



# **Shire of Leonora**

# **ANNUAL REPORT**

**For the year ending  
30<sup>th</sup> JUNE 2013**

# ANNUAL REPORT 2012-2013



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# ANNUAL REPORT 2012-2013



## **MESSAGE FROM THE SHIRE PRESIDENT**

This year has been a year of consolidation for the council, as the staff have been busy formulating and finishing asset management, corporate business, long term financial & workforce plans, as well as the strategic community plan, with input from the wider community and the councillors. These are all management tools under a new Integrated Planning & Reporting Framework that the state government asked all councils in WA to enact, and under the leadership of CEO Jim Epis, Deputy CEO Tanya Browning and Manager Works Dan Yates, the Shire of Leonora have been working toward achieving these goals. There is likely to be continued effort into now improving these plans, and the practices associated with them. The Shire of Leonora has always prided itself on sound financial and operational management, and has embraced the opportunity to formalise these practices.

During 2012/13, Leonora entered the Tidy Towns competition for the first time and won two awards in the regional competition (General Appearance, Heritage), and also the award for General Appearance at the State competition. I would like to thank the committee who drove this initiative and all people who helped. Thank you for your effort, it reflects well on our community, and you should be congratulated for your work. The shire work force also need to be thanked for the effort they put into keeping the town site and surrounding areas clean, neat and tidy, and as a councillor I receive a lot of positive comments about the presentation of Leonora. As a community that strives to promote tourism in the region, these comments can only help our efforts.

Local services in the community have also been undergoing some change. The Child Care Centre now operates under the National Quality Framework, with a strong focus on education for children in its care. This means not only a focus on education (rather than historic perception of babysitting), but all staff employed by the centre are either qualified in child services, or working toward a qualification. The Shire of Leonora has always been a strong supporter of education and traineeships, and look forward to further improving the care and education available at the centre. To date, increased utilisation of the service supports the positive reception of the improvements.

This is my final year on Council, after twelve years, with four years as Shire President. I have really enjoyed the opportunity to represent the ratepayers and electors, and being involved in setting the future strategic direction for the Shire of Leonora, and thank the Council and staff for their collaboration over the years.

On behalf of the Council and staff, I would like to thank the community for its participation in various events and activities, as we look forward to the coming year of projects and events that will see continued improvement.

**Cr Jeff Carter**  
**President**

# ANNUAL REPORT 2012-2013



## **MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

An extensive capital works program was undertaken during 2012/13 which included resealing of some town streets, upgrade to digital television, extension to street lighting in industrial and residential areas, construction of new staff housing and further works to apron extension at the Leonora aerodrome. All of these works have been to support increased growth in the area, congruent with the economic growth opportunities within the Shire of Leonora. Continued work on the renewal of heritage infrastructure were also undertaken, as well as other renewal works associated with good asset management practices.

Now that the Shire of Leonora have completed the necessary plans as part of the Integrated Planning and Reporting Framework mandated from the 1<sup>st</sup> July 2013, work will continue on improving these plans and the practices associated with them. Already, staff are working on improving data collection processes, and implementing recommendations from plans that have been developed. This included a full of review of the existing plant replacement program and building maintenance programs.

A change to the Shire of Leonora's organisation structure was also implemented during the 2012/13 reporting period. Two new mid-level management positions were created to oversee the increasing level of service provision and reporting requirements associated with the services provided by the Shire of Leonora. The new positions are Manager Education & Welfare Services, & Manager Economic & Heritage Services.

Dedication of the membership ensures the Shire of Leonora operates as one complete team, being able to achieve anything. Council's support has remained steadfast and progressive throughout the year and is demonstrated by meeting attendances as highlighted below:

<b>COUNCILLOR</b>	<b>MEETING CONVENED</b>	<b>ATTENDED</b>	<b>% ATTENDANCE</b>
J F Carter	11	10	91%
P J Craig	11	9	82%
M W V Taylor	11	9	82%
G W Baker	11	11	100%
S J Heather	11	7	64%
R A Norrie	11	11	100%
L R Petersen	11	9	82%

Once again, the Shire has finished in a strong financial position, and achieved a 'clean' audit report (no points of statutory non-compliance), and as with any good team it's the dedication and commitment of its members that makes a winning combination. I would like to thank all the staff and Councillors for their perseverance and loyalty over the year in review, and I look forward to the challenges and rewards that 2013/14 will present to us.

