



Shire of Leonora

ANNUAL REPORT

For the year ending
30th JUNE 2014

ANNUAL REPORT 2013-2014



TABLE OF CONTENTS

SECTION		PAGE
1.0	President's Message	3
2.0	Chief Executive Officer's Message	4
3.0	Councillor Details	5
4.0	Employees – Chart	7
5.0	Financial Report	8 - 68
6.0	Independent Audit Report	66 - 67
7.0	National Competition Policy Statement	69
7.1	Competitive Neutrality	69
7.2	Structural Review of Public Monopolies	69 - 70
8.0	Overview of the Plan for the Future	70 - 72
9.0	Disability Access and Inclusion Plan (DAIP)	72
10.0	Record Keeping Plan	72 - 73
11.0	Employee's Remuneration	73
12.0	Official Conduct – Complaints Register	73

ANNUAL REPORT 2013-2014



MESSAGE FROM THE SHIRE PRESIDENT

Under the leadership of CEO Jim Epis, and his senior officers (Deputy CEO Tanya Browning and Manager Works Dan Yates), the Shire of Leonora has been working to achieve the goals identified within the Strategic Community Plan. Further detail on specific achievements are included within the annual report under the heading 'Overview of Plan for the Future', which demonstrates the significant work undertaken by the workforce to date, and the progress being made to realise these community goals.

One of the most significant achievements relating to the Strategic Community Plan is the funding approval received for the 'Northern Goldfields Office and Administration Centre' (NGROAC), which was announced just prior to the end of the 2013/14 reporting period. This is a perfect example of a project that will assist to address many issues concerning the community, and also demonstrates what can be achieved through commitment, collaboration with other levels and departments of government and a progressive attitude to community outcomes. The efforts of the local GEDC project officer (Pip McCahon) should also be commended in preparing funding applications etc. Without this assistance, progress would not have been achieved so quickly.

Continued focus on renewal of heritage assets was observed during the 2013/14 year. Although this type of work can prove to sometimes be a costly exercise, the community has identified the preservation of these assets to have a high level of importance. Various structures within the museum precinct contribute to a greater understanding of the mining operations of 1898 to 1963 and associations with the early gold mining history of the towns of Leonora and Gwalia, which should be maintained for future generations.

It is important recognise dedicated service and leadership, and I would like to take the opportunity to recognise the community commitment and service to the Shire of Leonora by the retiring President, Cr Jeff Carter. Cr Carter contributed significantly to the Council for a number of years, and his presence will be missed as much as it is appreciated. I know that I speak on behalf of the whole Council as I convey my appreciation and gratitude to Cr Carter for his many years of service. We wish him all the best in his future endeavours as well as his retirement.

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 Peter Craig
President

ANNUAL REPORT 2013-2014



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The 2013/14 saw another very productive year, despite some obstacles to operations. A progressive and forward thinking approach is key to achieving the goals set out within the Strategic Community Plan, and the Shire of Leonora is fortunate enough to be led by a Council with these qualities.

Capital works included some further reseals to town streets, the purchase of a roller (dual use for roadworks and compaction at the Leonora refuse site), upgrade to digital radio (ABC Country) and the commencement of construction of a building to house vintage vehicles at the Gwalia Museum Precinct. A significant amount of renewal and maintenance work has also been undertaken across many service areas within the Shire, especially the Gwalia precinct. Many of these works are reflective of the endeavours to observe sound asset management practices.

The Strategic Community Plan also places importance on workforce development, training, and internal promotion opportunities. During the 2013/14 reporting period, staff were engaged to commence (and some have already completed) training to become qualified in a variety of services, including recreation/aquatic services, child care, business/administration, project management and technical services. Initiatives to support further staff development will be ongoing well into the future.

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

COUNCILLOR	MEETING CONVENED	ATTENDED	% ATTENDANCE
J F Carter	4	3	75%
P J Craig	11	10	91%
M W V Taylor	11	9	82%
G W Baker	11	9	82%
S J Heather	4	3	75%
R A Norrie	11	11	100%
L R Petersen	11	10	91%
R M Cotterill	7	6	86%
A E Taylor	7	6	86%

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, in particular Cr Jeff Carter, our retiring Shire President following twelve years of service to the Council. I look forward to the challenges and rewards that 2014/15 will present to us.

Jim Epis
Chief Executive Officer

ANNUAL REPORT 2013-2014



COUNCILLOR DETAILS

POSITION	RETIREMENT YEAR	CONTACT	NUMBER
PRESIDENT (Deputy President to October 2013 & President from October 2013) Mr P CRAIG 9B North Road (PO Box 118) LEINSTER WA 6437	2015	WK HM FAX MOB EMAIL	08 9037 9191 08 9037 9054 08 9037 9192 0418 950 572 peter.craig@bagden.com.au
DEPUTY PRESIDENT (from October 2013) Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	2015	WK HM FAX MOB EMAIL	08 9037 6777 08 9037 7389 08 9037 6788 0409 377 386 rosscpa@bigpond.net.au
Mr M W V Taylor 10 Forrest Street (PO Box 226) LEONORA WA 6438	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	2017	WK HM FAX MOB EMAIL	08 9037 6400 08 9037 6404 0419 177 232 Butsonsbs@westnet.com.au
Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	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	2017	WK HM FAX MOB EMAIL	08 9037 6090 08 9037 6090 08 9037 6090 sixmile6@bigpond.com
Mr AE Taylor 1 Pinnacle Place LEINSTER WA 6437	2017	WK HM FAX MOB EMAIL	08 9037 4050 08 9037 3125 08 9238 1387 0417 174 374 alex@northfields.com.au
Mr RM Cotterill PO Box 8 LEONORA WA 6438	2017	WK HM FAX MOB EMAIL	08 9037 6167 08 9037 6167 0409 127 506 richardcotterill@live.com.au

