and sold to recover the debt. The Shire is 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 historical relationships with each creditor, and management's assessment of how likely it is that an account will be recovered or not at the reporting date.

Given the above, it is management's assessment that there is no credit risk associated with unpaid rates for the year ended 30 June 2022.

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable	24,314	218,691	121,842	221,472	586,319	
Loss allowance	0	0	0	0	0	5
Net carrying amount	24,314	218,691	121,842	221,472	586,319	
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>30 June 2021</b>						
Rates receivable	342,193	141,964	83,384	127,039	694,580	
Loss allowance	0	0	0	0	0	5
Gross carrying amount	342,193	141,964	83,384	127,039	694,580	
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%	

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables	248,773	888	2,121	21,546	273,328	
Loss allowance	0	0	(616)	(3,836)	(4,452)	5
Gross carrying amount	248,773	888	1,505	17,710	268,876	
Expected credit loss	0.00%	0.00%	29.04%	17.80%	1.63%	
<b>30 June 2021</b>						
Trade and other receivables	85,003	32,435	230	16,538	134,206	
Loss allowance	0	(1,288)	0	(12,861)	(14,149)	5
Gross carrying amount	85,003	31,147	230	3,677	120,057	
Expected credit loss	0.00%	3.97%	0.00%	77.77%	10.54%	

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

**(b) Credit risk**

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
<b>Opening loss allowance as at 1 July</b>	0	0	14,149	12,025	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	2,124	0	0
Unused amount reversed	0	0	(9,697)	0	0	0
<b>Closing loss allowance at 30 June</b>	0	0	4,452	14,149	0	0

Trade receivables are written off where there is no reasonable expectation of recovery, based on management's assessment. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This may be due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration, or because the necessary return had not been lodged as at the reporting date. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets generally arise as a result of guarantees from either the State or Federal Government under grant funding agreements, and as such are generally considered to be unimpaired by management, pending any evidence to the contrary.

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

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings 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><u>2022</u></b>	\$	\$	\$	\$	\$
Trade and other payables	1,067,900	0	0	1,067,900	1,067,900
Borrowings	96,587	386,348	374,231	857,166	857,166
Lease liabilities	13,186	3,128	0	16,314	16,314
	1,177,673	389,476	374,231	1,941,380	1,941,380

**2021**

Trade and other payables	1,019,661	0	0	1,019,661	1,019,661
Borrowings	95,494	393,043	464,123	952,660	952,660
Lease liabilities	14,210	9,567	0	23,777	23,777
	1,129,365	402,610	464,123	1,996,098	1,996,098



**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

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

**24. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

In accordance with Australian Accounting Standards the Shire's 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

**k) Initial application of accounting standards**

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**New accounting standards for application in future years**

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

It is not expected these standards will have an impact on the financial report.

**SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

**Objective**

**Description**

**GOVERNANCE**

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

Governance includes the activities of members of Council, and the administration support provided to assist members of Council and the ratepayers.

**GENERAL PURPOSE FUNDING**

To collect revenue for the provision of services

Collection of revenue.

**LAW, ORDER, PUBLIC SAFETY**

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

Supervision and enforcement of local laws relating to fire prevention and animal control

**HEALTH**

To provide an operational framework for environmental and community health

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

**EDUCATION AND WELFARE**

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

Maintenance and support of child care centre, community playgrounds, senior citizen centre, community aged care services and youth engagement services.

**HOUSING**

To provide and maintain housing for elderly residents.

Construction, provision and maintenance of housing for elderly residents.

**COMMUNITY AMENITIES**

To provide services to the community

Rubbish collection, operation of rubbish disposal sites and litter control.  
Construction and maintenance of urban storm water drains.  
Protection of the local environment, administration of town planning scheme and provision of cemetery and other public conveniences.

**RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources to the benefit and social well-being of the community.

Provision and maintenance of public halls, civic centres, the Southern Cross aquatic centre, various sporting facilities and public parks, gardens and playgrounds.  
Operation of public library, museum and other cultural facilities.

**TRANSPORT**

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

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking areas and traffic coordination, cleaning of streets, upkeep of street vegetation, street lighting etc.,.

**ECONOMIC SERVICES**

To help promote the Shire and the economic wellbeing of the community.

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

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overhead expenditure.

Maintain records and control over public works operation, plant repair, administration costs and engineering costs.

