



MINUTES

For the Audit Committee Meeting

Held on the 29th May 2026



Ian Holland

CHIEF EXECUTIVE OFFICER

29th May 2026

Disclaimer:

The Shire of Yalgoo gives notice to members of the public that any decisions made at the meeting, can be revoked, pursuant to the Local Government Act 1995. Therefore members of the public should not rely on any decisions until formal notification in writing by Council has been received. Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

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1 DECLARATION OF OPENING

The Shire President welcomed those in attendance and declared the meeting open at 9.47am.

2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

President Cr Raul Valenzuela

Deputy President Cr Kieran Payne

Councilors Cr Angus Nichols

Cr Tamisha Hodder (telephonic)

Cr Raelene Kroon

Chief Executive Officer Ian Holland

Works Foreman Luke O'Shaughnessy

APOLOGIES Cr Derek Jones

LEAVE OF ABSENCE

Nil

3 DISCLOSURE OF INTERESTS

Councilors and Officers are reminded of the requirements of s5.65 of the Local Government Act 1995, to verbally disclose any interest during the meeting before the matter is discussed or to provide in writing the nature of the interest to the CEO before the meeting.

Nil

5 BUSINESS AS NOTIFIED

5.1 Audit Management Letters for 2024/25

Applicant:	Shire of Yalgoo
Date:	25 May 2026
Reporting Officer:	Glenn Boyes Deputy Chief Executive Officer
Disclosure of Interest:	NIL
Attachments:	2024/25 Opinion and Management Letter

MATTER FOR CONSIDERATION

That Council give consideration to the Independent Auditors Report and Management Letter for the year ended 30 June 2025.

COMMENT

Council is required to examine the report of the Auditor and take appropriate action in relation to the matters raised.

The list of findings for each audited year are attached and show some significant, moderate and minor matters. The findings are out of date as the Shire has changed its processes and systems. Information related to the significant findings our outlined below:

- Bank reconciliation – the procedure was strengthened during the year and satisfied the auditors at 30 June 2025. However, the OAG felt it was necessary to point this out which is shown by no recommendation being put forward by them. It should be noted, manual journals are still being posted and will continue to be posted where appropriate.
- General Journals – the procedure was strengthened during the year and satisfied the auditors at 30 June 2025. However, the OAG felt it was necessary to point this out which is shown by no recommendation being put forward by them.
- IT Framework – this is being worked on.
- Masterfile accuracy – implemented before the OAG started the 2024/25 audit
- Credit card procedures - implemented before the OAG started the 2024/25 audit

The qualifying point in the Independent Auditors Report, meaning the auditors could not work out if the amounts were correct, was related to the 2023/24 road valuation which was completed at 30 June 2025.

STATUTORY ENVIRONMENT

7.12A. Duties of local government with respect to audits

(3) *A local government must —*

(aa) *examine an audit report received by the local government; and*

- (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
- (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4) (b), the CEO must publish a copy of the report on the Local governments' official website.*

BUSINESS IMPLICATIONS

Nil

CONSULTATION

Nil

VOTING REQUIREMENTS

Absolute Majority

RECOMMENDATION

That the Audit Committee recommends to Council:

- 1) Receive the Independent Auditors Report and Management Letter for the financial year ended 30 June 2025.
- 2) Subject to (1) above forward a copy of the Report to the Minister for Local Government and publish it on the Shires' official website.

COUNCIL RESOLUTION – A2026-05-01

Moved: Cr Kieran Payne

Seconded: Cr Raelene Kroon

That the Audit Committee recommends to Council:

- 1) Receive the Independent Auditors Report and management Letter for the financial year ended 30 June 2025.
- 2) Subject to (1) above forward a copy of the Report to the Minister for Local Government and publish it on the Shires' official website.

CARRIED: 5/0

Motion Carried unopposed by: Cr Valenzuela, Cr Hodder, Cr Payne, & Cr Kroon & Cr Nichols.

6 URGENT BUSINESS

Nil

7 MEETING CLOSURE

There being no further business the Shire President declared the Audit Committee Meeting closed at 10.05am.



Our Ref: 7970-002

Mr Raul Valenzuela
President
Shire of Yalgoo

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: president@yalgoo.wa.gov.au

Dear Mr Valenzuela

**SHIRE OF YALGOO
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025**

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the CEO and the Minister for Local Government, as required by the Act.

The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Qualified audit opinion – infrastructure

As discussed at the exit meeting, the Auditor General's audit opinion has been qualified due to roads infrastructure as disclosed in Note 7(a) of the financial report as at 30 June 2024 with a carrying value of \$72,967,926 (1 July 2023: \$71,282,698) not being revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Emphasis of Matter – Restatement of Comparative Balances

I draw attention to Note 27 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.

Management control issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

Unresolved matters from prior audits

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date the draft financial report was submitted by your entity was 6 October 2025. The Shire was only considered to be audit ready following the completion of the 30 June 2024 audit on 7 February 2026. These dates will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7620 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely

Steven Hoar
Director
Financial Audit
11 May 2026

Attach



Our Ref: 7970-002

Mr Ian Holland
Chief Executive Officer
Shire of Yalgoo

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: ceo@yalgoo.wa.gov.au

Dear Mr Holland

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Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

Unresolved matters from prior audits

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

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This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely

Steven Hoar
Director
Financial Audit
11 May 2026

Attach



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

Shire of Yalgoo

To the Council of the Shire of Yalgoo

Qualified Opinion

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

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, 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 2025 and its financial position at the end of that period
- is 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 Qualified Opinion

Infrastructure

My opinion in the prior year was qualified because roads infrastructure as disclosed in Note 7(a) of the financial report as at 30 June 2024 with a carrying value of \$72,967,926 (1 July 2023: \$71,282,698) had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, my opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 qualified opinion.

Emphasis of Matter – Restatement of Comparative Balances

I draw attention to Note 27 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

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 2025, 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 (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, 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.

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Yalgoo for the year ended 30 June 2025 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.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 May 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Bank reconciliation	No	✓			✓
2. General journal exceptions	No	✓			✓
3. Information technology framework	No	✓			✓
4. Masterfile accuracy and validity	No	✓			✓
5. Credit card procedures	No	✓			✓
6. Out-of-date governance documents	No		✓		✓
7. Payroll Exceptions	No		✓		✓
8. Fuel cards	No			✓	✓
9. Termination Checklist	No			✓	✓
10. Excessive leave balances	No			✓	✓

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****1. Bank reconciliation****Finding**

Prior to May 2025, there was no documented evidence that bank reconciliations were independently reviewed, which limits assurance that reconciling items were identified, investigated, and resolved in a timely manner

Findings related to the bank reconciliation were first raised in the 2023 audit, which was completed in February 2026

Rating: Significant (2024: Significant)**Implication**

Without documented independent review, there is an increased risk that errors or misappropriation of cash is not detected and that aged reconciling items are not adequately considered.

Recommendation

We acknowledge that from May 2025 onwards, bank reconciliations were reviewed and evidence of review was retained. Manual journals were also no longer posted. We recommend management continue to ensure there is timely preparation and independent review of bank reconciliations, and prompt investigation of any unusual or aged reconciling items

Management comment

As noted, the Shire will continue to ensure there is timely preparation and independent review of bank reconciliations, and prompt investigation of any unusual or aged reconciling items

Responsible person: CEO
Completion date: Completed in May 2025

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****2. General journal exceptions****Finding**

Our testing of general journal entries identified for postings made before May 2025 that supporting documentation and evidence of independent review and sign-off was not able to be provided by management. Of the 31 samples tested, 15 had insufficient support and/or evidence of independent review.

From May 2025 onwards, journals we have tested have been supported by appropriate documentation and independent review.

Findings in respect of general journals were first raised in the 2023 audit, which was completed in February 2026.

Rating: Significant (2024: Significant)**Implications**

The absence of supporting documentation and independent review of general journals weakens segregation of duties and the audit trail, increasing the risk of errors, omissions, or fraudulent activities going undetected and therefore unresolved. There is a further risk of non-compliance with Regulation 5(1) of the Local Government (Financial Management) Regulation 1996.

