



**Shire of Yilgarn
BUDGET REVIEW REPORT
For the Period Ended 31st January 2025**

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

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Shire of Yilgarn
STATEMENT OF BUDGET REVIEW
(Nature or Type)
For the Period Ended 31st January 2025

	Budget v Actual		Predicted Variance			Material Variance	
	Note	Adopted Annual Budget	YTD Actual	Budget Increase / (Decrease)	Timing / (Carryover)		Estimated Year End
		\$	\$	\$	\$	\$	
Net current assets at start of financial year surplus/(deficit)		8,015,561	8,401,745	386,184		8,401,745	▲
Revenue from operating activities (excluding rates)							
Grants, Subsidies and Contributions		1,545,271	1,141,570	(100,000)		2,011,208	▲
Profit on Asset Disposal		10,749	0			0	
Fees and Charges		2,060,787	1,718,365	272,000		1,935,224	
Interest Earnings		774,449	550,285			943,346	▲
Other Revenue		712,474	457,058	64,200		791,448	▲
		5,103,730	3,867,278	236,200	0	5,681,226	
Expenditure from operating activities							
Employee Costs		(4,676,758)	(2,348,783)	133,500		(4,097,229)	▼
Materials and Contracts		(2,403,066)	(1,588,964)	223,400		(3,108,926)	▲
Utilities Charges		(888,701)	(407,399)	(30,000)		(933,155)	
Depreciation (Non-Current Assets)		(4,739,000)	(3,053,385)			(5,280,254)	▲
Interest Expenses		(31,123)	(3,839)			(8,581)	
Insurance Expenses		(358,984)	(390,781)			(433,592)	▲
Loss on Asset Disposal		(240,976)	(21,037)			(236,537)	
Other Expenditure		(878,666)	(493,656)			(822,645)	
		(14,217,274)	(8,307,844)	326,900	0	(14,920,920)	
Funding Balance Adjustment							
Add Back Depreciation		4,739,000	3,053,385			5,280,254	
Adjust (Profit)/Loss on Asset Disposal		230,227	21,037			236,537	
Adjust for Realisation on Disposal of Assets		(491,500)	(60,910)			(526,605)	
Non-cash movements in non-current assets & liabilities		0	0			0	
Amount attributable to operating activities		3,379,744	6,974,691	949,284	0	4,152,238	
INVESTING ACTIVITIES							
Non-Operating Grants, Subsidies and Contributions		4,184,946	1,033,681			4,184,946	
Land Held for Resale		0	0			0	
Land and Buildings		(6,954,121)	(3,500,602)	(185,792)	(36,783)	(6,703,255)	
Plant and Equipment		(2,505,000)	(1,014,233)			(2,485,798)	
Furniture and Equipment		(90,000)	(24,660)	2,000		(92,660)	
Infrastructure Assets - Roads		(5,780,854)	(1,488,643)		(515,000)	(5,104,252)	▼
Infrastructure Assets - Other		(213,000)	(23,921)	20,000		(231,971)	
Purchase of Investments		0	0			0	
Proceeds from Disposal of Assets		491,500	244,137			494,137	
Proceeds from Sale of Investments		0	0			0	
Amount attributable to investing activities		(10,866,529)	(4,774,241)	(163,792)	(551,783)	(9,938,853)	
FINANCING ACTIVITIES							
Proceeds from New Debentures		1,190,000	0			1,190,000	
Proceeds from Advances		0	0			0	
Self-Supporting Loan Principal		0	0			0	
Transfer from Reserves		2,952,000	0			2,952,000	
Repayment of Debentures		(98,814)	(49,266)			(98,532)	
Advances to Community Groups		0	0			0	
Transfer to Reserves		(1,076,615)	(344,333)	480,000		(1,917,399)	▲
Amount attributable to financing activities		2,966,571	(393,599)	480,000	0	2,126,069	
Budget deficiency before general rates		(4,520,214)	1,806,739			(3,660,547)	
Estimated amount to be raised from general rates		4,601,698	4,568,590			4,568,590	
Closing Funding Surplus(Deficit)		81,484	6,375,329			908,043	

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

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

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

The Local Government Reporting Entity

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

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

(b) 2023/24 Actual Balances

Balances shown in this budget review report as 2022/22 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) 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 Note 4 Net Current Assets