**Jim Epis**  
**Chief Executive Officer**

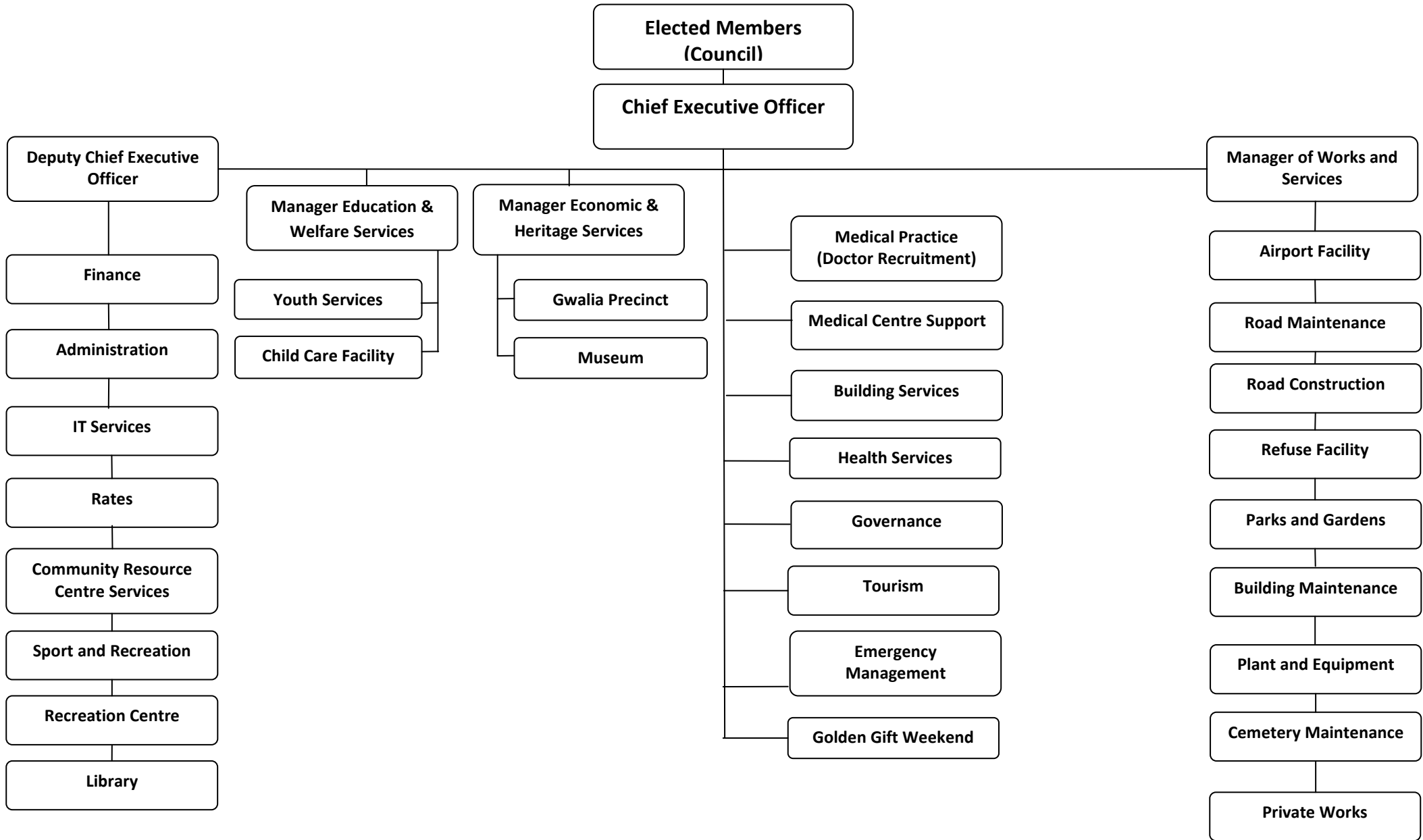
# ANNUAL REPORT 2012-2013



## COUNCILLOR DETAILS

POSITION	WARD	RETIREMENT YEAR	CONTACT	NUMBER
<b>PRESIDENT</b> Mr J F CARTER Clover Downs Station (PO Box 85) LEONORA WA 6438	NORTH	2013	WK HM FAX MOB EMAIL	08 9037 6159 08 9037 6159 0417 981 016 jeff@cloverdowns.com.au
<b>DEPUTY PRESIDENT</b> Mr P CRAIG 9B North Road (PO Box 118) LEINSTER WA 6437	NORTH	2015	WK HM FAX MOB EMAIL	08 9037 9191 08 9037 9054 08 9037 9192 0418 950 572 peter.craig@bagden.com.au
Mr M W V Taylor 10 Forrest Street (PO Box 226) LEONORA WA 6438	SOUTH	2015	WK HM FAX MOB EMAIL	08 6314 4712 0417 976 169 matt@pmcc.com.au
Ms L R PETERSEN Lot 1114 Gwalia Street (PO Box 69) LEONORA WA 6438	SOUTH	2013	WK HM FAX MOB EMAIL	08 9037 6400 08 9037 6404 0419 177 232 Butsonsbs@westnet.com.au
Mr S J HEATHER Lot 8 Gwalia Street (PO Box 223) LEONORA WA 6438	NORTH	2013	WK HM FAX MOB EMAIL	08 9037 6153 08 9037 6153 0408 996 373 jjheather@bigpond.com
Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	SOUTH	2015	WK HM FAX MOB EMAIL	08 9037 6777 08 9037 7389 08 9037 6788 0409 377 386 rosscpa@bigpond.net.au
Mr GW BAKER "Waarnba" LOC 51 Laverton Road (PO Box 90) LEONORA WA 6438	SOUTH	2013	WK HM FAX MOB EMAIL	08 9037 6090 08 9037 6090 08 9037 6090 sixmile6@bigpond.com

# SHIRE OF LEONORA – ORGANISATIONAL CHART



**SHIRE OF LEONORA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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**Principal Place of Business**

16 Tower Street,  
Leonora WA 6438

**SHIRE OF LEONORA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Leonora being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

*30*

day of

*SEPTEMBER*

2013

  
\_\_\_\_\_  
Jim Epis  
Chief Executive Officer



**SHIRE OF LEONORA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Rates	22	4,787,329	4,710,429	4,788,049
Operating Grants, Subsidies and Contributions	28	2,410,816	4,364,048	2,496,935
Fees and Charges	27	1,127,213	1,267,584	1,083,836
Interest Earnings	2(a)	38,954	79,740	71,230
Other Revenue		<u>124,952</u>	<u>99,317</u>	<u>519,034</u>
		<u>8,489,264</u>	<u>10,521,118</u>	<u>8,959,084</u>
<b>Expenses</b>				
Employee Costs		(2,415,111)	(2,702,900)	(2,313,730)
Materials and Contracts		(3,525,479)	(5,723,371)	(2,974,344)
Utility Charges		(327,079)	(107,040)	(351,758)
Depreciation on Non-Current Assets	2(a)	(1,200,471)	(1,557,338)	(1,326,899)
Interest Expenses	2(a)	(332)	0	0
Insurance Expenses		(271,458)	(250,018)	(251,569)
Other Expenditure		<u>(93,893)</u>	<u>(534,908)</u>	<u>(563,980)</u>
		<u>(7,833,823)</u>	<u>(10,875,575)</u>	<u>(7,782,280)</u>
		655,441	(354,457)	1,176,804
Non-Operating Grants, Subsidies and Contributions				
	28	358,643	471,643	40,000
Fair value Decrement Furniture and Equipment		(149)	0	0
Profit on Asset Disposals	20	65,000	40,000	3,193
Loss on Asset Disposal	20	<u>(129,495)</u>	<u>(343,023)</u>	<u>(66,733)</u>
<b>Net Result</b>		<b>949,440</b>	<b>(185,837)</b>	<b>1,153,264</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	(4,467,654)	0	(1,950,444)
<b>Total Other Comprehensive Income</b>		<u>(4,467,654)</u>	<u>0</u>	<u>(1,950,444)</u>
<b>Total Comprehensive Income</b>		<u><u>(3,518,214)</u></u>	<u><u>(185,837)</u></u>	<u><u>(797,180)</u></u>

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

**SHIRE OF LEONORA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Governance		25,730	1,820	395
General Purpose Funding		6,248,204	6,014,979	6,136,703
Law, Order, Public Safety		12,350	15,530	12,999
Health		39,517	74,584	29,813
Education and Welfare		153,471	163,370	84,288
Housing		43,043	46,740	39,898
Community Amenities		90,494	89,771	81,224
Recreation and Culture		175,257	205,579	202,280
Transport		1,034,120	3,246,324	1,243,245
Economic Services		518,562	530,724	535,605
Other Property and Services		148,516	131,697	592,634
	<b>2(a)</b>	<u>8,489,264</u>	<u>10,521,118</u>	<u>8,959,084</u>
<b>Expenses</b>				
Governance		(387,985)	(444,302)	(290,688)
General Purpose Funding		(280,805)	(321,990)	(252,700)
Law, Order, Public Safety		(154,444)	(155,837)	(137,886)
Health		(500,139)	(567,033)	(466,281)
Education and Welfare		(366,488)	(446,802)	(357,053)
Housing		(7,238)	(15,000)	(7,765)
Community Amenities		(218,486)	(250,913)	(215,517)
Recreation & Culture		(1,005,649)	(1,065,368)	(896,796)
Transport		(3,642,962)	(6,040,924)	(3,448,370)
Economic Services		(1,285,969)	(1,518,990)	(1,168,150)
Other Property and Services		16,674	(48,416)	(541,074)
	<b>2(a)</b>	<u>(7,833,491)</u>	<u>(10,875,575)</u>	<u>(7,782,280)</u>
<b>Financial Costs</b>				
Other Property and Services		(332)	0	0
	<b>2(a)</b>	<u>(332)</u>	<u>0</u>	<u>0</u>
<b>Fair value Decrement Furniture and Equipment</b>				
Other Property and Services		(149)	0	0
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Recreation & Culture		0	113,000	0
Transport		358,643	358,643	0
Other Property and Services		0	0	40,000
		<u>358,643</u>	<u>471,643</u>	<u>40,000</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Health		(8,591)	(9,659)	0
Education and Welfare		(8,137)	(7,276)	(16,626)
Housing		(2,229)	0	0
Community Amenities		0	(143,000)	(20,511)
Recreation & Culture		(19,904)	0	0
Transport		4,523	(121,497)	(10,193)
Other Property and Services		(30,157)	(21,591)	(16,210)
		<u>(64,495)</u>	<u>(303,023)</u>	<u>(63,540)</u>
<b>Net Result</b>		<b>949,440</b>	<b>(185,837)</b>	<b>1,153,264</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	(4,467,654)	0	(1,950,444)
<b>Total Other Comprehensive Income</b>		<u>(4,467,654)</u>	<u>0</u>	<u>(1,950,444)</u>
<b>Total Comprehensive Income</b>		<u><u>(3,518,214)</u></u>	<u><u>(185,837)</u></u>	<u><u>(797,180)</u></u>