For the journal entries that were found to have insufficient documentation the audit team was able to gain comfort from alternative audit procedures that the entries did not result in any misstatement.

Recommendations

The Shire should ensure that complete supporting documentation and documented independent approval are obtained before posting any journal entries. As noted above we acknowledge that from May 2025 onwards, this appears to have been implemented.

Management comment

As noted in the finding, the issues with insufficient support and lack of evidenced independent review were resolved from May 2025 with the introduction of electronic management of these records.

Responsible person: CEO
Completion date: Completed in May 2025

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****3. Information technology framework****Finding**

Our testing and inquiries relating to IT and cyber security controls at the Shire identified the following:

- There are no documented cyber security policies in place
- Whilst we understand the Shire's disaster recovery plan (DRP) was in the process of being developed, the Shire did not have a formal disaster recovery plan in place at the time of our audit
- There is no risk register in place in relation to specific information technology risks
- The agreement with the Shire's IT consultant was signed in 2015 with no updated agreement subsequently entered into
- there are eight users that have super-user access, which is considered excessive

Rating: Significant (2024: Significant)

Implications

- Without documented cyber security policies and procedures outlining the controls regarding cyber security, there is an increased risk of vulnerability to cyber-attacks such as malware or phishing attempts;
- Without a DRP there is a risk of significant delays and business interruption in the event of unforeseen circumstances;
- Without a risk register there may be specific risks not adequately addressed or managed
- Without a regularly updated agreement with the Shire's IT consultant there is an increased risk of services provided by the IT consultant not meeting the current needs of the Shire.
- Excessive super-user access increases the risk of inappropriate segregation of duties and unauthorised changes which could result in errors or the perpetration of fraud.

Recommendation

We recommend:

- A documented cyber security policy and associated procedures and plans be developed and communicated to all staff
- A disaster recovery plan be developed, documented and periodically tested to ensure that in the event of a disaster, appropriate action can be taken
- The Shire include IT related risks in their current risk register ensuring all current IT risks are considered and documented
- A new updated agreement with the external IT consultant be developed and signed by both parties
- Super-user access is reviewed and limited to only minimal staff.

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

Management comment

A new IT agreement was entered into in late 2025 and Administration reviewed system access at that time. The process has begun to address policy and plan recommendations but will take time to complete, due to the move to a new accounting system and backlog of work.

Responsible person CFO
Completed date: 31 December 2026

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****4. Masterfile accuracy and validity****Finding**

Our review of the supplier, employee, asset and customer masterfile controls found that there was no evidence of audit trail reviews being performed by an independent reviewer. We tested ten samples of changes in the supplier master file during the year, all of which lacked evidence of independent review and sign-off of changes. We acknowledge that review procedures were subsequently implemented after the current year. Based on our testing, no errors or fraudulent activity were identified.

This finding was first raised in 2019.

Rating: Significant (2024: Significant)**Implication**

There is an increased risk that:

- Changes to the master files are not made on a timely basis
- Errors made when updating master files are not detected
- Fraudulent changes made to master files are not detected

Recommendation

We recommend that management ensure audit trail reviews of masterfile changes are consistently performed and documented by an independent reviewer. A periodic monitoring process should be implemented to confirm that reviews occur in a timely manner, and management may consider system-based controls such as automated alerts or access restrictions to strengthen oversight.

Management comment

With additional staff resourcing this has been resolved.

Responsible person: CEO
Completion date: 31 December 2025

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

5. Credit card procedures

Finding

From our review of 100% of the CEO credit card statements during the financial year, it was noted that none were independently reviewed by the Shire President.

This finding was first raised in the 2023 audit, which was completed in February 2026.

Rating: Significant (2024: Significant)

Implication

Risk that error or fraud may not been detected on a timely basis.

Recommendation

We recommend that the credit card statements of the CEO are reviewed and signed as evidence of this independent review by the Shire President.

Management comment

Administration notes that the Shire President must receive permission from the Council or CEO and agree to act administratively for this to occur as it does not fall within the defined role of a Councillor or President. The Shire President has reviewed and signed all credit card statements since July 2025, prior to this and since all statements were independently reviewed and processed by Shire employees, other than the CEO, and a list of all transactions were provided to Council as per Financial Management Regulations.

Responsible person: CEO
Completion date: 1 July 2025

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****6. Out-of-date government documents****Finding**

During our testing, we identified:

7. The risk register does not encompass any financial risks that may be relevant to the Shire.
8. Risk Management Policy and Plan refers to the incorrect standard (AS/ISO 31000:2019 instead of AS/ISO 31000:2018)

As reported through the Financial Management Review process, several key governance documents require significant updates, including the following:

- The Asset management plan, workforce plan and long-term financial plan are overdue for review.
- The Corporate Business Plan was adopted in September 2013 and has not been reviewed annually as required by Section 6.2.2 of the *Local Government Act 1995* and Section 19DA (4) of the Local Government (Financial Management) Regulations 1996.
- Risk Management Plan has not been reviewed annually as required by the Risk Management Policy.

This finding regarding governance documents was first raised in 2019 regarding missing policies and procedures.

Rating: Moderate (2024: Significant for Policies and Procedures)**Implication**

Outdated or incomplete policies and plans increase the risk of inconsistent application of procedures and non-compliance with legislative, regulatory and internal control requirements. The lack of clear and current guidance may result in inappropriate procurement practices, non-compliance with financial management regulations, governance deficiencies, and increased exposure to fraud or error due to unclear responsibilities.

Recommendation

We recommend that the Shire complete a comprehensive review of all policies and plans to ensure they are accurate, aligned with current legislative requirements, and reflective of current operational practices. Updated policies and plans should be formally approved, communicated to staff, and incorporated into a structured periodic review cycle to maintain their ongoing relevance. Management should also prioritise updating key governance documents.

Management comment

In past years the organisation has found our existing long-term plans to be adequate and still relevant. They will be provided to Council on a more regular and scheduled basis. A comprehensive review of the Shires Corporate business plan has started in 2026. This was originally delayed due to changes proposed in 2024 amendments to the Local Government Act 1995. As there is no known timeframe for these changes Administration is carrying out reviews of existing Integrated Strategic Planning documents. The Risk Register is also currently being reviewed.

Responsible person: CEO
Completion date: 31 December 2026

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****7. Payroll exceptions****Finding**

Of the 10 employee files we sampled, the following exceptions were noted:

- One employee's contract could not be located
- Two employees had unsigned contracts
- One employee's contract was signed seven days after their commencement date

Findings in respect to payroll were first raised in the 2019 audit.

Rating: Moderate (2024: Moderate)

Implication

Without signed employee contracts being obtained and retained prior to an employee commencing with the Shire, there is an increased risk of employment terms and conditions not being enforceable which could result in disputes and expose the Shire to potential legal or industrial relations issues.

Recommendations

We recommend that Shire strengthen their controls over the onboarding process to ensure all employment contracts are signed, dated, and filed prior to an employee's start date. A centralised register or periodic review of employee files should be implemented to confirm that complete and properly executed documentation is maintained for all staff. Management should also consider providing any necessary training to ensure consistent compliance with documentation requirements.

Management comment

While it is stated that this finding was first raised in 2019 the findings and recommendation are substantively different. Training has been provided to staff to check exceptions such as those detailed.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

8. Fuel cards

Finding

Our inquiries during our audit procedures identified that there is currently no fuel card policy and no agreements with employees to set out the appropriate use of fuel cards.

This finding was first raised in the 2023 audit, which was completed in February 2026.

Rating: Minor (2024: Minor)

Implication

Without appropriate policies/agreements in place there is a risk that error, fraud or inappropriate use of fuel cards may not be detected on a timely basis.

Recommendation

We recommend a formal fuel card policy be developed and communicated to all staff, and that all staff that are issued a fuel card sign an agreement that sets out the appropriate use of the card.

Management comment

While a code of conduct existed for staff, a fuel card policy has now been implemented.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE AUDIT****9. Termination checklist****Finding**

Based on our testing of three samples, we noted that no formal termination checklist completed upon the employee's departure to ensure all tasks relating to the employee's termination have been completed.

This finding was first raised in the 2021 audit.