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.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Cash and Cash Equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 Net Current Assets.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(j) 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.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Mandatory requirement to revalue non-current assets

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

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

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

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

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land Under Roads

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

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

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

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

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

Asset	Years
Buildings	30 to 50 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	5 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
bituminous seals	30 years
asphalt surfaces	25 years
Gravel Roads	
formation	not depreciated
pavement	50 years
gravel sheet	15 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	12 years
Sewerage piping	50 years
Water supply piping & drainage systems	50 years
Airfields and runways	30 years
Refuse disposal sites	not depreciated

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

(k) Fair Value of Assets and Liabilities

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

**SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and 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.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost approach (Continued)

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget review report as necessary.

(I) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

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.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Shire 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 revaluation decrease in accordance with that other standard.

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget review report, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2022.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget review report.

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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.

(p) 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.

(q) Provisions

Provisions are recognised when the Shire has a 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.

(r) Leases

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

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

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

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

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Investment in Associates

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

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

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

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

(t) Interests in Joint Arrangements

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

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

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

(u) Current and Non-Current Classification

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

(v) Comparative Figures

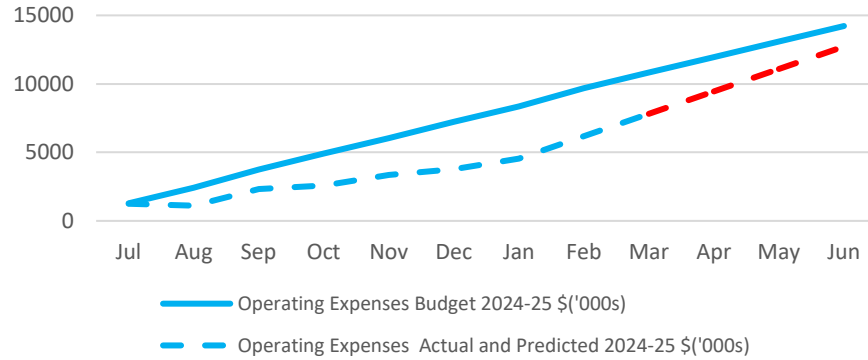
Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.

(w) Budget Comparative Figures

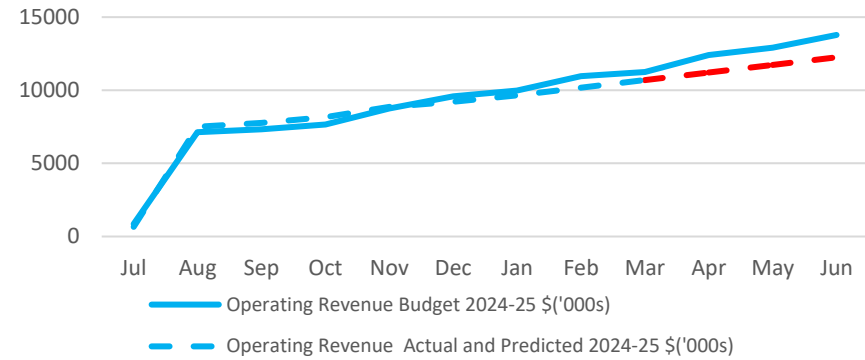
Unless otherwise stated, the budget comparative figures shown in this budget review report relate to the original budget estimate for the relevant item of disclosure.