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

**SHIRE OF LEONORA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,666,285	1,475,983
Trade and Other Receivables	4	281,787	399,297
Inventories	5	48,918	47,364
<b>TOTAL CURRENT ASSETS</b>		<u>1,996,990</u>	<u>1,922,644</u>
<b>NON-CURRENT ASSETS</b>			
Inventories	5	631,535	631,535
Property, Plant and Equipment	6	12,996,969	12,022,111
Infrastructure	7	34,310,902	38,626,344
<b>TOTAL NON-CURRENT ASSETS</b>		<u>47,939,406</u>	<u>51,279,990</u>
<b>TOTAL ASSETS</b>	17	<u>49,936,396</u>	<u>53,202,634</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	409,937	132,019
Provisions	10	277,363	311,403
<b>TOTAL CURRENT LIABILITIES</b>		<u>687,300</u>	<u>443,422</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	28,849	20,751
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>28,849</u>	<u>20,751</u>
<b>TOTAL LIABILITIES</b>		<u>716,149</u>	<u>464,173</u>
<b>NET ASSETS</b>		<u>49,220,247</u>	<u>52,738,461</u>
<b>EQUITY</b>			
Retained Surplus		36,772,269	35,902,294
Reserves - Cash Backed	11	470,467	391,002
Revaluation Surplus	12	11,977,511	16,445,165
<b>TOTAL EQUITY</b>		<u>49,220,247</u>	<u>52,738,461</u>

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

**SHIRE OF LEONORA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		34,714,823	308,432	18,395,609	53,418,864
Changes in Accounting Policy		0	0	0	0
Correction of Errors		116,777	0	0	116,777
Restate Balance		<u>34,831,600</u>	<u>308,432</u>	<u>18,395,609</u>	<u>53,535,641</u>
Comprehensive Income		0			
Net Result		1,153,264	0	0	1,153,264
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>(1,950,444)</u>	<u>(1,950,444)</u>
Total Other Comprehensive Income		1,153,264	0	(1,950,444)	(797,180)
Reserve Transfers		(82,570)	82,570	0	0
<b>Balance as at 30 June 2012</b>		<b><u>35,902,294</u></b>	<b><u>391,002</u></b>	<b><u>16,445,165</u></b>	<b><u>52,738,461</u></b>
Comprehensive Income					
Net Result		949,440	0	0	949,440
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>(4,467,654)</u>	<u>(4,467,654)</u>
Total Other Comprehensive Income		949,440	0	(4,467,654)	(3,518,214)
Reserve Transfers		(79,465)	79,465	0	0
<b>Balance as at 30 June 2013</b>		<b><u><u>36,772,269</u></u></b>	<b><u><u>470,467</u></u></b>	<b><u><u>11,977,511</u></u></b>	<b><u><u>49,220,247</u></u></b>

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

**SHIRE OF LEONORA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		4,770,958	4,710,429	4,800,210
Operating Grants, Subsidies and Contributions		2,511,332	4,364,048	2,427,572
Fees and Charges		1,127,213	1,463,887	1,083,836
Interest Earnings		38,954	79,740	71,230
Goods and Services Tax		354,403	0	487,368
Other Revenue		124,952	99,317	519,034
		<u>8,927,812</u>	<u>10,717,421</u>	<u>9,389,250</u>
<b>Payments</b>				
Employee Costs		(2,480,431)	(2,665,032)	(2,279,069)
Materials and Contracts		(3,209,737)	(5,633,898)	(2,983,719)
Utility Charges		(327,079)	(107,040)	(351,758)
Interest Expenses		(332)	0	0
Insurance Expenses		(271,458)	(250,018)	(251,569)
Goods and Services Tax		(321,038)	0	(524,303)
Other Expenditure		(93,893)	(534,908)	(439,817)
		<u>(6,703,968)</u>	<u>(9,190,896)</u>	<u>(6,830,235)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>2,223,844</u>	<u>1,526,525</u>	<u>2,559,015</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(1,849,432)	(2,280,106)	(1,112,689)
Payments for Construction of Infrastructure		(855,936)	(1,237,103)	(1,197,644)
Non-Operating Grants, Subsidies and Contributions		358,643	471,643	40,000
Proceeds from Sale of Plant & Equipment		313,183	720,800	185,820
Proceeds from Land for Resale		0	0	352,153
		<u>0</u>	<u>0</u>	<u>352,153</u>
<b>Net Cash Provided by (Used in) Investment Activities</b>		(2,033,542)	(2,324,766)	(1,732,360)
<b>Net Increase (Decrease) in Cash Held</b>		190,302	(798,241)	826,655
Cash at Beginning of Year		1,475,983	1,475,983	649,328
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>1,666,285</u>	<u>677,742</u>	<u>1,475,983</u>

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

**SHIRE OF LEONORA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>Revenue</b>				
Governance		25,730	1,820	395
General Purpose Funding		1,460,875	1,304,550	1,348,654
Law, Order, Public Safety		12,350	15,530	12,999
Health		39,517	74,584	29,813
Education and Welfare		153,471	163,370	84,288
Housing		43,043	46,740	39,898
Community Amenities		90,494	89,771	81,224
Recreation and Culture		175,257	318,579	202,280
Transport		1,457,763	3,644,967	1,246,074
Economic Services		518,562	530,724	575,605
Other Property and Services		148,367	131,697	592,998
		<u>4,125,429</u>	<u>6,322,332</u>	<u>4,214,228</u>
<b>Expenses</b>				
Governance		(387,985)	(444,302)	(290,688)
General Purpose Funding		(280,805)	(321,990)	(252,700)
Law, Order, Public Safety		(154,444)	(155,837)	(137,886)
Health		(508,730)	(576,692)	(482,907)
Education and Welfare		(374,625)	(454,078)	(357,053)
Housing		(9,467)	(15,000)	(7,765)
Community Amenities		(218,486)	(393,913)	(236,028)
Recreation and Culture		(1,025,553)	(1,065,368)	(896,796)
Transport		(3,703,439)	(6,202,421)	(3,461,392)
Economic Services		(1,285,969)	(1,518,990)	(1,168,150)
Other Property and Services		(13,815)	(70,007)	(557,648)
		<u>(7,963,318)</u>	<u>(11,218,598)</u>	<u>(7,849,013)</u>
<b>Net Result Excluding Rates</b>		(3,837,889)	(4,896,266)	(3,634,785)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
Fair value Decrement Furniture and Equipment		149	0	0
(Profit)/Loss on Asset Disposals	20	64,495	303,023	63,540
Movement in Accrued Salaries and Wages		5,479	0	6,030
Movement in Employee Benefit Provisions (Non-current)		(25,942)	0	70,526
Movement in Land held for Resale		0	0	476,316
Depreciation and Amortisation on Assets	2(a)	1,200,471	1,557,338	1,326,899
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings	6	(970,912)	(1,181,796)	(473,031)
Purchase Infrastructure Assets - Roads	7	(527,376)	(323,243)	(508,699)
Purchase Plant and Equipment	6	(28,620)	(862,562)	(633,959)
Purchase Furniture and Equipment	6	(849,900)	(235,748)	(5,699)
Purchase Infrastructure Assets - Other	7	(328,560)	(913,860)	(688,945)
Proceeds from Disposal of Assets	20	313,183	720,800	185,820
Transfers to Reserves (Restricted Assets)	11	(247,531)	(336,740)	(159,309)
Transfers from Reserves (Restricted Assets)	11	168,066	50,000	76,739
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,412,542	1,408,625	523,050
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,134,984	0	1,412,542
<b>Total Amount Raised from General Rate</b>	22(a)	<u>(4,787,329)</u>	<u>(4,710,429)</u>	<u>(4,788,049)</u>

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

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

**(c) 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 in the statement of financial position are stated inclusive of applicable GST. 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.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

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

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



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or-

(II) Infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

***Land Under Control***

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Initial Recognition***

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from the determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes

Those assets carried at cost will be carried in accordance with the policy detailed in the Initial ***Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to Fair Value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard)

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

***Land Under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	2 to 15 years
Plant and Equipment	5 to 15 years
Infrastructure	10 to 40 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that to retained earnings surplus.

***Capitalisation Threshold***

The Shire of Leonora has no capitalisation threshold.