Risk rating: Minor (2024: Minor)**Implication**

Without a checklist in place there is an increased risk that all tasks required to be undertaken for an employee's departure are not all completed. This may result in financial loss or errors from employees not having the correct entitlements paid on departure, assets not being returned, or physical access to Shire property and access to any relevant systems which could result in misappropriation of assets.

Recommendation

We recommend a formal termination checklist be completed and signed off prior to the departure of an employee. This would include where applicable:

- The calculation and payment of any relevant entitlements payable including final pay and any unused leave entitlements.
- Returning any assets owned by the Shire (eg laptop, mobile phone, vehicles)
- Returning any keys or other related devices that give physical access to Shire property including removal or changing of any security alarm codes that the employee has.
- Removing all access of the employee to Shire systems and networks
- Redirecting emails for a period to an alternative employee;
- Updating payroll records to remove the employee from the list of active employees
- Obtaining ongoing contact details

Management comment

An exit interview form is now in place.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

10. Excessive leave balances

Finding

Our testing identified two employees with annual leave balances exceeding 350 hours each, which is above the Shire's established threshold for acceptable leave accruals.

This issue was first reported in the 2019 audit.

Rating: Minor (2024: Moderate)

Implications

Excessive accrued annual leave balances increase the risk of an adverse impact through excessive liabilities and may also indicate over-reliance on key individuals. It is important for staff to take regular leave for their health and wellbeing and to develop staff to perform the tasks of others. Fraud can also be more easily concealed by staff who do not take leave.

Recommendation

Employees with excessive leave balances should be encouraged and required where possible to take leave within an agreed timeframe to enable.

Management comment

After review, the Shire has worked the leave down over the past few years and will continue to monitor it.

Responsible person: CEO
Completion date: Ongoing



SHIRE OF YALGOO

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING 30 JUNE 2025

Community Vision

The Shire is inclusive, peaceful, prosperous and strong

SHIRE OF YALGOO
FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The accompanying financial report of the Shire of Yalgoo has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

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

Signed on 11th day of May 2026



Ian Holland
Chief Executive Officer



SHIRE OF YALGOO
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2025

		2024/25	2024/25	2023/24
	Note	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	2(a)	3,095,118	3,206,893	2,888,041
Grants, subsidies and contributions	2(e)	2,766,095	5,298,501	3,318,175
Fees and charges	2(e)	405,846	253,035	253,680
Interest	2(c)	189,714	203,430	196,868
Other revenue	2(e)	32,654	9,000	87,834
		<u>6,489,427</u>	<u>8,970,859</u>	<u>6,744,598</u>
Expenses				
Employee costs	2(f)	(2,032,490)	(2,383,772)	(1,828,400)
Materials and contracts	2(g)	(6,868,925)	(6,664,856)	(2,030,382)
Utility charges		(121,370)	(98,350)	(117,010)
Depreciation		(1,491,366)	(1,333,372)	(1,318,691)
Finance costs	12(b)	0	0	(1,811)
Insurance		(292,036)	(351,558)	(302,854)
Other expenditure	2(h)	(86,813)	(227,480)	(132,300)
		<u>(10,893,000)</u>	<u>(11,059,388)</u>	<u>(5,731,448)</u>
Subtotal		(4,403,573)	(2,088,529)	1,013,150
Fair Value adjustment to financial assets at fair value through profit or loss	4(b)	(888)	0	0
Fair value gain on acquisition of non-financial assets	2(d)	1,005,888	0	0
Capital grants, subsidies and contributions	2(e)	528,063	2,655,793	1,070,914
Profit on disposal of assets		110,223	160,694	395,189
Loss on disposal of assets		(33,609)	0	0
		<u>1,609,677</u>	<u>2,816,487</u>	<u>1,466,103</u>
Net result for the period		(2,793,896)	727,958	2,479,253
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Changes in asset revaluation surplus	14	11,508,274	0	0
Total other comprehensive income for the period		11,508,274	0	0
Total comprehensive income for the period		8,714,378	727,958	2,479,253

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



SHIRE OF YALGOO
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		30 June 25	Restated* 30 June 24	Restated* 01 July 23
	Note	\$	\$	\$
Current Assets				
Cash and cash equivalents	3	5,171,355	3,674,424	7,589,707
Other financial assets	4(a)	0	4,420,623	0
Receivables and other assets	5(a)	549,519	880,527	934,348
		5,720,874	8,975,574	8,524,055
Non-current Assets				
Other financial assets	4(b)	19,905	20,792	20,792
Receivables and other assets	5(a)	16,896	0	0
Property, plant and equipment	6(a)	13,534,440	12,907,024	12,165,713
Infrastructure	7(a)	87,422,970	76,301,079	74,746,378
		100,994,211	89,228,895	86,932,883
Total Assets		106,715,085	98,204,469	95,456,938
Current Liabilities				
Trade and other payables	9	461,140	829,251	594,252
Other liabilities	10	276,004	154,025	26,433
Borrowings		0	0	46,815
Employee related provisions	11	300,274	253,667	315,645
		1,037,418	1,236,943	983,145
Non-current Liabilities				
Employee related provisions	11	75,704	79,941	65,461
		75,704	79,941	65,461
Total Liabilities		1,113,122	1,316,884	1,048,606
Net Assets		105,601,963	96,887,585	94,408,332
Equity				
Accumulated surplus		37,286,138	37,259,435	37,069,092
Cash reserves	13	3,240,491	4,474,327	2,185,417
Revaluation surplus	14	65,075,334	55,153,823	55,153,823
		105,601,963	96,887,585	94,408,332

* - Refer to Note 27 for the restatement of comparative figures.

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



SHIRE OF YALGOO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2025

	Note	Restated* Retained surplus \$	Reserve accounts \$	Revaluation surplus \$	Restated* Total equity \$
Balance as at 01 July 2023		37,069,092	2,185,417	55,153,823	94,408,332
Net result for the period		2,479,253	0	0	2,479,253
Total comprehensive income for the period		2,479,253	0	0	2,479,253
Transfers to reserve accounts	13	(2,288,910)	2,288,910	0	0
Balance as at 30 June 2024		37,259,435	4,474,327	55,153,823	96,887,585
Net result for the period		(2,793,896)	0	0	(2,793,896)
Other comprehensive income for the period	14	0	0	11,508,274	11,508,274
Total comprehensive income for the period		(2,793,896)	0	11,508,274	8,714,378
Transfers from reserve accounts	13	1,548,943	(1,548,943)	0	0
Transfers to reserve accounts	13	(315,107)	315,107	0	0
Transfer to retained surplus	14	1,586,763	0	(1,586,763)	0
Balance as at 30 June 2025		37,286,138	3,240,491	65,075,334	105,601,963

* - Refer to Note 27 for the restatement of comparative figures.

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



SHIRE OF YALGOO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2025

		2024/25	2024/25	2023/24
		Actual	Budget	Actual
	Note	\$	\$	\$
Cash Flows from Operating Activities				
Receipts				
Rates		3,117,001	3,271,893	3,044,194
Grants, subsidies and contributions		3,199,783	5,647,824	3,485,117
Fees and charges		173,117	253,035	253,680
Interest		189,714	203,430	196,868
Other revenue		32,654	9,000	87,834
GST receipts on revenue		219,994	0	111,882
GST receipts from taxation authority		822,616	0	626,007
		<u>7,754,879</u>	<u>9,385,182</u>	<u>7,805,582</u>
Payments				
Employee costs		(1,969,824)	(2,383,772)	(1,890,306)
Materials and contracts		(7,278,356)	(6,664,856)	(1,786,756)
Utility charges		(121,370)	(98,350)	(117,010)
Finance costs	12(b)	0	0	(1,811)
Insurance		(292,036)	(351,558)	(302,854)
Other expenditure		(86,813)	(227,480)	(132,300)
GST payments on purchases		(732,197)	0	(769,785)
GST payments to taxation authority		(198,121)	0	(104,005)
		<u>(10,678,717)</u>	<u>(9,726,016)</u>	<u>(5,104,827)</u>
Net cash provided by (used in) operating activities	16	(2,923,838)	(340,834)	2,700,755
Cash Flows from Investing Activities				
Capital grants, subsidies and contributions		650,044	2,655,793	1,070,914
Proceeds from sale of property, plant and equipment		134,091	305,000	711,520
Purchase of property, plant and equipment		(419,584)	(2,645,000)	(1,670,606)
Purchase of infrastructure		(364,405)	(3,550,999)	(2,260,428)
Net cash provided by (used in) investing activities		146	(3,235,206)	(2,148,600)
Cash Flows from Financing Activities				
Repayment of borrowings	12(b)	0	0	(46,815)
Proceeds/(Payments) from financial assets at amortised cost		4,420,623	0	(4,420,623)
Net cash provided by (used in) financing activities		4,420,623	0	(4,467,438)
Net increase / (decrease) in cash held		1,496,931	(3,576,040)	(3,915,283)
Cash at beginning of year		3,674,424	8,130,502	7,589,707
Cash and cash equivalents at the end of the year	3	5,171,355	4,554,462	3,674,424