**SHIRE OF YILGARN
SUMMARY GRAPHS - BUDGET REVIEW
For the Period Ended For the Period Ended 31st January 2025**

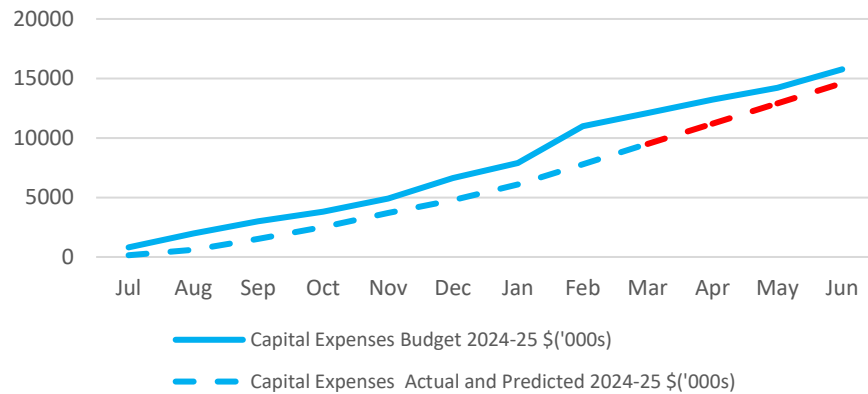
Operating Expenses



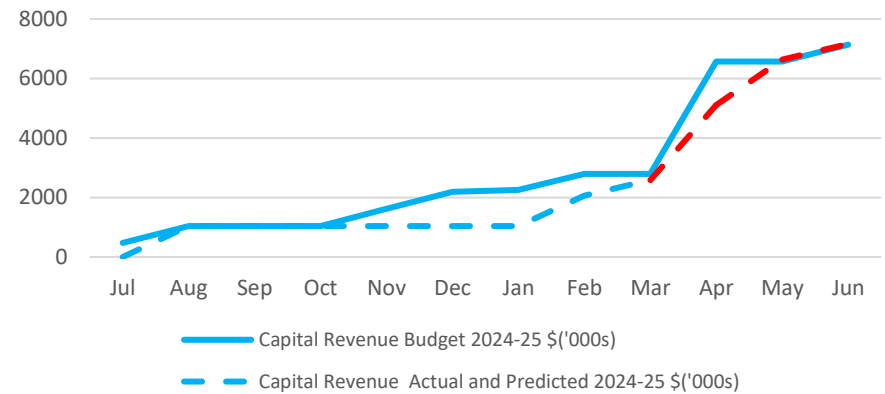
Operating Revenue



Capital Expenditure



Capital Revenue



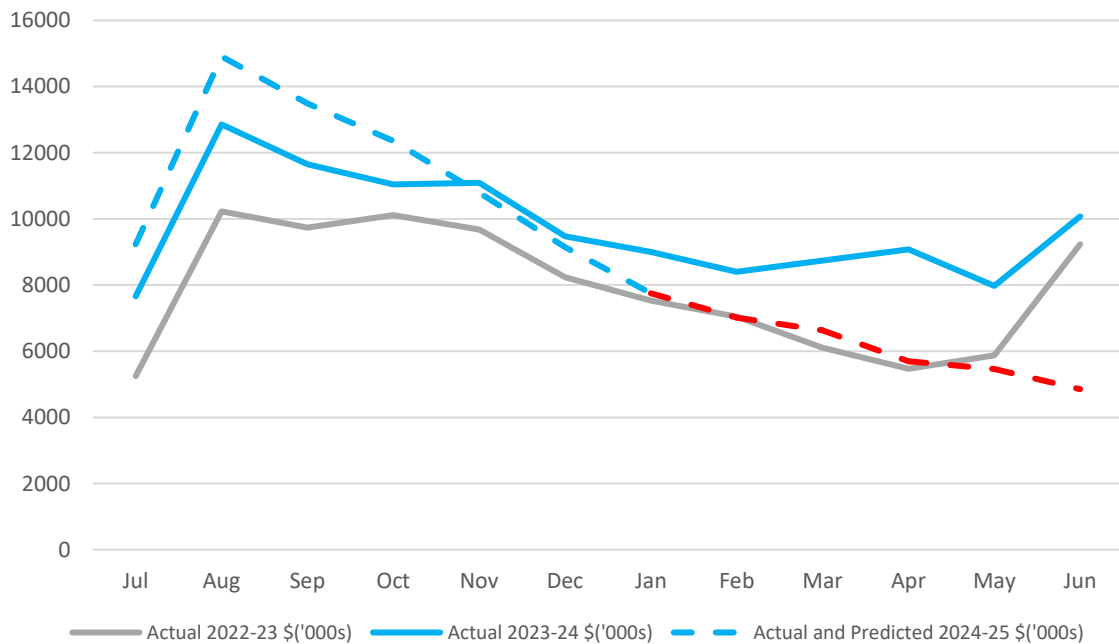
This information is to be read in conjunction with the accompanying financial statements and notes.