**(h) Intangible Assets**

***Easements***

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at Fair Value with changes to carrying amount being included in profit and loss.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Derecognition**

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

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

**(j) Impairment**

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

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

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

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

**(k) Trade and Other Payables**

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

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**(m) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(n) Provisions**

Provisions are recognised when:

- a) The Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

**(o) Leases**

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

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

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

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

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

**(p) Investment in Associates**

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associated entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit and loss.

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

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



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(q) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interests in joint venture entities are recorded using the equity method of accounting in (refer to Note 1(p) for details) in the financial report.

Where the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

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

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

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

**(s) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

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

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

**(u) Rounding Off Figures**

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(v) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(w) Budget Comparative Figures**

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 – Financial Instruments	December 2009	1 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 2012 - 6 Amendments to Australian Accounting Standards - Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	1 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(iii) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 – Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards  [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	1 January 2013	Nil – None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture it is not expected to have a significant impact on the Council.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 134, 1039 & 1049]	September 2011	1 July 2013	<p>The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit and loss subsequently.</p> <p>It effects presentation only and is not expected to significantly impact the Council.</p>
(vi) AASB 119 - Employee Benefits, AASB 2011 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	1 January 2013	<p>The changes in relation to defined benefits plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.</p>
(vii) AASB 2012 - 2 Amendments to Australian Accounting Standards - Disclosure - Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	1 January 2013	<p>Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>The Standard is not expected to significantly impact on the Council's financial statements.</p>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	<p>This Standards adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>The Standard is not expected to significantly impact on the Council's financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	1 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.</p>
(x) AASB 2012-10 - Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretations 12]	December 2012	1 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(y) Prior Period Adjustment**

The amount of depreciation on fixed assets at 30 June 2012 has been changed to show the correct figure due to fixed asset disposal amendments.

	Cost \$	Accumulated Depreciation \$	Retained earnings/profit or loss \$
<b>2011</b>			
Unadjusted balance as at 1 July 2011	3,788,636	(1,589,522)	34,714,823
Adjusted balance 1 July 2011	<u>3,799,490</u>	<u>(1,482,512)</u>	<u>34,831,600</u>
Effect of fixed asset amendments	<u>(10,854)</u>	<u>(107,010)</u>	<u>(116,777)</u>
<b>2012</b>			
Unadjusted balance as at 30 June 2012	3,788,636	(1,589,522)	35,785,517
Adjusted balance at 30 June 2012	<u>3,799,490</u>	<u>(1,482,512)</u>	<u>35,902,294</u>
Effect on profit or loss	<u>(10,854)</u>	<u>(107,010)</u>	<u>(116,777)</u>

The change due to the prior period adjustment had no material impact on the entity's financial statements

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

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

These new and revised standards were:

AASB 2010 - 8  
AASB 2011 - 3  
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt AASB 13 - *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES	2013 \$	2012 \$
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of the annual financial report	22,912	11,527
- Other services	800	750
<b>Depreciation</b>		
Land and Buildings	183,893	177,471
Furniture and Equipment	12,512	14,800
Plant and Equipment	345,233	319,347
Roads	509,472	678,550
Roads - Other	56,103	57,604
Other Infrastructure	93,258	79,127
	1,200,471	1,326,899
<b>Interest Expenses (Finance Costs)</b>		
Other	332	0
	332	0
(ii) Crediting as Revenue:		
<b>Significant Revenue</b>		
General Purpose Funding	577,818	543,688

This significant revenue in both years relates to  
Local Government Financial Assistance Grant  
- payment received early

	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	12,474	60,000	13,247
- Other Funds	26,481	19,740	57,983
	38,954	79,740	71,230



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

The Shire is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Includes costs and revenues associated with the President and Councillors in the exercise of their obligations as a governing body. Items of expenditure include conference, travel, meeting attendance fees, presidential allowance, receptions, donations, subscriptions and phone rentals. Costs of advertising and conducting elections are also included. Revenues include election nomination fees and reimbursements by members for private expenses.

An administration cost is also allocated which enables staff to process Council Meeting procedures, implement all government decisions and conduct Council meetings. Cost of conducting audit of Council books of accounts and procedures is also include under this heading.

**GENERAL PURPOSE FUNDING**

*1 Rates*

- (a) GRV (gross rental value) refers to property rates for Leonora, Gwalia, Leinster and Agnew town sites and operational mines and associated infrastructure.
- (b) UV (unimproved value) refers to mining properties and tenements (other than mines and other associated infrastructure) and includes prospecting licences, exploration licences and mining leases. It also refers to broad acre rural pastoral properties.
- (c) Additional rates and rates written back refer mainly to mining rates where tenements are granted or surrendered following the adoption of the budget.
- (d) Administration charge refers to the charge levied on ratepayers electing to make payment of rates on the offered instalment plan and is based on the actual cost involved in administering this process
- (e) Administration costs allocated are the costs of maintaining records, levying and collecting all rates.

*2 Grants*

- (a) Grants Commission - a general purpose grant allocated annually by the Federal Government to all local governments. The amount is determined by various formulae devised by the Grants Commission, with a significant component being based on population.
- (b) Roads Grant - An untied road grant allocated by the Federal Government and again distributed by the Grants Commission utilising a pre-determined formula.
- (c) Administration costs allocated to grants refers to the costs associated in collection of Federal Government grants including provision and updating of data used in grants commission formula.

*3 Interest from Investments*

Includes interest received on surplus funds invested throughout the year from both operating and reserve accounts.

**LAW, ORDER, PUBLIC SAFETY**

Costs and revenues associated with animal control within the Shire and also includes fire insurance, dog control and registration.

**HEALTH**

Costs and revenues associated with compliance with the Health Act including inspections and approvals, food quality control, mosquito control, septic tank inspection/control, food hygiene inspection/control, contribution to doctors expenses, Royal Flying Doctor donation and notification of disease.

**EDUCATION AND WELFARE**

Provision of support for education and aged and disabled facilities within the district for the betterment of the residents.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

**HOUSING**

Costs of maintaining Council owned accommodation units and collection of rentals paid by staff for use of those buildings. Costs that can be accurately attributed to other programs are allocated. Revenue associated with a State Government owned house by way of loan repayments to Council are also included.

Accommodation units include 3 houses, 2 duplexes and a single persons quarters.

**COMMUNITY AMENITIES**

Costs of collection and disposal of domestic and commercial refuse for town site of Leonora and Gwalia and maintenance of the landfill refuse site. Revenue collection by way of an annual fee for this service which is included on rate assessment notices.

Costs associated with review and administration of Council's Town Planning Scheme.

Provision of Christmas decorations in Leonora Town site.

Operation of the Leonora Cemetery.

**RECREATION AND CULTURE**

Provision and maintenance of Council owned parks, gardens and grassed oval/recreation ground at Leonora and a contribution to similar facilities within Leinster townsite.

Costs of operation and maintenance of a purpose built recreation centre which includes indoor basketball court, two squash courts, kitchen, gymnasium and associated facilities and revenues collected from the public for use of these facilities.

Costs of maintenance of Council owned and provided television and radio re-transmission service which includes GWN, WIN and SBS television and WAFM and ABC fine music radio.

Costs and revenues associated with the operation and maintenance of library facilities at Leonora in conjunction with the Library Board of Western Australia.

**TRANSPORT**

Maintenance and improvements of 1,300 kilometres of Council controlled unsealed roads, town site footpaths and streets, drainage control, street cleaning and provision and maintenance of street trees. Costs of providing electricity for steel lights in the Leonora/Gwalia town sites and maintenance of Council's works depot and associated infrastructure.

Operation, maintenance and management of Leonora Aerodrome including runways, runway lighting, tarmac and terminal building and gardens. Purchase of aviation fuel for resale to aircraft operators.

Revenues by way of landing fees and Head Tax charges charged to all aircraft with the exception of the Royal Flying Doctors Service, lease/renting of building to all users of facilities and charges for fuel supplied to aircraft.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

**ECONOMIC SERVICES**

Costs associated with tourism promotion throughout the Shire including employment of a Curator/Promotion Officer at the Gwalia Museum and historic precinct.