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



SHIRE OF YALGOO
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDING 30 JUNE 2025

		2024/25 Actual \$	2024/25 Budget \$	Restated* 2023/24 Actual \$
Opening Surplus / (Deficit)	15(a)	3,264,304	4,009,195	5,402,310
Operating Activities				
Revenue from operating activities				
Grants, subsidies and contributions	2(e)	2,766,095	5,298,501	3,318,175
Fees and charges	2(e)	405,846	253,035	253,680
Interest	2(c)	189,714	203,430	196,868
Other revenue	2(e)	32,654	9,000	87,834
Profit on disposal of assets		110,223	160,694	395,189
		<u>3,504,532</u>	<u>5,924,660</u>	<u>4,251,746</u>
Expenditure from operating activities				
Employee costs	2(f)	(2,032,490)	(2,383,772)	(1,828,400)
Materials and contracts	2(g)	(6,868,925)	(6,664,856)	(2,030,382)
Utility charges		(121,370)	(98,350)	(117,010)
Depreciation		(1,491,366)	(1,333,372)	(1,318,691)
Finance costs	12(b)	0	0	(1,811)
Insurance		(292,036)	(351,558)	(302,854)
Other expenditure	2(h)	(86,813)	(227,480)	(132,300)
Loss on disposal of assets		(33,609)	0	0
		<u>(10,926,609)</u>	<u>(11,059,388)</u>	<u>(5,731,448)</u>
Non-cash amounts excluded from operating activities				
Depreciation		1,491,366	1,333,372	1,318,691
(Profit) / Loss on disposal of assets		(76,614)	(160,694)	(395,189)
Movement in non-current employee related receivable		(15,990)	0	0
Movement in non-current employee provisions		(4,236)	0	14,478
Movement in non-current deferred pensioner rates		(906)	0	0
Movement in current employee provisions		0	1,595	0
Amount attributable to operating activities		(6,028,457)	(3,960,455)	(541,722)
Investing activities				
Capital grants, subsidies and contributions	2(e)	528,063	2,655,793	1,070,914
Proceeds from disposal of assets		134,091	305,000	711,520
Fair value gain on acquisition of non-financial assets	2(d)	1,005,888	0	0
Purchase of property, plant and equipment	6(a)	(1,425,472)	(2,645,000)	(1,670,606)
Purchase of infrastructure	7(a)	(364,405)	(3,550,999)	(2,260,428)
Amount attributable to investing activities		(121,835)	(3,235,206)	(2,148,600)
Financing activities				
Repayment of borrowings	12(b)	0	0	(46,815)
Transfers from reserves	13	1,548,943	1,322,802	0
Transfers to reserves	13	(315,107)	(1,343,229)	(2,288,910)
Amount attributable to financing activities		1,233,836	(20,427)	(2,335,725)
Surplus / (deficit) before imposition of general rates		(1,652,152)	(3,206,893)	376,263
Total amount raised from rates	2(a)	3,095,118	3,206,893	2,888,041
Surplus / (deficit) after imposition of general rates	15(a)	1,442,966	0	3,264,304

* - Refer to Note 27 for the restatement of comparative figures.

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



SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

1. BASIS OF PREPARATION

The financial report for the Shire of Yalgoo, which is designated as a class 4 local government, 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) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 *Financial Instruments Disclosures*
- AASB 16 *Leases paragraph 58*
- AASB 101 *Presentation of Financial Statements paragraph 61*
- AASB 116 *Property, Plant and Equipment paragraph 79*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets paragraph 85*
- AASB 140 *Investment Property paragraph 75(f)*
- AASB 1052 *Disaggregated Disclosures paragraph 11*
- AASB 1054 *Australian Additional Disclosures paragraph 16*

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

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and
- measured at reportable value

are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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 19 of the financial report.

Critical Accounting Estimates and Judgements

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, liabilities, income and expenses.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

1. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgements (Continued)

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.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value - Note 6 and 7
- Expected credit losses on financial assets - Note 5
- Measurement of employee benefits - Note 11

Fair value hierarchy information can be found in Note 26.

Initial Application of Accounting Standards

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

AASB 2020-1 Amendments to Australian Accounting Standards

- Classification of Liabilities as Current or Non-current

AASB 2022-5 Amendments to Australian Accounting Standards

- Lease Liability in a Sale and Leaseback

AASB 2022-6 Amendments to Australian Accounting Standards

- Non-current Liabilities with Covenants

AASB 2023-3 Amendments to Australian Accounting Standards

- Disclosure of Non-current Liabilities with Covenants: Tier 2

AASB 2024-1 Amendments to Australian Accounting Standards

- Supplier Finance Arrangements: Tier 2 Disclosures

AASB 2023-1 Amendments to Australian Accounting Standards

- Supplier Finance Arrangements

These amendments are not expected to have any material impact on the financial report on initial application.

AASB 2022-10 Amendments to Australian Accounting Standards

- Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

These amendments may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

1. BASIS OF PREPARATION (Continued)

New Accounting Standards for Application in Future Years

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

AASB 2014-10 *Amendments to Australian Accounting Standards*

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2024-4b *Amendments to Australian Accounting Standards*

- Effective Date of Amendments to AASB 10 and AASB 128

[deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]

AASB 2022-9 *Amendments to Australian Accounting Standards*

- Insurance Contracts in the Public Sector

AASB 2023-5 *Amendments to Australian Accounting Standards*

- Lack of Exchangeability

AASB 18 (FP) *Presentation and Disclosure in Financial Statements*

- (Appendix D) [for for-profit entities]

AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*

- (Appendix D) [for not-for-profit and superannuation entities]

AASB 2024-2 *Amendments to Australian Accounting Standards*

- Classification and Measurement of Financial Instruments

AASB 2024-3 *Amendments to Australian Accounting Standards*

- Annual Improvements Volume 11

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Rating Information

	Rate in	Rateable	Number of	2024/25	2024/25	2023/24
	\$	Value	Properties	Actual	Budget	Actual
General Rates		\$	\$	\$	\$	\$
GRV - Townsites improved	0.08067	389,033	36	31,382	31,383	30,468
GRV - Townsites improved vacant	0.08067	0	0	0	0	0
GRV - Mining infrastructure	0.30643	1,473,400	8	451,487	451,487	399,766
UV - Pastoral / rural	0.07115	937,583	23	66,710	66,710	64,006
UV - Mining / mining tenements	0.32960	6,945,833	143	2,289,346	2,289,347	2,001,009
UV - Exploration / prospecting	0.21672	1,493,481	223	323,666	323,666	308,473
		11,239,330	433	3,162,591	3,162,593	2,803,722
Minimum Payment						
GRV - Townsites improved	300	6,482	4	1,200	1,500	1,450
GRV - Townsites improved vacant	300	1,570	12	3,600	3,600	3,480
GRV - Mining infrastructure	300	20	1	300	300	290
UV - Pastoral / rural	300	10,008	8	2,400	2,400	2,320
UV - Mining / mining tenements	300	5,949	10	3,000	3,000	3,480
UV - Exploration / prospecting	300	80,531	95	28,500	28,500	29,580
		104,560	130	39,000	39,300	40,600
Total General and Minimum Rates		11,343,890	563	3,201,591	3,201,893	2,844,322
Other Rate Revenue						
Rates written-off				(13,107)	0	0
Interim and back rates				(93,366)	5,000	43,719
Total Funds Raised from Rates				3,095,118	3,206,893	2,888,041