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	\$	\$	\$
<b>Income excluding grants, subsidies and contributions</b>			
General purpose funding	4,262,965	4,167,055	4,155,822
Law, order, public safety	8,154	18,600	17,096
Health	650	1,500	1,854
Education and welfare	74,160	63,480	52,123
Housing	71,114	75,920	67,698
Community amenities	805,385	648,459	709,414
Recreation and culture	32,555	24,816	21,074
Transport	228,222,867	539,000	150,473
Economic services	839,530	824,770	670,383
Other property and services	273,748	168,260	254,060
	<b>234,591,128</b>	<b>6,531,860</b>	<b>6,099,997</b>
<b>Grants, subsidies and contributions</b>			
General purpose funding	5,288,144	2,994,688	4,608,176
Law, order, public safety	60,894	64,176	109,995
Education and welfare	108,311	113,009	115,700
Community amenities	0	1,000	1,996
Recreation and culture	0	0	270,489
Transport	2,255,483	2,251,178	1,945,434
Economic services	171,000	170,000	316,000
	<b>7,883,832</b>	<b>5,594,051</b>	<b>7,367,790</b>
<b>Total Income</b>	<b>242,474,960</b>	<b>12,125,911</b>	<b>13,467,787</b>
<b>Expenses</b>			
Governance	(425,238)	(470,913)	(371,315)
General purpose funding	(255,065)	(325,351)	(255,232)
Law, order, public safety	(318,471)	(358,153)	(294,394)
Health	(285,278)	(313,734)	(251,174)
Education and welfare	(371,723)	(395,524)	(346,237)
Housing	(114,925)	(140,601)	(186,998)
Community amenities	(915,726)	(1,196,649)	(813,146)
Recreation and culture	(1,752,001)	(1,709,582)	(1,539,072)
Transport	(5,153,358)	(5,403,750)	(4,363,144)
Economic services	(1,522,736)	(1,563,635)	(1,352,063)
Other property and services	(208,516)	(74,370)	(154,394)
<b>Total expenses</b>	<b>(11,323,040)</b>	<b>(11,952,262)</b>	<b>(9,927,169)</b>
<b>Net result for the period</b>	<b>231,151,920</b>	<b>173,649</b>	<b>3,540,618</b>

**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY (Continued)**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>(c) Fees and Charges</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General purpose funding	8,044	5,000	2,982
Law, order, public safety	4,153	4,600	3,625
Health	650	1,500	1,854
Education and welfare	69,751	62,480	45,908
Housing	71,114	75,920	67,198
Community amenities	804,469	637,959	709,367
Recreation and culture	14,977	15,150	17,840
Transport	173,745	16,000	12,503
Economic services	839,440	824,770	669,383
Other property and services	78,998	53,613	23,472
	<b>2,065,341</b>	<b>1,696,992</b>	<b>1,554,132</b>
	<b>2022</b>	<b>2021</b>	
<b>(d) Total Assets</b>	<b>\$</b>	<b>\$</b>	
Governance	9,293,452	5,678,524	
General purpose funding	7,036,611	6,183,281	
Law, order, public safety	2,562,247	2,473,133	
Health	482,792	523,997	
Education and welfare	4,202,892	3,087,383	
Housing	2,300,957	4,132,973	
Community amenities	38,830,186	6,640,366	
Recreation and culture	17,530,523	17,887,391	
Transport	413,713,082	221,263,837	
Economic services	1,393,163	1,893,931	
Other property and services	5,620,182	1,441,362	
Unallocated	187,000	166,401	
	<b>503,153,087</b>	<b>271,372,580</b>	