Contribution to employment of a Goldfields/Esperance Development Officer operating from Shire Offices - Leonora.

Contribution to costs of North Eastern Goldfields Land care Organisation.

Costs and revenues associated with building control under building regulations, including inspections and issuing building permits.

**OTHER PROPERTY AND SERVICES**

Costs and revenues for private hire of Council machinery and operators for completion of private works for ratepayers and others.

Costing allocation pools including administration, overheads, plant operation costs and salaries and wages which are all individually detailed and then allocated throughout all previously mentioned operating activities, works and services.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening Balance <sup>(1)</sup> 1/07/2011 \$</b>	<b>Received <sup>(2)</sup> 2011/12 \$</b>	<b>Expended <sup>(3)</sup> 2011/12 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/2012 \$</b>	<b>Received <sup>(2)</sup> 2012/13 \$</b>	<b>Expended <sup>(3)</sup> 2012/13 \$</b>	<b>Closing Balance 30/06/2013 \$</b>
Grants for Youth Support	Education & Welfare	45,280	0	(45,280)	0	0	0	0
Videoconferencing	Recreation and Culture	1,814	0	(1,814)	0	0	0	0
Northern Goldfields Tourism Group	Recreation and Culture	38,752	0	(9,036)	29,716	0	(4,343)	25,373
Centrelink Operation	Recreation and Culture	0	33,782	(33,782)	0	0	0	0
Child Care Sustainability	Education & Welfare	0	64,440	(64,440)	0	0	0	0
Grant - Community Resource Centre	Recreation and Culture	0	111,500	(111,500)	0	0	0	0
Tqual (Patroni's Guest House)	Economic Services	0	40,000	(40,000)	0	0	0	0
Government Grant	General Purpose Funding	0	5,213	0	5,213	0	0	5,213
CLGF	General Purpose Funding	0	0	0	0	337,610	(277,610)	60,000
Workforce Planning Grant	General Purpose Funding	0	0	0	0	25,000	0	25,000
<b>Total</b>		<b>85,846</b>	<b>254,935</b>	<b>(305,852)</b>	<b>34,929</b>	<b>362,610</b>	<b>(281,953)</b>	<b>115,586</b>

**Notes:**

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

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

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	Note	2013 \$	2012 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,080,232	1,050,052
Restricted		<u>586,053</u>	<u>425,931</u>
		<u><u>1,666,285</u></u>	<u><u>1,475,983</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	123,427	168,216
Fire Disaster Reserve	11	13,621	11,267
Plant Purchase Reserve	11	51,126	992
Annual Leave Reserve	11	151,037	146,465
Gwalia Precinct Reserve	11	91,150	64,062
Building Reserve	11	40,106	0
Unspent Grants	2(c)	<u>115,586</u>	<u>34,929</u>
		<u><u>586,053</u></u>	<u><u>425,931</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		58,144	41,773
Sundry Debtors		220,073	320,589
GST Receivable		<u>3,570</u>	<u>36,935</u>
		<u><u>281,787</u></u>	<u><u>399,297</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and Materials		<u>48,918</u>	<u>47,364</u>
		<u><u>48,918</u></u>	<u><u>47,364</u></u>
<b>Non-Current</b>			
Land Held for Resale - Cost			
Cost of Acquisition		1,875	1,875
Development Costs		<u>629,660</u>	<u>629,660</u>
		<u><u>631,535</u></u>	<u><u>631,535</u></u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Land - Management Valuation 2010	7,015,429	7,015,429
Buildings - Cost	3,869,109	2,898,197
Less Accumulated Depreciation	<u>(487,250)</u>	<u>(303,357)</u>
	<u>10,397,288</u>	<u>9,610,269</u>
Furniture and Equipment - Management Valuation 2013	28,000	0
Furniture and Equipment - Cost	0	380,664
Less Accumulated Depreciation	<u>0</u>	<u>(349,966)</u>
	<u>28,000</u>	<u>30,698</u>
Plant and Equipment - Management Valuation 2013	2,571,681	0
Plant and Equipment - Cost	0	4,044,084
Less Accumulated Depreciation	<u>0</u>	<u>(1,662,940)</u>
	<u>2,571,681</u>	<u>2,381,144</u>
	<u><u>12,996,969</u></u>	<u><u>12,022,111</u></u>

**Furniture and Equipment**

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrement of \$ 149 in the net value of the Shire's furniture and equipment. All of this decrement was debited to the profit and loss in the Shire's Statement of Comprehensive Income.

**Plant and Equipment**

The Shire's Plant and Equipment was revalued at 30 June 2013 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall increment of \$ 44,891 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Movements in Carrying Amounts**

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

	<b>Land and Buildings \$</b>	<b>Furniture and Equipment (Level 3) \$</b>	<b>Plant and Equipment (Level 3) \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	9,610,269	30,698	2,381,144	12,022,111
Additions	970,912	28,620	849,900	1,849,432
(Disposals)	0	(18,657)	(359,020)	(377,677)
Revaluation - Increments	0	0	44,890	44,890
- (Decrements)	0	(149)	0	(149)
Impairment - (Losses)				
- Reversals	0	0	0	0
Initial Recognition of Assets Due to Change to Regulations	0	0	0	0
Depreciation (Expense)	(183,893)	(12,512)	(345,233)	(541,638)
<b>Carrying amount at the end of year</b>	<b><u>10,397,288</u></b>	<b><u>28,000</u></b>	<b><u>2,571,681</u></b>	<b><u>12,996,969</u></b>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Management Valuation 2013	42,047,647	0
Roads - Management Valuation 2012	0	49,949,357
Less Accumulated Depreciation	<u>(14,132,306)</u>	<u>(17,539,375)</u>
	27,915,341	32,409,982
Roads Other - Cost	2,518,195	2,518,195
Less Accumulated Depreciation	<u>(674,155)</u>	<u>(618,052)</u>
	1,844,040	1,900,143
Infrastructure Other - Management Valuation 2010	4,966,978	4,638,419
Less Accumulated Depreciation	<u>(415,457)</u>	<u>(322,200)</u>
	4,551,521	4,316,219
	<u>34,310,902</u>	<u>38,626,344</u>



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads (Level 3) \$</b>	<b>Roads Other \$</b>	<b>Infrastructure Other \$</b>	<b>Total \$</b>
Balance at the beginning of the year	32,409,982	1,900,143	4,316,219	38,626,344
Additions	527,376	0	328,560	855,936
(Disposals)	0	0	0	0
Revaluation - Increments - (Decrements)	(4,512,545)	0	0	(4,512,545)
Impairment - (losses) - Reversals	0	0	0	0
Depreciation (Expense)	(509,472)	(56,103)	(93,258)	(658,833)
				0
<b>Carrying amount at the end of year</b>	<b><u>27,915,341</u></b>	<b><u>1,844,040</u></b>	<b><u>4,551,521</u></b>	<b><u>34,310,902</u></b>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	391,539	74,243
ATO Liabilities	0	44,857
Accrued Salaries and Wages	18,398	12,919
	<u>409,937</u>	<u>132,019</u>

**9. LONG-TERM BORROWINGS**

The Shire had no long term borrowings as at the reporting date.