(b) Fees and Charges Relating to Rates Receivable

	2024/25	2023/24
	Actual	Actual
	\$	\$
Instalment charges	5,064	1,950
	5,064	1,950

(c) Interest Revenue

Interest on reserve accounts	172,304	173,159
Instalment plan interest earned	5,635	0
Interest on unpaid rates	9,222	18,082
Other interest revenue	2,553	5,627
	189,714	196,868

(d) Assets Acquired Below Fair Value

Contributed assets for plant and equipment	1,005,888	0
	1,005,888	0

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(e) Revenue Recognition

	Contracts with customers	Capital grant / contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
2024/25 Actual					
Rates	0	0	3,095,118	0	3,095,118
Grants, subsidies and contributions	0	0	16,641	2,749,454	2,766,095
Fees and charges	374,921	0	30,925	0	405,846
Interest revenue	0	0	14,857	174,857	189,714
Other revenue	2,055	0	17	30,582	32,654
Capital grants, subsidies and contributions	0	528,063	0	0	528,063
	376,976	528,063	3,157,558	2,954,893	7,017,490

	Contracts with customers	Capital grant / contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
2023/24 Actual					
Rates	0	0	2,888,041	0	2,888,041
Grants, subsidies and contributions	370,009	0	0	2,948,166	3,318,175
Fees and charges	246,482	0	7,198	0	253,680
Interest revenue	0	0	18,037	178,831	196,868
Other revenue	0	0	0	87,834	87,834
Capital grants, subsidies and contributions	0	1,070,914	0	0	1,070,914
	616,491	1,070,914	2,913,276	3,214,831	7,815,512

(f) Employee Expenses

Employee Costs

	2024/25 Actual	2023/24 Actual
	\$	\$
Employee benefit costs	1,911,930	1,783,363
Other employee costs	120,560	45,037
	2,032,490	1,828,400

(g) Materials and Contracts

Flood damage recovery	4,849,534	0
Other materials and contracts	2,019,391	2,030,382
	6,868,925	2,030,382

(h) Other Expenditure

Impairment losses on rates receivables	(34,871)	0
Impairment losses on trade receivables	70	0
Sundry expenses	121,614	132,300
	86,813	132,300

(i) Auditors Remuneration

Audit of the Annual Financial Report*	0	62,500
Grant acquittals	0	0
	0	62,500

* - An indicative fee of \$52,308 for 2024/25 has not been accounted for within the financial statements due to the audit commencing in 2025/26.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

MATERIAL ACCOUNTING POLICIES

Revenue Recognition

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

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:

Grants, subsidies and contributions

Nature of goods and services	Community events, minor facilities, research, design, planning evaluation and services
When obligations typically satisfied	Over time
Payment terms	Fixed terms transfer of funds based on agreed milestones and reporting
Returns / refunds / warranties	Contract obligation if project not complete
Timing of revenue recognition	Output method based on project milestones and/or completion date matched to performance obligations

Fees and charges - licences, registrations, approvals

Nature of goods and services	Building, planning, development and animal management
When obligations typically satisfied	Single point in time
Payment terms	Full payment prior to issue
Returns / refunds / warranties	None
Timing of revenue recognition	On payment of the licence, registration or approval

Fees and charges - sale of stock

Nature of goods and services	Aviation fuel, kiosk and visitor centre stock
When obligations typically satisfied	Single point in time
Payment terms	In full in advance, on 15 day credit
Returns / refunds / warranties	Refund for faulty goods
Timing of revenue recognition	At point of sale

Other revenue - private works

Nature of goods and services	Contracted private works
When obligations typically satisfied	Single point in time
Payment terms	Monthly in arrears
Returns / refunds / warranties	None
Timing of revenue recognition	At point of service

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

	Unrestricted / Restricted	2024/25 Actual \$	2024/25 Budget \$	2023/24 Actual \$
Cash at bank and on hand				
Cash at bank and on hand	Unrestricted	1,619,996	42,342	3,503,032
Deposits and bonds	Restricted	34,864	17,367	17,367
Unspent grants, subsidies and contributions	Restricted	276,004	0	154,025
Cash at bank - reserves	Restricted	3,240,491	4,494,753	0
		5,171,355	4,554,462	3,674,424

MATERIAL 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 reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

4. OTHER FINANCIAL ASSETS

(a) Current assets

		2024/25 Actual \$	2024/25 Budget \$	2023/24 Actual \$
Financial assets at amortised cost - term deposits	Restricted	0	0	4,420,623
		<u>0</u>	<u>0</u>	<u>4,420,623</u>

(b) Non-current assets

	2024/25 Actual \$	2023/24 Actual \$
Financial assets at fair value through profit or loss		
Opening balance at 01 July	20,793	20,792
Movement in fair value of Local Government House Trust	(888)	0
Balance at 30 June	<u>19,905</u>	<u>20,792</u>

MATERIAL 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 26) due to the observable market rates.

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

5. RECEIVABLES AND OTHER ASSETS

(a) Current and Non-current Assets

	2024/25	Restated*
	Actual	2023/24
	\$	\$
Current		
Rates receivable	119,253	132,477
Allowance for credit losses of rates and statutory receivables	(11,880)	(46,751)
Trade receivables	229,129	31,904
Allowance for credit losses of trade receivables	(70)	0
Accrued income	201,216	634,905
ATO receivables	0	115,791
Other receivables	11,871	12,201
	549,519	880,527
Non-current		
Deferred pensioner's rates and ESL receivables	906	0
Employee related receivables	15,990	0
	16,896	0

* - Refer to Note 27 for the restatement of comparative figures.

(b) Opening and Closing Balances

	30 June 25	30 June 24	01 July 23
	Actual	Actual	Actual
	\$	\$	\$
Contracts with customers			
Trade and other receivables	229,129	31,904	33,292
Allowance for credit losses of trade and other receivables	(70)	0	0
	229,059	31,904	33,292

MATERIAL ACCOUNTING POLICIES

Rates and Statutory Receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines. Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade Receivables

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

Accrued Income

Accrued income are amounts receivable from contractual arrangements with third parties other than contracts with customers and generally amounts to be received as grants for the construction of recognisable non-financial assets.

Measurement

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

Classification and Subsequent Measurement

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

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method. Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Opening and Closing Balances

Receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

6. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

	Land \$	Buildings non-specialised \$	Buildings specialised \$	Furniture and equipment \$	Plant and equipment \$	Total \$
Balance at 01 July 23	328,000	1,501,739	8,690,810	21,697	1,623,467	12,165,713
Additions	0	3,051	150,127	22,984	1,494,444	1,670,606
(Disposals)	0	0	0	0	(316,331)	(316,331)
(Depreciation)	0	(43,460)	(238,200)	(4,448)	(326,856)	(612,964)
Transfers	0	(134,635)	134,635	0	0	0
	328,000	1,326,695	8,737,372	40,233	2,474,724	12,907,024
Comprises:						
Gross balance	328,000	1,413,615	9,208,930	92,227	4,894,320	15,937,092
Accumulated depreciation	0	(86,920)	(471,558)	(51,994)	(2,419,596)	(3,030,068)
Balance at 30 June 24	328,000	1,326,695	8,737,372	40,233	2,474,724	12,907,024
Additions*	20,000	24,412	270,614	0	1,110,446	1,425,472
(Disposals)	0	0	0	(29,246)	(28,232)	(57,478)
(Depreciation)	0	(52,840)	(231,936)	(13,279)	(442,523)	(740,578)
Transfers	0	586,805	(586,805)	39,589	(39,589)	0
	348,000	1,885,072	8,189,245	37,297	3,074,826	13,534,440
Comprises:						
Gross balance	348,000	2,031,437	8,886,133	90,774	5,074,889	16,431,233
Accumulated depreciation	0	(146,365)	(696,888)	(53,477)	(2,000,063)	(2,896,793)
Balance at 30 June 25	348,000	1,885,072	8,189,245	37,297	3,074,826	13,534,440