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-rateable		0	124	293,644	0	0	0	0	0	0	0	0	0
Residential	Gross rental valuation	11.2894	389	3,399,109	386,450	0	0	386,450	383,739	0	0	383,739	389,737
Commercial	Gross rental valuation	7.9469	34	981,205	77,975	0	0	77,975	77,975	0	0	77,975	77,588
Minesite	Gross rental valuation	15.8938	4	529,565	84,168	0	0	84,168	84,168	0	0	84,168	128,684
Single Persons Quarters	Gross rental valuation	15.8938	10	816,219	129,728	0	0	129,728	129,729	0	0	129,729	83,750
Rural	Unimproved valuation	1.7663	353	103,935,117	1,880,752	0	0	1,880,752	1,835,805	0	0	1,835,805	1,826,659
Mining-tenement	Unimproved valuation	17.4793	340	8,648,469	1,535,514	33,148	0	1,568,662	1,511,692	0	0	1,511,692	1,491,443
<b>Sub-Total</b>			1,254	118,603,328	4,094,587	33,148	0	4,127,735	4,023,108	0	0	4,023,108	3,997,861
<b>Minimum payment</b>		<b>Minimum \$</b>											
Residential	Gross rental valuation	500	116	152,317	58,000	0	0	58,000	58,000	0	0	58,000	57,500
Commercial	Gross rental valuation	400	7	20,061	2,800	0	0	2,800	2,800	0	0	2,800	2,800
Minesite	Gross rental valuation	400	3	2,408	1,200	0	0	1,200	1,200	0	0	1,200	1,200
Single Persons Quarters	Gross rental valuation	400	2	1,075	800	0	0	800	800	0	0	800	1,200
Rural	Unimproved valuation	400	40	282,645	16,000	0	0	16,000	16,000	0	0	16,000	16,000
Mining-tenement	Unimproved valuation	400	233	259,902	90,000	0	0	90,000	93,200	0	0	93,200	90,400
<b>Sub-Total</b>			401	718,408	168,800	0	0	168,800	172,000	0	0	172,000	169,100
			1,655	119,321,736	4,263,387	33,148	0	4,296,535	4,195,108	0	0	4,195,108	4,166,961
Concessions on general rates (Refer note 26(b))								(167,360)				(160,000)	(163,580)
Ex-gratiarates								35,871				35,572	33,248
<b>Total amount raised from general rates</b>								<b>4,165,046</b>				<b>4,070,680</b>	<b>4,036,629</b>
								<b>4,165,046</b>				<b>4,070,680</b>	<b>4,036,629</b>

\* Rateable value is based on the value of properties at the time the rate is raised.

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF YILGARN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Type	Discount	2022 Actual	2022 Budget	2021 Actual	Circumstances in which Discount is Granted
		%	\$	\$	\$	
All GRV & UV Rate Types		5.00%	167,360	160,000	163,580	
			167,360	160,000	163,580	
Total discounts/concessions (Note 26)			167,360	160,000	163,580	

SHIRE OF YILGARN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022

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	17/09/2021	10.0	0.00%	7.00%
<b>Option Two</b>				
First instalment	17/09/2021	10.0	0.00%	7.00%
Second instalment	26/01/2022	10.0	0.00%	7.00%
<b>Option Three</b>				
First instalment	17/09/2021	10.0	0.00%	7.00%
Second instalment	22/11/2021	10.0	0.00%	7.00%
Third instalment	26/01/2022	10.0	0.00%	7.00%
Fourth instalment	1/4/222	10.0	0.00%	7.00%
		<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
		\$	\$	\$
Interest on unpaid rates		35,120	40,000	38,150
Charges on instalment plan		-	11,500	-
		35,120	51,500	38,150



**SHIRE OF YILGARN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATE SETTING STATEMENT INFORMATION**

		2021/22 Budget	2021/22	2020/21		
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)		
Note	\$	\$	\$	\$		
<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	10(b)	(16,976)	(11,987)	0	0
	Less: Movement in liabilities associated with restricted cash		0		126,634	126,634
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	-	(2,586)	(2,586)
	Add: Loss on disposal of assets	10(b)	44,581	174,167	69,485	69,485
	Add: Depreciation	10(a)	4,003,798	3,851,940	3,881,329	3,881,329
	Non-cash movements in non-current assets and liabilities:					
	Pensioner deferred rates		32,772	0	(7,808)	(7,808)
	Employee benefit provisions		(70,957)	0	68,320	68,320
	<b>Non-cash amounts excluded from operating activities</b>		<b>3,989,232</b>	<b>4,014,120</b>	<b>4,135,374</b>	<b>4,135,374</b>
<b>(b) Non-cash amounts excluded from investing activities</b>						
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
<b>Adjustments to investing activities</b>						
	Movement in non-current capital expenditure provisions		134,316	-	-	-
	<b>Non-cash amounts excluded from investing activities</b>		<b>134,316</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) 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: Reserve accounts	29	(9,215,647)	(8,548,085)	(5,678,524)	(5,678,524)
	Add: movement in non-current liabilities					
	- borrowings	14	96,588	(45,996)	95,494	95,494
	- lease liabilities	11(b)	9,260	0	14,210	14,210
	<b>Total adjustments to net current assets</b>		<b>(9,109,799)</b>	<b>(8,594,081)</b>	<b>(5,568,820)</b>	<b>(5,568,820)</b>
<b>Net current assets used in the Rate Setting Statement</b>						
	Total current assets		15,476,689	9,790,661	11,796,310	11,796,310
	Less: Total current liabilities		(2,679,471)	(1,220,631)	(2,015,142)	(2,015,142)
	Less: Total adjustments to net current assets		(9,109,799)	(8,594,081)	(5,568,820)	(5,568,820)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>3,687,419</b>	<b>(24,051)</b>	<b>4,212,347</b>	<b>4,212,347</b>