**10. PROVISIONS**

Analysis of Total Provisions

Current	277,363	311,403
Non Current	28,849	20,751
	<u>306,212</u>	<u>332,154</u>

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance at 1 July 2012	150,601	181,553	332,154
Additional provision	1,099	0	1,099
Amounts used	0	(27,041)	(27,041)
Balance at 30 June 2013	<u>151,700</u>	<u>154,512</u>	<u>306,212</u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Long Service Leave Reserve</b>			
Opening Balance	168,216	168,216	129,055
Amount Set Aside / Transfer to Reserve	55,211	3,546	65,911
Amount Used / Transfer from Reserve	(100,000)	(50,000)	(26,750)
	<u>123,427</u>	<u>121,762</u>	<u>168,216</u>
<b>(b) Fire Disaster Reserve</b>			
Opening Balance	11,267	11,267	12,691
Amount Set Aside / Transfer to Reserve	6,354	2,398	2,576
Amount Used / Transfer from Reserve	(4,000)	0	(4,000)
	<u>13,621</u>	<u>13,665</u>	<u>11,267</u>
<b>(c) Plant Purchase Reserve</b>			
Opening Balance	992	992	992
Amount Set Aside / Transfer to Reserve	50,134	154,530	0
Amount Used / Transfer from Reserve	0	0	0
	<u>51,126</u>	<u>155,522</u>	<u>992</u>
<b>(d) Bowling Green Reserve</b>			
Opening Balance	0	0	44,720
Amount Set Aside / Transfer to Reserve	0	0	1,269
Amount Used / Transfer from Reserve	0	0	(45,989)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(e) Annual Leave Reserve</b>			
Opening Balance	146,465	146,465	120,974
Amount Set Aside / Transfer to Reserve	4,572	4,394	25,491
Amount Used / Transfer from Reserve	0	0	0
	<u>151,037</u>	<u>150,859</u>	<u>146,465</u>
<b>(f) Gwalia Precinct Reserve</b>			
Opening Balance	64,062	64,062	0
Amount Set Aside / Transfer to Reserve	91,154	68,872	64,062
Amount Used / Transfer from Reserve	(64,066)	0	0
	<u>91,150</u>	<u>132,934</u>	<u>64,062</u>
<b>(g) Building Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	40,106	103,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>40,106</u>	<u>103,000</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u><u>470,468</u></u>	<u><u>677,743</u></u>	<u><u>391,003</u></u>

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**11. RESERVES - CASH BACKED (continued)**

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

Long Service Leave Reserve

- This reserve is to offset Council's leave liability to it's employees.

Fire Disaster Reserve

- This reserve will assist in the provision of emergency contingencies in the case of fire disaster.

Plant Purchase Reserve

- to be used for the purchase of major plant.

Bowling Green Reserve

- to be used for the maintenance of the bowling green.

Annual Leave Reserve

- this reserve is to offset council's annual leave liability to it's employees.

Gwalia Precinct Reserve

- To be used for the restoration of historical projects in the Gwalia precinct.

Building Reserve

- to be used for the construction and preservation of Council buildings, and urgent repairs and maintenance.

None of the above reserves are expected to be used within a set period as further transfers to the reserve accounts are expected before funds are utilised.

**12. REVALUATION SURPLUS**

**2013**

**\$**

**2012**

**\$**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

**(a) Roads**

Opening balance	15,202,065	17,152,509
Revaluation Increment	0	0
Revaluation Decrement	(4,512,545)	(1,950,444)
	<u>10,689,520</u>	<u>15,202,065</u>

**(b) Other Infrastructure**

Opening balance	1,243,100	1,243,100
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>1,243,100</u>	<u>1,243,100</u>

**(c) Plant and Equipment**

Opening balance	0	0
Revaluation Increment	44,891	0
Revaluation Decrement	0	0
	<u>44,891</u>	<u>0</u>

**TOTAL ASSET REVALUATION SURPLUS**

<u><u>11,977,511</u></u>	<u><u>16,445,165</u></u>
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**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(a) Reconciliation of Cash**

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

	<b>2013</b> <b>\$</b>	<b>2013</b> <b>Budget</b> <b>\$</b>	<b>2012</b> <b>\$</b>
Cash and Cash Equivalents	<u>1,666,285</u>	<u>677,742</u>	<u>1,475,983</u>

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

Net Result	949,440	(185,837)	1,153,264
Depreciation	1,200,471	1,557,338	1,326,899
(Profit)/Loss on Sale of Asset	64,644	303,023	63,540
(Increase)/Decrease in Receivables	117,510	196,303	(94,137)
(Increase)/Decrease in Inventories	(1,554)	635	121,499
Increase/(Decrease) in Payables	272,439	88,838	38,109
Increase/(Decrease) in Employee Provisions	(20,463)	37,868	(10,159)
Grants Contributions for the Development of Assets	(358,643)	(471,643)	(40,000)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>2,223,844</u>	<u>1,526,525</u>	<u>2,559,015</u>

	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>6,454</u>	<u>(4,737)</u>
<b>Total Amount of Credit Unused</b>	<u>26,454</u>	<u>15,263</u>
<b>Loan Facilities</b>		
Loan Facilities - Current	0	0
Loan Facilities - Non-Current	<u>0</u>	<u>0</u>
<b>Total Facilities in Use at Balance Date</b>	<u>0</u>	<u>0</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>Nil</u>	<u>Nil</u>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities at the reporting date.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>

**(a) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	20,131	31,347
- later than one year but not later than five years	6,106	26,237
	<u>26,237</u>	<u>57,584</u>
	<u>26,237</u>	<u>57,584</u>

**(c) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects	0	371,796
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Payable:

- not later than one year	0	371,796
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The capital expenditure project outstanding at the end of the prior reporting period represents the restoration of Patroni's Guest House.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**16. JOINT VENTURE**

The Shire together with the Shires of Coolgardie, Dundas, Esperance, Laverton, Menzies, Ngaanyatjarraku, Ravensthorpe and Wiluna have a joint venture arrangement with regard to the provision of a Regional Records Service. The assets included in the joint venture recorded in Council's one-tenth share are as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Land & Buildings	74,688	68,000
Less: Accumulated Depreciation	<u>(1,873)</u>	<u>75</u>
	<u><u>72,815</u></u>	<u><u>68,075</u></u>
Plant & Machinery	11,393	0
Less: Accumulated Depreciation	<u>(868)</u>	<u>0</u>
	<u><u>10,525</u></u>	<u><u>0</u></u>
Furniture & Equipment	13,455	0
Less: Accumulated Depreciation	<u>(762)</u>	<u>0</u>
	<u><u>12,693</u></u>	<u><u>0</u></u>
Light Vehicles	3,944	0
Less: Accumulated Depreciation	<u>(394)</u>	<u>0</u>
	<u><u>3,550</u></u>	<u><u>0</u></u>

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

Governance	60	0
General Purpose Funding	58,144	41,773
Law, Order, Public Safety	48,519	43,624
Health	278,243	313,491
Education and Welfare	86,138	105,215
Housing	1,777,805	1,449,202
Community Amenities	2,105,236	2,215,813
Recreation and Culture	6,159,549	6,254,314
Transport	35,541,532	39,593,166
Economic Services	847,246	442,624
Other Property and Services	1,835,805	1,622,767
Unallocated	<u>1,198,119</u>	<u>1,120,645</u>
	<u><u>49,936,396</u></u>	<u><u>53,202,634</u></u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

<b>18. FINANCIAL RATIOS</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Current Ratio	3.42	11.34	3.47
Asset Sustainability Ratio	1.22	0.87	4.07
Debt Service Cover Ratio	0.00	0.00	0.00
Operating Surplus Ratio	0.10	0.19	0.23
Own Source Revenue Coverage Ratio	0.74	0.76	0.86

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**19. TRUST FUNDS**

The Shire of Leonora hold no funds on behalf of other entities.