* - Asset additions include non-cash items.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Land
Fair Value Hierarchy	Level 2
Valuation Technique	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology
Basis of Valuation	Independent registered valuer
Date of Last Valuation	2022
Inputs Used	Price per hectare/market borrowing rates
Asset Class	Buildings - non-specialised
Fair Value Hierarchy	Level 2
Valuation Technique	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology
Basis of Valuation	Independent registered valuer
Date of Last Valuation	2022
Inputs Used	Price per hectare/market borrowing rates
Asset Class	Buildings - specialised
Fair Value Hierarchy	Level 3
Valuation Technique	Improvements valued using cost approach using depreciated replacement cost
Basis of Valuation	Independent registered valuer
Date of Last Valuation	2022
Inputs Used	Improvements to land using construction costs (level 2) current condition, residual values and remaining useful life assessments (level 3) inputs
Asset Class	Furniture and equipment / Plant and equipment
Fair Value Hierarchy	N/A
Valuation Technique	Cost
Basis of Valuation	Cost
Date of Last Valuation	N/A

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

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

7. INFRASTRUCTURE

(a) Movements in Balances

	Roads	Airport	Other	Total
	\$	\$	\$	\$
Balance at 01 July 23	71,282,698	945,700	2,517,980	74,746,378
Additions	2,253,078	0	7,350	2,260,428
(Depreciation)	(567,850)	(19,300)	(118,577)	(705,727)
	72,967,926	926,400	2,406,753	76,301,079
Comprises:				
Gross balance	85,437,283	965,000	2,664,610	89,066,893
Accumulated depreciation	(12,469,357)	(38,600)	(257,857)	(12,765,814)
Balance at 30 June 24	72,967,926	926,400	2,406,753	76,301,079
Additions	364,405	0	0	364,405
Revaluation adjustments:				
Increments / (decrements)	11,508,274	0	0	11,508,274
(Depreciation)	(612,911)	(19,300)	(118,577)	(750,788)
	84,227,694	907,100	2,288,176	87,422,970
Comprises:				
Gross balance	111,404,004	965,000	2,664,610	115,033,614
Accumulated depreciation	(27,176,310)	(57,900)	(376,434)	(27,610,644)
Balance at 30 June 25	84,227,694	907,100	2,288,176	87,422,970

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

7. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Roads
Fair Value Hierarchy	Level 3
Valuation Technique	Cost approach using depreciated replacement cost
Basis of Valuation	Independent registered valuer
Date of Last Valuation	2025
Inputs Used	Construction costs and current condition, residual values and remaining useful life assessments inputs
Asset Class	Airport
Fair Value Hierarchy	Level 3
Valuation Technique	Cost approach using depreciated replacement cost
Basis of Valuation	Management valuation
Date of Last Valuation	2022
Inputs Used	Construction costs (level 2) current condition, residual values and remaining useful life assessments (level 3) inputs
Asset Class	Other
Fair Value Hierarchy	Level 3
Valuation Technique	Cost approach using depreciated replacement cost
Basis of Valuation	Independent registered valuer
Date of Last Valuation	2022
Inputs Used	Construction costs (level 2) current condition, residual values and remaining useful life assessments (level 3) inputs

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

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

8. FIXED ASSETS

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

Asset Class	Useful life
Buildings	35 to 50 years
Furniture and equipment	5 to 17 years
Plant and equipment	6 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 to 80 years
seal	20 years
Gravel roads	
formation	not depreciated
pavement	10 years
Footpaths	30 years
Floodways	30 to 80 years
Kerbing	40 years
Grids	80 years
Culverts	60 to 80 years
Airport	50 years
Other Infrastructure	8 - 40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

MATERIAL ACCOUNTING POLICIES

Initial Recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after Recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

8. FIXED ASSETS (Continued)

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on Revaluation

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

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

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or Losses on Disposal

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

9. TRADE AND OTHER PAYABLES

	2024/25	2023/24
	Actual	Actual
	\$	\$
Current		
Revenue received in advance	58,735	51,109
Sundry creditors	109,009	571,586
Accrued salaries and wages	63,836	50,419
ATO payables	42,276	21,999
Accrued expenses	152,096	116,816
Deposits and bonds	34,864	17,322
Other payables	324	0
	461,140	829,251

MATERIAL 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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory Liabilities

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

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 income for the prepaid rates that have not been refunded.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

10. OTHER LIABILITIES

Capital Grant / Contribution Liabilities

	2024/25	2023/24
	Actual	Actual
	\$	\$
Current		
Balance at 01 July	154,025	26,433
Revenue received	276,004	154,025
Revenue recognised	(154,025)	(26,433)
Balance at 30 June	276,004	154,025

MATERIAL 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.

Capital Grant / Contribution Liabilities

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

11. EMPLOYEE RELATED PROVISIONS

	2024/25	2023/24
	Actual	Actual
Current		
Annual leave	\$ 168,965	\$ 157,231
Long service leave	131,309	96,436
	300,274	253,667
Non-current		
Long service leave	75,704	79,941
	75,704	79,941
Total employee related provisions	375,978	333,608

MATERIAL 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

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.

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 YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

12. INFORMATION ON BORROWINGS

(a) Borrowings

	2024/25 Actual \$	2023/24 Actual \$
Current	0	0
Non-current	0	0
	0	0

(b) Repayments

	Loan Number #	2024/25 Actual \$	2024/25 Budget \$	2023/24 Actual \$
Principal repayments				
19A and 19B Stanley St	53	0	0	(10,576)
18C and 18D Shamrock St	55	0	0	(25,663)
Staff housing	56	0	0	0
Public toilets	54	0	0	(10,576)
		0	0	(46,815)

Interest repayments

19A and 19B Stanley St	53	0	0	(346)
18C and 18D Shamrock St	55	0	0	(1,229)
Staff housing	56	0	0	0
Public toilets	54	0	0	(494)
		0	0	(2,069)

Principal Outstanding

	Loan Number			
	53 \$	55 \$	56 \$	54 \$
Balance as at 01 July 2023	10,576	25,663	0	10,576
Principal repayments	(10,576)	(25,663)	0	(10,576)
Balance as at 30 June 2024	0	0	0	0
Principal repayments	0	0	0	0
Balance as at 30 June 2025	0	0	0	0
Institution	WATC*	WATC*	WATC*	WATC*
Interest rate	6.54%	6.35%	3.04%	6.20%
Maturity date	15/12/23	28/06/23	02/01/23	04/03/24

* - WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

(c) New Loans

The Shire did not enter into any new loan agreements during the year ended 30 June 2025.

(d) Unspent Borrowings

There were no unspent borrowings at reporting date.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

12. INFORMATION ON BORROWINGS (Continued)

(e) Credit Standby Arrangements

	2024/25	2023/24
	Actual	Actual
	\$	\$
Bank overdraft limit	50,000	50,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(2,644)	(186)
Total amount of credit unused	62,356	64,814

MATERIAL ACCOUNTING POLICIES

Borrowing Costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26) due to the unobservable inputs, including own credit risk.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

13. CASH BACKED RESERVES

2024/25 Actual

Reserve Name	Opening Balance \$	Transfer from \$	Transfer to \$	Closing Balance \$
(a) Leave Reserve	54,618	0	2,129	56,747
(b) Plant Replacement	822,837	0	32,074	854,911
(c) Sports Complex	106,188	0	4,141	110,329
(d) Building Construction	179,868	0	7,010	186,878
(e) Yalgoo Ninghan Road	2,102,349	(1,124,904)	81,949	1,059,394
(f) Buildings Maintenance	136,626	0	5,328	141,954
(g) Community Amenities	301,070	0	11,735	312,805
(h) Healthy Community Program	157,147	0	6,126	163,273
(i) Yalgoo Morawa Road	443,315	(125,344)	17,279	335,250
(j) Office Equipment and ICT	4,017	0	183	4,200
(k) Natural Disaster Triggerpoint	14,197	0	553	14,750
(l) Emergency Road Repairs	9,293	(155,893)	146,600	0
(m) General Roads Reserve	142,776	(142,776)	0	0
(n) Superannuation Back Pay	26	(26)	0	0
	4,474,327	(1,548,943)	315,107	3,240,491