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2025

Note 3: NET CURRENT FUNDING POSITION

	Note	Positive=Surplus (Negative=Deficit)		
		2024-25		
		This Period	Last Period	Same Period Last Year
		\$	\$	\$
Current Assets				
Cash Unrestricted		6,473,940	7,791,155	7,693,843
Cash Restricted		11,665,431	11,618,526	10,050,249
Receivables - Rates and Rubbish		634,813	754,923	563,610
Receivables -Other		599,227	564,622	721,026
Inventories		41,721	35,370	25,355
		19,415,133	20,764,596	19,054,083
Less: Current Liabilities				
Payables		(387,694)	(113,862)	(272,521)
Provisions		(472,459)	(472,459)	(668,481)
		(860,153)	(586,321)	(941,003)
Less: Cash Restricted		(11,665,431)	(11,618,526)	(10,050,249)
Net Current Funding Position		6,889,549	8,559,750	8,062,831

Liquidity Over the Year



Comments/Notes - Net Current Funding Position

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2025

Note 4: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
Budget Adoption			Opening Surplus(Deficit)		386,184		386,184	
Budget Amendments Previously Approved - Pre 31 January 2023								
RRG28	R2030 - Bodallin Wheatbin Rd - Replace Culvert And Reconstru	108/2024	Capital Expenses			97,501	(97,501)	Increase in Regional Road Group Funding
R12100	Grant Roads 2025	108/2024	Capital Revenue		64,989		64,989	
J11342	Lrci Rnd 3 - Southern Cross Sports Complex Upgrades	125/2024	Capital Expenses			570,000	(570,000)	Add additional Scope of Works & Funding Source for Recreation Centre Renovations
R11315	Proceeds From Debentures - Loan 99	125/2024	Capital Revenue		190,000		190,000	
R14712	Transfer From Reserve Building	125/2024	Capital Revenue		60,000		60,000	
R14720	Transfer From Sport & Rec Reserve	125/2024	Capital Revenue		320,000		320,000	
R14711	Transfer From Plant Reserve - Unclassified	132/2024	Capital Revenue		250,000		250,000	Purchase Side Tipping Trailers suitable for Freightliner
E12350	Purchase Of Plant And Equipment	132/2024	Capital Expenses			250,000	(250,000)	
E11357	Parks & Gardens - Plant & Equipment Capital	133/2024	Capital Expenses			65,000	(65,000)	Purchase Light Tip Truck for Parks & Gardens
Budget Amendments Previously Approved - Post 31 January 2023								
Nil								0
Budget Amendments Resulting From Review								
<u>03. General Purpose Funding</u>								
E03114	Valuation Expenses		Operating Expenses			40,000	(40,000)	GRV Valuation completed 23/24, Invoiced 24/25 Overestimation on available FAG's after prepayment
R03200	Grants Commission General		Operating Revenue			100,000	(100,000)	
<u>05. Law, Order & Public Safety</u>								
E05306	Protective Clothing - Emergency Services Levy		Operating Expenses			15,000	(15,000)	Protective Uniform Issue
E05307	Other Goods And Services		Operating Expenses			8,000	(8,000)	Replace Hoses & Fittings
<u>08. Education & Welfare</u>								
E08250	Child Care Centre - Land & Buildings Capital		Capital Expenses		30,000		30,000	Fence Only Being Replaced
J08403	Homes for the Aged - Units 5 & 6 - Capital Works		Capital Expenses		67,603		67,603	Reduced Scope of Works - Unit 6
<u>09. Housing</u>								
R09715	Housing Rental Income - All Sources - 2/50 Antares St		Operating Revenue			10,000	(10,000)	Residence no longer Commerically Rented
R09717	Housing Rental Income - All Sources - 4/50 Antares St		Operating Revenue			10,000	(10,000)	Residence no longer Commerically Rented
J09753	103 Altair St - Land & Buildings Capital		Capital Expenses		6,800		6,800	Scope of Works Modified
J09760	1/50 Antares St - Land & Buildings Capital		Capital Expenses		6,000		6,000	Unable to Carry Out Planned Works due to Occupancy