**20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b><u>Furniture and Equipment</u></b>						
<b>Housing</b>						
Write-offs - revaluation	2,229	0	0	0	(2,229)	0
<b>Recreation and Culture</b>						
Write-offs - revaluation	6,252	0	0	0	(6,252)	0
<b>Transport</b>						
Write-offs - revaluation	126	0	0	0	(126)	0
<b>Other Property and Services</b>						
Write-offs - revaluation	6,284	0	0	0	(6,284)	0
<b><u>Plant and Equipment</u></b>						
<b>Education and Welfare</b>						
Asset 300 Great Wall Utility Dual Cab	15,410	17,276	7,273	10,000	(8,137)	(7,276)
<b>Health</b>						
Asset 321 2011 Ford Falcon 4L	37,682	38,750	29,091	29,091	(8,591)	(9,659)
<b>Recreation and Culture</b>						
Write-offs - revaluation	13,652	0	0	0	(13,652)	0
<b>Transport</b>						
Asset 9 2009 Ford Ranger L2229	26,736	27,371	19,091	22,000	(7,646)	(5,371)
Asset 32 2009 Ford Ranger L2169	26,625	31,154	19,091	21,000	(7,534)	(10,154)
Asset 26 Mack Prime Mover P2019	107,190	145,047	85,000	60,000	(22,190)	(85,047)
Asset 326 2011 Nissan Navara 6L	42,846	43,621	22,727	25,000	(20,119)	(18,621)
Asset 38 2009 Nilfisk Sweeper P2253	0	54,304	0	12,000	0	(42,304)
Asset 18 Haulmore Trailer P781	0	0	32,500	20,000	32,500	20,000
Asset 16 Haulmore Trailer P782	0	0	32,500	20,000	32,500	20,000
Write-offs - revaluation	2,862	0	0	0	(2,862)	0
<b>Other Property and Services</b>						
Asset 322 2011 Ford Falcon 2L	38,682	39,439	29,091	29,091	(9,591)	(10,348)
Asset 320 2011 Ford FG Sedan 1L	46,724	48,061	36,819	36,818	(9,905)	(11,243)
Write-offs - revaluation	4,377	0	0	0	(4,377)	0
<b><u>Infrastructure Other</u></b>						
<b>Community Amenities</b>						
Sale of Industrial Lots (Asset L211)	0	578,800	0	435,800	0	(143,000)
	<b>377,677</b>	<b>1,023,823</b>	<b>313,183</b>	<b>720,800</b>	<b>(64,495)</b>	<b>(303,023)</b>

Profit	65,000	40,000
Loss	(129,495)	(343,023)
	<u>(64,495)</u>	<u>(303,023)</u>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire had no borrowings as at the reporting date.

(b) New Debentures - 2012/13

No new debentures were raised during the reporting period.

(c) Unspent Debentures

The Shire had no unspent debentures as at the reporting period.

(d) Overdraft

The Shire does not have an overdraft facility.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**22. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential Rate</b>											
GRV	0.0580	581	16,506,012	957,349	7,086	0	964,435	959,492	2,500	0	961,992
UV Pastoral	0.0480	28	1,294,156	62,119	0	0	62,119	61,724	0	0	61,724
UV Other	0.1280	1,112	26,398,746	3,379,039	21,964	0	3,401,003	3,375,658	15,000	0	3,390,658
<b>Sub-Totals</b>		1,721	44,198,914	4,398,508	29,050	0	4,427,558	4,396,874	17,500	0	4,414,374
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV	267	99	155,154	26,433	329	0	26,762	26,700	0	0	26,700
UV Pastoral	267	1,048	1,197,158	279,816	51,324	0	331,140	1,869	0	0	1,869
UV Other	267	7	18,657	1,869	0	0	1,869	282,486	0	0	282,486
<b>Sub-Totals</b>		1,154	1,370,969	308,118	51,653	0	359,771	311,055	0	0	311,055
<b>Mining Tenements Written Back Totals</b>							4,787,329				4,725,429
							0				(15,000)
							4,787,329				4,710,429

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

	<b>2013 (1 July 2013 Carried</b>	<b>2013 (1 July 2012 Brought Forward) \$</b>	<b>2012 (30 June 2012 Carried Forward) \$</b>
Surplus/(Deficit) 1 July 2012 Brought Forward	<u>1,412,541</u>	<u>523,050</u>	<u>523,050</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	1,080,232	1,050,052	1,050,052
Cash - Restricted	586,053	425,931	425,931
Rates Outstanding	58,144	41,773	41,773
Sundry Debtors	220,072	320,588	320,588
GST Receivable	3,570	36,935	36,935
Inventories			
- Fuel and Materials	48,918	47,364	47,364
<b><u>Less:</u></b>			
Reserves - Cash Backed	(470,467)	(391,002)	(391,002)
Sundry Creditors	(391,539)	(74,243)	(74,243)
ATO Liabilities	0	(44,857)	(44,857)
<b>Surplus/(Deficit)</b>	<u><u>1,134,983</u></u>	<u><u>1,412,541</u></u>	<u><u>1,412,541</u></u>

**Difference**

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR**

The Shire did not impose a specific area rate for the 2012/13 financial year.

**24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR**

The Shire did not impose a service fee charge for the 2012/13 financial year.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Discount	100.00%	3,000	3,000
Housing Rental	Discount	100.00%	5,200	5,200
			8,200	8,200

**Landing Fees**

The Royal Flying Doctor Service (RFDS) has been granted a continuous waiver on landing fees at the airport. This waiver is in recognition of the valuable community service provided by the RFDS to the district.

**Housing Rental**

The Shire of Leonora provides housing to the local Doctor who resides in Leonora and all rent is waived as per an agreement between the Doctor and Council.

**26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan	0	45	9,435	8,415
			9,435	8,415

Ratepayers had the option of paying rates in four equal instalments, due on 27 August 2012, 27 October 2012, 27 December 2012 and 27 February 2013. Administration charges applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2013</b> \$	<b>2012</b> \$
General Purpose Funding	12,267	9,015
Law, Order, Public Safety	5,080	5,719
Health	1,499	19,456
Education and Welfare	71,929	18,348
Housing	29,050	28,941
Community Amenities	87,319	81,224
Recreation and Culture	62,309	53,131
Transport	594,802	512,497
Economic Services	192,766	180,586
Other Property and Services	70,192	174,919
	<u>1,127,213</u>	<u>1,083,836</u>

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**28. GRANT REVENUE**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	2,410,816	2,496,935
Non-Operating Grants, Subsidies and Contributions	358,643	40,000
	<u>2,769,459</u>	<u>2,536,935</u>
<b>By Program:</b>		
Governance	25,000	0
General Purpose Funding	1,409,654	1,268,532
Law, Order, Public Safety	7,270	7,280
Health	38,017	10,357
Education and Welfare	81,542	65,940
Housing	0	114
Recreation and Culture	112,948	148,353
Transport	797,961	730,748
Economic Services	297,067	293,807
Other Property and Services	0	11,804
	<u>2,769,459</u>	<u>2,536,935</u>

**29. ELECTED MEMBERS REMUNERATION**

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

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	10,640	14,000	12,040
President's Allowance	12,000	12,000	12,000
Deputy President's Allowance	3,000	3,000	3,000
Travelling Expenses	3,190	9,052	3,920
Telecommunications Allowance	3,220	3,220	3,373
	<u>32,050</u>	<u>41,272</u>	<u>34,333</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2013</b>	<b>2012</b>
	<u>28</u>	<u>25</u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**31. MAJOR LAND TRANSACTIONS**

**Industrial Land Subdivision**

(a) Details

The purchase and sale of Leonora Lots 1354,1355,944 and 550.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
<b>Operating Revenue</b>			
- Profit/(Loss) on sale	0	(143,000)	(124,163)
<b>Capital Revenue</b>			
- Sale Proceeds	0	453,800	352,154
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
<b>Cash Outflows</b>					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>					
- Loan Proceeds	0	0			0
- Sale Proceeds	0	73,600	131,100	378,600	583,300
	<u>0</u>	<u>73,600</u>	<u>131,100</u>	<u>378,600</u>	<u>583,300</u>
<b>Net Cash Flows</b>	<u>0</u>	<u>73,600</u>	<u>131,100</u>	<u>378,600</u>	<u>583,300</u>

The net cash flows to 30 June 2013 in relation to this subdivision is an outflow (or cost) of \$nil. The net cash flows of the entire land transaction is expected to result in an inflow/income of \$583,800.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	1,666,285	1,475,983	1,666,285	1,475,983
Receivables	281,787	399,297	285,358	399,297
	<u>1,948,072</u>	<u>1,875,280</u>	<u>1,951,643</u>	<u>1,875,280</u>
<b>Financial Liabilities</b>				
Payables	409,937	132,019	409,937	132,019
	<u>409,937</u>	<u>132,019</u>	<u>409,937</u>	<u>132,019</u>