2024/25 Budget

Reserve Name	Opening Balance \$	Transfer from \$	Transfer to \$	Closing Balance \$
(a) Leave Reserve	54,618	0	52,743	107,361
(b) Plant Replacement	822,837	(680,000)	141,330	284,167
(c) Sports Complex	106,188	0	5,334	111,522
(d) Building Construction	179,868	0	9,034	188,902
(e) Yalgoo Ninghan Road	2,102,348	0	204,290	2,306,638
(f) Buildings Maintenance	136,626	0	6,863	143,489
(g) Community Amenities	301,070	(500,000)	515,122	316,192
(h) Healthy Community Program	157,148	0	7,893	165,041
(i) Yalgoo Morawa Road	443,315	0	102,267	545,582
(j) Office Equipment and ICT	4,016	0	50,229	54,245
(k) Natural Disaster Triggerpoint	14,197	0	50,713	64,910
(l) Emergency Road Repairs	9,293	0	197,411	206,704
(m) General Roads Reserve	142,775	(142,775)	0	0
(n) Superannuation Back Pay	27	(27)	0	0
	4,474,326	(1,322,802)	1,343,229	4,494,753

2023/24 Actual

Reserve Name	Opening Balance \$	Transfer from \$	Transfer to \$	Closing Balance \$
(a) Leave Reserve	51,603	0	3,015	54,618
(b) Plant Replacement	63,860	0	758,977	822,837
(c) Sports Complex	100,326	0	5,862	106,188
(d) Building Construction	169,937	0	9,931	179,868
(e) Yalgoo Ninghan Road	887,476	0	1,214,873	2,102,349
(f) Buildings Maintenance	129,083	0	7,543	136,626
(g) Community Amenities	284,448	0	16,622	301,070
(h) Healthy Community Program	148,471	0	8,676	157,147
(i) Yalgoo Morawa Road	189,307	0	254,008	443,315
(j) Office Equipment and ICT	3,795	0	222	4,017
(k) Natural Disaster Triggerpoint	13,413	0	784	14,197
(l) Emergency Road Repairs	8,780	0	513	9,293
(m) General Roads Reserve	134,893	0	7,883	142,776
(n) Superannuation Back Pay	25	0	1	26
	2,185,417	0	2,288,910	4,474,327

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

13. CASH BACKED RESERVES (Continued)

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Purpose of the reserve

(a) Employee Entitlement (Leave)

To be used to fund annual and long service leave requirements

(b) Plant Replacement

To be used for the purchase of major plant

(c) Sports Complex

To be used for the replacement of council properties including housing and other properties

(d) Building Construction

To be used to maintain the sealed Yalgoo Ninghan Road

(e) Yalgoo Ninghan Road

For the development of new recreational facilities

(f) Buildings Maintenance

For the maintenance of staff and other housing owned by the Shire

(g) Community Amenities

For the maintenance of community amenities

(h) Healthy Community Program

For future community projects operating expenditure

(i) Yalgoo Morawa Road

To be used to maintain the sealed Yalgoo Morawa Road

(j) Office Equipment and ICT

For the purpose of purchase of new office equipment and the maintenance of existing equipment

(k) Natural Disaster Triggerpoint

To be used to fund the Shire mandatory contribution when the Shire receives funding for reparation after natural disaster events

(l) Emergency Road Repairs

To be used to fund emergency repairs to roads that are damaged by unfunded events (storm damages, vehicular etc.)

(m) General Road

For the maintenance of grids etc. on roads in the Shire

(n) Superannuation Back Pay

For the purpose of paying any superannuation and back pay costs

Reserves are anticipated to be used as required.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

14. REVALUATION SURPLUS

2024/25 Actual

	Opening balance	Revaluation increment	Transfer*	Revaluation (decrement)	Total movement	Closing balance
	\$	\$	\$	\$	\$	\$
General Rates						
Land	57,915	0	0	0	0	57,915
Buildings	2,264,130	0	0	0	0	2,264,130
Furniture and equipment	25,665	0	(25,665)	0	(25,665)	0
Plant and equipment	1,561,098	0	(1,561,098)	0	(1,561,098)	0
Roads	49,372,768	11,508,274	0	0	11,508,274	60,881,042
Airport	980,809	0	0	0	0	980,809
Other	891,438	0	0	0	0	891,438
	55,153,823	11,508,274	(1,586,763)	0	9,921,511	65,075,334

2023/24 Actual

	Opening balance	Revaluation increment	Transfer*	Revaluation (decrement)	Total movement	Closing balance
	\$	\$	\$	\$	\$	\$
General Rates						
Land	57,915	0	0	0	0	57,915
Buildings	2,264,130	0	0	0	0	2,264,130
Furniture and equipment	25,665	0	0	0	0	25,665
Plant and equipment	1,561,098	0	0	0	0	1,561,098
Roads	49,372,768	0	0	0	0	49,372,768
Airport	980,809	0	0	0	0	980,809
Other	891,438	0	0	0	0	891,438
	55,153,823	0	0	0	0	55,153,823

* - Transferred to retained surplus. The revaluation surplus was derecognised in 2024/25 and transferred to retained surplus due to the assets it related to either being fully depreciated, written-off or disposed. Note that this was primarily due to furniture and equipment, and plant and equipment both no longer being carried at cost less accumulated depreciation since 2019/20 due to amendments to Regulation 17A of the *Local Government (Financial Management) Regulations 1996*.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

15. SURPLUS OR DEFICIT AFTER IMPOSITION OF GENERAL RATES

(a) Net Current Assets used in the Statement of Financial Activity	2024/25 Actual \$	2024/25 Budget \$	Restated* 2023/24 Actual \$
Cash and cash equivalents	1,930,864	4,554,462	3,674,424
Cash reserves	3,240,491	0	4,420,623
Rates receivables	118,274	0	132,477
Other receivables	431,245	674,294	748,050
	<u>5,720,874</u>	<u>5,228,756</u>	<u>8,975,574</u>
Trade and other payables	(461,139)	(786,535)	(829,251)
Contract liabilities	(276,004)	263	(154,025)
Employee related provisions	(300,274)	(481,831)	(253,667)
	<u>(1,037,417)</u>	<u>(1,268,103)</u>	<u>(1,236,943)</u>
Total adjustments to net current assets (refer to note 15(b))	<u>(3,240,491)</u>	<u>(3,960,653)</u>	<u>(4,474,327)</u>
Net current assets	<u>1,442,966</u>	<u>0</u>	<u>3,264,304</u>

* - Refer to Note 27 for the restatement of comparative figures.

(b) Adjustments to Net Current Assets

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus after imposition of general rates.

	2024/25 Actual \$	2024/25 Budget \$	Restated* 2023/24 Actual \$
Less: Cash reserves	(3,240,491)	(4,494,753)	(4,474,327)
Add: Current liabilities not expected to be cleared	0	477,887	0
Add: Current portion of employee benefit provisions	0	56,213	0
	<u>(3,240,491)</u>	<u>(3,960,653)</u>	<u>(4,474,327)</u>

(c) Reconciliation of Net Current Assets Carried Forward

In accordance with *Local Government (Financial Management) Regulations 1996 s36(1)(e)*, the following reconciliation provides the difference between the net current assets carried forward of the audited annual report and the amount carried forward for the purpose of the budget.