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2025

Note 4: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
J09764	2 Libra Place - Land & Buildings Capital		Capital Expenses	\$	\$ 30,783	\$	\$ 30,783	Works to be Carried Forward due to Lack of Builders
10. Community Amenities								
J10301	Southern Cross Sewerage Maintenance		Operating Expenses			11,500	(11,500)	Increased Costs due to Higher Level of Inspections
R10600	Planning Application Fee		Operating Revenue		60,500		60,500	Increase due to Green Energy & Carbon Offset Proj
J10604	Xmas decorations. lights and banners		Operating Expenses		9,000		9,000	Budget Reduction due to Savings Made
R10502	Septic Waste Disposal Fees		Operating Revenue			15,000	(15,000)	Reduced Usage from Mining Camps
11. Recreation & Culture								
R11103	Outlying Community Hall Hire & Reimbursements		Operating Revenue		27,000		27,000	Hire of Bodallin Hall as Road Works Office
E11118	Bodallin Hall - Maintenance		Operating Expenses		6,800		6,800	Reduced need for Maintenance while being Rented
E11129	Wimmera Hill Monument - Maintenance		Operating Expenses			3,200	(3,200)	Increased Costs due to Vandalism
J11301	Public Parks - Southern Cross		Operating Expenses		100,000		100,000	General Overall Savings
J11304	Public Parks - Moorine Rock		Operating Expenses			17,000	(17,000)	General Increase in Costs
J11310	Sports Complex - Operation		Operating Expenses			30,000	(30,000)	Higher Utilities Due & Serviceing Portaloo's to Capital Works
J11311	Sports Complex - Maintenance		Operating Expenses			52,000	(52,000)	Predominatly Manpower costs after handover, final cleaning
SPRT11	Moorine Rock Tennis Club - Land & Buildings Capital		Capital Expenses		5,600		5,600	No Longer Needed
J11345	SX Sporting Complex - Plant & Equipment Capital		Capital Expenses			2,000	(2,000)	Small Overspend on Fitout of Equipment
SPORT9	Netball Courts / Pavilion / Toilets - Land & Buildings Capital		Capital Expenses		14,297		14,297	No Longer Needed
J11344	Renewal of Cricket Practice Nets & Surface		Capital Expenses			5,000	(5,000)	Required to Complete the Works
12. Transport								
R12220	Hvric - Heavy Vehicle Road Improvement Charge		Operating Revenue		280,000		280,000	Higher than expected revenue received
RRU38	Rru - Various Reseals, Short Sections And Intersections (24/25)		Capital Expenses		200,000		200,000	Remaining Works to be Carried Forward to 25/26
RRU40	Rru - Cockatoo Tank Rd - Resheet - Slk 0.00 - 5.00 (24/25)		Capital Expenses		315,000		315,000	Remaining Works to be Carried Forward to 25/26
J12206	Depot / Workshop Maintenance		Operating Expenses			55,000	(55,000)	Being Used as a Catch All for Non Related Exp
E12221	Signage And Safety Equipment		Operating Expenses			18,500	(18,500)	Includes \$18.5k for 500 Flex Guideposts (Stock)
E12224	Tools And Equipment - Handyman		Operating Revenue			9,500	(9,500)	Kit out Fredo
13. Economic Services								
J13201	Caravan Park Maintenance - Residence		Operating Expenses		12,000		12,000	Moved to Capital
J13204	Caravan Park Maintenance - Grounds & Bays		Operating Expenses			24,000	(24,000)	Appointment of Grounds Maintenance Contractor
E13215	Caravan Park Wages		Operating Expenses			50,000	(50,000)	Significant Additional Hours due to High Occupancy
J13207	Caravan Park Residence - Land & Buildings Capital		Capital Expenses			12,000	(12,000)	Moved from Operating

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2025

Note 4: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
<i>14. Other Property & Services</i>								
E14314	Parts & Repairs		Operating Revenue			110,000	(110,000)	Significant Repair Costs to Several Large Plant
E14316	Repair Wages		Operating Expenses			52,000	(52,000)	Additional Manpower required
E14612	Admin Centre Maintenance		Operating Expenses			19,000	(19,000)	Pioneer Room Air Con & Rear Elec Board Replace
J14603	11 Antares Street - Shop Front Capital		Capital Expenses		11,000		11,000	Works No Longer Required
J14603	11 Antares Street - Shop Front Capital		Capital Expenses		11,000		11,000	Works No Longer Required
E14712	Transfer To Building Reserve		Operating Expenses			480,000	(480,000)	Transfer Part of Expected Surplus to Building Reserve
Amended Budget Cash Position as per Council Resolution				0	2,464,556	2,131,201	333,355	