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(a) Cash and Cash Equivalents**

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% movement in interest rates on cash		
- Equity	295,242	272,919
- Statement of Comprehensive Income	295,242 <sup>(*)</sup>	272,919 <sup>(*)</sup>

*Notes:*

(\*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (\*) movement in interest rates on cash

- Equity	29,524	27,292
- Statement of Comprehensive Income	29,524 <sup>(*)</sup>	27,292 <sup>(*)</sup>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

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

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

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

	<b>2013</b>	<b>2012</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
- Current	27.02%	81.50%
- Overdue	72.98%	18.50%

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Payables**

**Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2013</u></b>					
Payables	409,937	0	0	409,937	409,937
	<u>409,937</u>	<u>0</u>	<u>0</u>	<u>409,937</u>	<u>409,937</u>
<b><u>2012</u></b>					
Payables	132,019	0	0	132,019	132,019
	<u>132,019</u>	<u>0</u>	<u>0</u>	<u>132,019</u>	<u>132,019</u>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Payables  
Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year Ended 30 June 2013</u></b>								
Payables	409,937	0	0	0	0	0	409,937	
Borrowings	0	0	0	0	0	0	0	
<b>Fixed Rate</b>								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b><u>Year Ended 30 June 2012</u></b>								
Payables	132,019	0	0	0	0	0	132,019	
Borrowings	0	0	0	0	0	0	0	
<b>Fixed Rate</b>								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		



## **Anderson Munro & Wyllie**

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### **INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF LEONORA**

#### **Scope**

We have audited the financial report of Shire of Leonora for the year ended 30 June 2013. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

#### **Audit Approach**

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Leonora. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Leonora.

### **Independence**

Anderson Munro & Wyllie are independent of the Shire of Leonora, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

### **Audit Opinion**

In our opinion, the financial statements of the Shire of Leonora are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2013 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

### **Statutory Compliance**

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 13<sup>th</sup> day of September 2013 in Perth, Western Australia

### **AMW (AUDIT) PTY LTD**

*Anderson Munro & Wyllie*

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

*/s/*

**CHRISTOPHER McLAUGHLIN**  
Registered Company Auditor

**SHIRE OF LEONORA  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2013**

**RATIO INFORMATION**

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Asset Consumption Ratio	0.4933	N/A	N/A
Asset Renewal Funding Ratio	0.3729	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.**



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## **7.0 NATIONAL COMPETITION POLICY STATEMENT**

The Competition Principals Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principle to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement which forms part of the Competition Principles Agreement. The clause 7 policy document sets out nominated principles from the Agreement that now apply to Local Government. The provisions of Clause 7 of the Competition Principles Agreement require local government to report annually as to the implementation, application and effects of the Competition Policy.

The Competition Principles Agreement, under Clause 7, specifies three broad areas of reporting, they are:

- Competitive Neutrality
- Structural Review of Public Monopolies; and
- Legislative Review

In accordance with the requirements of the National Competition Policy the Shire of Leonora makes the following disclosure for 2012/2013.

### **7.1 COMPETITIVE NEUTRALITY**

The objective of competitive neutrality is the elimination of resource allocation distortions arising out of local government ownership of significant business activities.

The Shire of Leonora has assessed its operations and considers that it does not have a business activity that would be classed as significant under the current guidelines. Also the Shire of Leonora does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

The number of activities to which competitive neutrality principles have been applied in the reporting period is: NIL.

The number of activities to which competitive neutrality principles have been considered but not applied in the reporting period is: NIL.

Under the implementation timetable required by the National Competition Policy Statement the Shire of Leonora was required to undertake a cost benefit analysis to determine which significant business activities would be subject to competitive neutrality principles by June 1, 1997. This analysis was not undertaken by the Shire as no significant activities have been identified as part of its operations.

During the reporting period the Shire of Leonora did not become aware of any allegations of non compliance with the competitive neutrality principles made by a private entity against the Shire.

### **7.2 STRUCTURAL REVIEW OF PUBLIC MONOPOLIES**

In relation to Structural Review of Public Monopolies the Shire of Leonora discloses the following:

Structural reform principles have been applied to the following number of activities in the reporting period: NIL.

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Structural reform principles have been considered but not applied to the following number of activities in the reporting period: NIL.

As no structural reform has been applied to any activities the review requirements of principle SR.3 of Clause 7 of the Competition Policy Statement have not been undertaken.

## **8.0 OVERVIEW OF THE PLAN FOR THE FUTURE**

<b>PLAN FOR THE FUTURE MAJOR INITIATIVE</b>	<b>COMPLETION</b>	<b>BUDGET</b>
Enhance, develop and promote Golden Gift	Annual	\$400,000
Community Grants Scheme	Annual	\$80,000
Feasibility Study for Aged Care Accommodation	2013-14	\$30,000
Asset Management Planning & Practices	Annual/Ongoing	Various
Develop Workforce Plan	2013	\$25,000
Develop OHS Manuals	2013/14	\$9,000
Upgrade to Rec Centre	2013/14	\$200,000
Footpath & Town Street Renewals	2013/14	\$511,000
Building for Vintage Vehicles	2013/14	\$337,610
Restoration Heritage Infrastructure	2013/14	\$165,000

During the 2012/13 reporting period, the Strategic Community Plan and Corporate Business Plan were both reviewed and amended. This purpose of the review/amendment to these plans (reformatted from existing Strategic Plan etc) was that the reformatted plans did not clearly encompass all aspects of the original document as per community consultation. Projects such as the Leonora Townsite Sewerage Infill Extension Program and Underground Power projects were not easily identified in the Strategic Community Plan, although they were still included in project tables of the Corporate Business Plan and Forward Capital Works Plan. The review and amended plans now provides better clarity and linkages between planning documents.

## **9.0 DISABILITY ACCESS INCLUSION PLAN (DIAP)**

- (A) The Shire of Leonora is required to comply with the State Government imposed Disability Services Act (1993).
- (B) A Disability Access Inclusion Plan 2011-2015 has been approved with the following principal intent.
  - (i) Existing services are adapted to ensure they meet the needs of people with disabilities.
  - (ii) Access to buildings and facilities are improved.
- (C) The following delivery of services was implemented in the reporting year.  
NIL

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## **10.0 RECORD KEEPING PLAN**

### STATE RECORDS ACT 2000

- (A) The Shire of Leonora is required to comply with the abovementioned State Government imposed Legislation.
- (B) A Record Keeping Plan has been produced and approved by the State Records Commission for a period of 5 years to the 30<sup>th</sup> June, 2017. This plan resulted from a review of Council's previous plan prior to 8<sup>th</sup> October, 2012.
- (C) In accordance with minimum compliance requirements of Principle 6 of the State Records Commission – Standard 2, the following has been implemented:
1. The efficiency and effectiveness of Councils Record Keeping Systems is evaluated not less than once every three years.
  2. The Council conducts a Record Keeping Training program.
  3. The efficiency and effectiveness of the Record Keeping Training program is reviewed from time to time.
  4. The Council's induction program addresses employee roles and responsibilities in regard to their compliance with Council's Record Keeping Plan.

## **11.0 EMPLOYEES'S REMUNERATION**

Pursuant to Section 5.53 (2)(g) of the Local Government Act 1995, and Administration Regulation 19B, set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

<b>Salary Range (\$)</b>	<b>No. of Employees</b>
110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	1
220,000 – 229,999	1

## **12.0 OFFICIAL CONDUCT – COMPLAINTS REGISTER**

Pursuant to S.5.121 of the Local Government Act 1995, a complaints register has been maintained. As at the 30<sup>th</sup> June 2013, no complaints were recorded, therefore no action was required to deal with complaints.