Net current assets carried forward from the audited annual report	3,264,304
Net current assets carried forward for the purpose of the budget	<u>4,009,195</u>
Difference - Surplus / (Deficit)	(744,891)

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2024/25	2024/25	2023/24
	Actual	Budget	Actual
	\$	\$	\$
Provided by operating activities to net result			
Net result	(2,793,896)	727,958	2,479,253
Depreciation	1,491,366	1,333,372	1,318,691
Non-operating grants, subsidies and contributions	(528,063)	(2,655,793)	(1,070,914)
(Profit)/loss on sale of assets	(76,614)	(160,694)	(395,189)
Adjustments to fair value of financial assets	888	0	0
Fair value gain on acquisition of non-financial assets	(1,005,888)	0	0
(Increase)/decrease in receivables and other assets	198,320	568,611	53,820
Increase/(decrease) in payables	(252,321)	(154,288)	362,592
Increase/(decrease) in provisions	42,370	0	(47,498)
Net cash from operating activities	(2,923,838)	(340,834)	2,700,755

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

17. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

	2024/25	2024/25	2023/24
	Actual	Budget	Actual
	\$	\$	\$
President's remuneration			
President's allowance	10,553	14,000	12,833
Meeting attendance fees	6,219	7,600	8,070
Telecommunications allowance	3,500	3,500	3,792
Travelling expenses and reimbursements	7,643	2,000	2,767
	<u>27,915</u>	<u>27,100</u>	<u>27,462</u>
Deputy President's remuneration			
Deputy President's allowance	2,638	3,500	3,500
Meeting attendance fees	2,756	4,572	3,610
Telecommunications allowance	3,500	3,500	3,500
Travelling expenses and reimbursements	0	2,000	0
	<u>8,894</u>	<u>13,572</u>	<u>10,610</u>
All other members' remuneration			
All other meeting attendance fees	9,580	18,288	9,936
All other telecommunication allowances	14,000	14,000	10,500
All other travelling expenses and reimbursements	5,818	8,000	5,677
	<u>29,398</u>	<u>40,288</u>	<u>26,113</u>
	<u>66,207</u>	<u>80,960</u>	<u>64,185</u>

(b) Key management personnel (KMP) compensation

	2024/25	Restated*
	Actual	2023/24
	\$	Actual
	\$	\$
Short-term employee benefits	356,520	436,549
Post-employment benefits	50,669	56,800
Employee - other long-term benefits	16,230	26,101
Employee - termination benefits	7,287	0
Council member costs (refer Note 17(a))	66,207	64,185
	<u>496,913</u>	<u>583,635</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

* - "Employee - other long-term benefits" was calculated incorrectly resulting in an overstatement of \$74,565.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

17. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with Related Parties

	2024/25	2023/24
	Actual	Actual
	\$	\$
Purchase of goods and services	20,786	426,758
Amounts payable to related parties:		
Trade and other payables	34,006	18,906

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.

Related Parties

(i) Key management personnel

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

(ii) Other Related Parties

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

Included in the 2023/24 purchase of goods and services is a contract involving roadworks amounting to \$406,589, which was performed at arms length.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

(iii) Entities subject to significant influence by the Shire

There were no entities requiring disclosure during the current or previous year.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

18. LEASES

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

Lessor - Property, Plant and Equipment Subject to Lease	2024/25 Actual \$	2023/24 Actual \$
Fuel Station		
Less than 1 year	0	3275.00
1 to 2 years	0	0.00
2 to 3 years	0	0.00
3 to 4 years	0	0.00
	<hr/>	<hr/>
	0	3275.00
 Amounts recognised in profit or loss		
Rental income	0	7605.00

MATERIAL 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 (e.g. 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 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

19. TRUST FUNDS

There were no funds held in Trust at 30 June 2025 or 30 June 2024.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

20. CONTINGENT LIABILITIES

The Shire has identified Lot 196, 21 Stanley Street (the Shire depot), is contaminated with heavy metals and hydrocarbons. Rehabilitation works will be performed when the Depot is no longer in operation, which is not foreseeable in the near future. Therefore, the value and timing of remediation has not been ascertained.

21. CAPITAL COMMITMENTS

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

22. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

23. INVESTMENT IN ASSOCIATES

The Shire did not have any investments in associates at reporting date.

24. INVESTMENT PROPERTIES

The Shire did not hold any investment properties at reporting date.

25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire began negotiations to purchase the Yalgoo Hotel from a related party which was settled in October 2025.

On 15 May 2025, the Shire notified DFES of its intention to commence proceedings for judicial review of its decision not to honour its claims for funding of \$5,392,415 under the Disaster Recovery Funding Arrangements. DFES responded by extending time to enable the Shire to lodge written submissions. The Shire has lodged written submissions with DFES. As of the date of signing the financial statements, the Shire and DFES have been in without prejudice' discussions with regard to the Shire's claims.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

26. OTHER MATERIAL ACCOUNTING POLICIES

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.

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.

Rounding

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.

Comparative Figures

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

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

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.

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.

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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

26. OTHER MATERIAL ACCOUNTING POLICIES (Continued)

Interest Revenue

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

Fair Value Hierarchy

AASB 13 *Fair Value Measurement* 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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

26. OTHER MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of Assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 8.

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

27. CORRECTION OF PRIOR PERIOD ERRORS

Balances relating to the 2023/24 comparative financial year have been amended because of the correction of prior period errors. This has also resulted in the presentation of a third statement of financial position, as at the beginning of the comparative period of 01 July 2023. The errors were as follows:

1. The Shire recognised accrued income related to emergency works in prior years. In 2024/25, the Shire, in accordance with the Australian Accounting Standards, decided it would retrospectively impair \$362,118 of this accrued income in the 2022/23 financial year. This was as a result of the amount currently approved by DFES. The impacted accounts are shown below.

2. Net current assets used in the statement of financial activity incorrectly included legacy adjustments to remove current liabilities for accrued salaries and wages, accrued interest on borrowings and employee related provisions. The exclusion of these liabilities resulted in the net current assets used in the statement of financial activity of the Shire to be overstated by \$305,478 (total overstatement of \$667,596 when including the impact of item 1 above) with the impacted accounts shown below.

The changes to the comparative figures are outlined in the extracts below:

	Previous Balance 30 June 24	Increase / (Decrease)	Restated Balance 30 June 24	Previous Balance 01 July 2023	Increase / (Decrease)	Restated Balance 01 July 2023
	\$	\$	\$	\$	\$	\$
Statement of financial position						
Receivables and other assets	1,242,645	(362,118)	880,527	1,296,466	(362,118)	934,348
Total current assets	9,337,692	(362,118)	8,975,574	8,886,173	(362,118)	8,524,055
Total assets	98,566,587	(362,118)	98,204,469	95,819,056	(362,118)	95,456,938
Net assets	97,249,703	(362,118)	96,887,585	94,770,450	(362,118)	94,408,332
Retained surplus	37,621,553	(362,118)	37,259,435	37,431,210	(362,118)	37,069,092
Total equity	97,249,703	(362,118)	96,887,585	94,770,450	(362,118)	94,408,332

	Previous Balance 30 June 24	Increase / (Decrease)	Restated Balance 30 June 24
	\$	\$	\$
Statement of financial activity			
Opening Surplus or (Deficit)	6,145,155	(742,845)	5,402,310
Movement in current accrued salaries and wages	(13,016)	13,016	0
Movement in current employee benefit provisions	(61,976)	61,976	0
Movement in non-current employee benefit provisions	14,478	0	14,478
Movement in current accrued interest on borrowings	(257)	257	0
Amount attributable to operating activities	(616,971)	75,249	(541,722)
Surplus / (deficit) before imposition of general rates	1,043,859	(667,596)	376,263
Surplus / (deficit) after imposition of general rates	3,931,900	(667,596)	3,264,304

Note 5(a) Receivables and other assets

Accrued income	997,023	(362,118)	634,905
Total receivables and other assets	1,242,645	(362,118)	880,527

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2025

27. CORRECTION OF PRIOR PERIOD ERRORS (Continued)

	Previous Balance 30 June 24 \$	Increase / (Decrease) \$	Restated Balance 30 June 24 \$
Note 15(a) Net Current Assets used in the Statement of Financial Activity			
Other receivables	1,110,168	(362,118)	748,050
Total current assets	9,337,692	(362,118)	8,975,574
Total adjustments to net current assets	(4,168,849)	(305,478)	(4,474,327)
Net current assets	3,931,900	(667,596)	3,264,304
Note 15(b) Adjustments to Net Current Assets			
Add: Current liabilities not expected to be cleared	51,811	(51,811)	0
Add: Current portion of employee benefit provisions	253,667	(253,667)	0
Total adjustments to net current assets	(4,168,849)	(305,478)	(4,474,327)