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Actual								Budget			
	Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
WA Treasury, Southern Cross swimming pool	0	1,000,000	(47,340)	952,660	0	(95,494)	857,166	952,660	0	(95,504)	857,156	
<b>Total</b>	0	1,000,000	(47,340)	952,660	0	(95,494)	857,166	952,660	0	(95,504)	857,156	

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
WA Treasury, Southern Cross swimming pool		Community amenities	0001	WA Treasury Corporation	1.1426%	10,613	10,613	5,713
<b>Total</b>						10,613	10,613	5,713
<b>Total Interest Repayments</b>	2(b)					10,613	10,613	5,713

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Right of Use assets		38,925	0	(15,149)	23,776	6,584	(14,047)	16,314	0	0	0	0
<b>Total Lease Liabilities</b>	11(b)	38,925	0	(15,149)	23,776	6,584	(14,047)	16,314	0	0	0	0

Lease Interest Repayments

Purpose	Note	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
Right of Use assets		Various	2.30%	(1,081)	-	354	0-4 years
<b>Total Interest Repayments</b>	2(b)			(1,081)	-	354	

SHIRE OF YILGARN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Leave reserve	295,937	1,211	0	297,148	295,955	1,036	0	296,991	294,167	1,770	0	295,937
(b) Plant reserve	891,301	3,644	0	894,945	891,352	3,120	0	894,472	885,969	5,332	0	891,301
(c) Building reserve	1,144,951	1,504,681	0	2,649,632	1,144,991	1,504,007	0	2,648,998	690,794	454,157	0	1,144,951
(d) Aerodrome reserve	295,244	1,208	0	296,452	295,258	1,033	0	296,291	243,777	51,467	0	295,244
(e) Sewerage upgrade reserve	654,121	502,674	0	1,156,795	654,153	2,290	0	656,443	550,806	103,315	0	654,121
(f) Mt Hampton/Dulyalbin water supply reserve	48,843	5,848	0	54,691	48,845	7,671	0	56,516	42,483	6,360	0	48,843
(g) Recreation facility reserve	346,483	251,417	0	597,900	346,486	251,213	0	597,699	46,205	300,278	0	346,483
(h) Homes for the aged reserve	400,304	1,636	0	401,940	400,326	1,401	0	401,727	397,909	2,395	0	400,304
(i) Southern Cross refuse disposal site reserve	241,958	989	0	242,947	241,971	847	0	242,818	240,511	1,447	0	241,958
(j) Community bus reserve	128,567	526	0	129,093	128,574	450	0	129,024	127,798	769	0	128,567
(k) Mueum reserve	35,431	4,396	(15,000)	24,827	35,433	3,124	(15,000)	23,557	30,554	4,877	0	35,431
(l) Health services (capital) reserve	238,970	977	(27,700)	212,247	238,984	836	0	239,820	237,540	1,430	0	238,970
(m) Unspent grant funding reserve	0	943,522	0	943,522	0	943,522	0	943,522	0	0	0	0
(n) HVRIC reserve	443,296	141,543	0	584,839	443,051	155,551	0	598,602	287,984	155,312	0	443,296
(o) Youth development reserve	111,089	454	0	111,543	111,095	389	0	111,484	110,424	665	0	111,089
(p) ICT and furniture reserve	0	0	0	0	0	0	0	0	0	0	0	0
(q) Tourism reserve	252,883	1,033	0	253,916	252,894	885	0	253,779	201,669	51,214	0	252,883
(r) Health services (operations) reserve	108,571	410	0	108,981	108,577	380	0	108,957	107,922	649	0	108,571
(s) Yilgarn bowls and tennis club reserve	40,575	13,499	0	54,074	40,577	6,808	0	47,385	40,332	243	0	40,575
(t) Standpipe upgrade reserve	0	200,155	0	200,155	0	0	0	0	0	0	0	0
	5,678,524	3,579,823	(42,700)	9,215,647	5,678,522	2,884,563	(15,000)	8,548,085	4,536,844	1,141,680	0	5,678,524

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

**SHIRE OF YILGARN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022**

**30. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Third-party funds held on agreement	0	5,547	0	5,547
	0	5,547	0	5,547



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Shire of Yilgarn

To the Councillors of the Shire of Yilgarn

#### Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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

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

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

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

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

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

## **My independence and quality control relating to the report on the financial report**

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

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Yilgarn for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

DRAFT