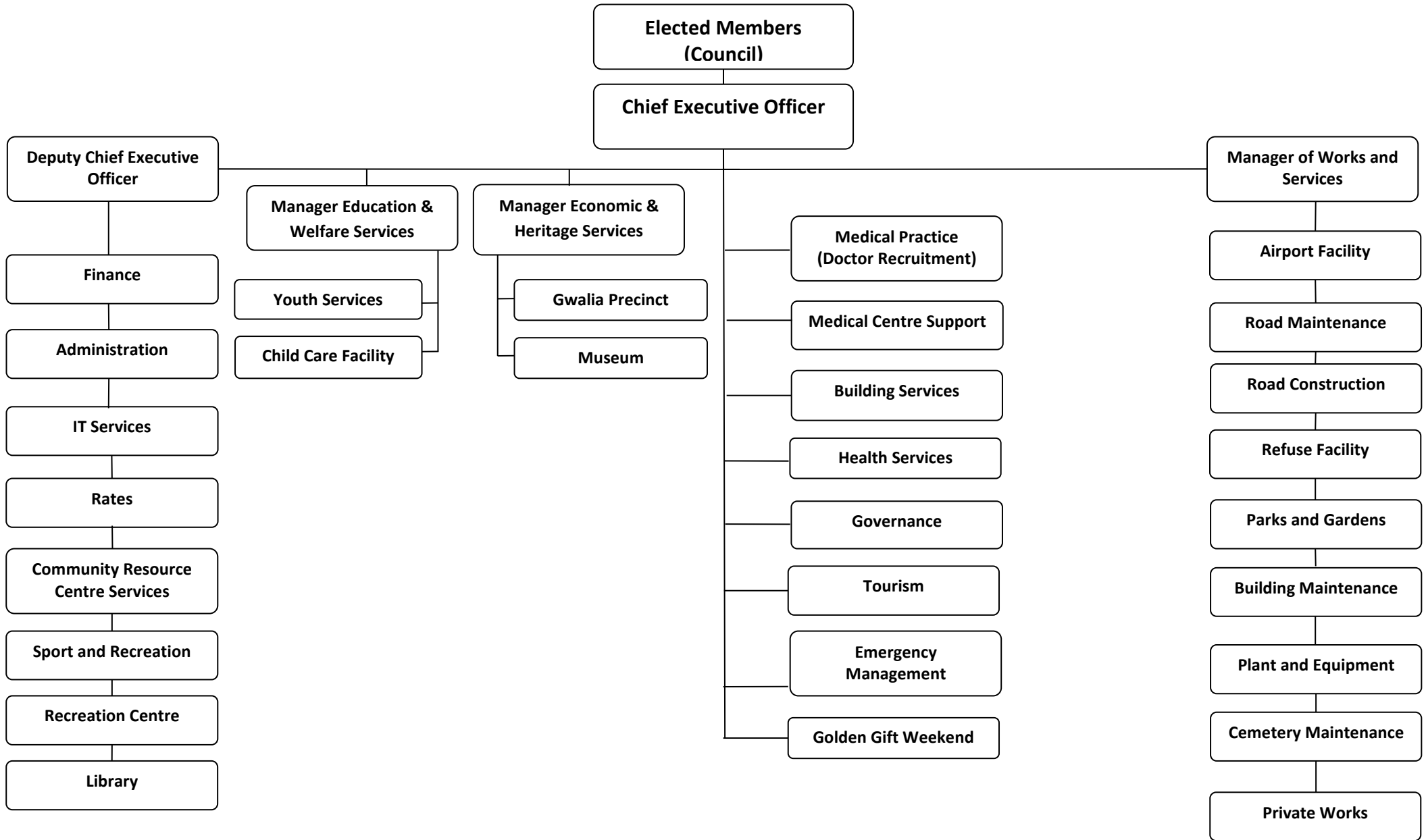
ANNUAL REPORT 2013-2014



COUNCILLOR DETAILS (RETIRING MEMBERS)

PRESIDENT (to October 2013) Mr J F CARTER Clover Downs Station (PO Box 85) LEONORA WA 6438	2013	WK HM FAX MOB EMAIL	08 9037 6159 08 9037 6159 0417 981 016 jeff@cloverdowns.com.au
Mr S J HEATHER Lot 8 Gwalia Street (PO Box 223) LEONORA WA 6438	2013	WK HM FAX MOB EMAIL	08 9037 6153 08 9037 6153 0408 996 373 jjheather@bigpond.com

SHIRE OF LEONORA – ORGANISATIONAL CHART



SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

TABLE OF CONTENTS

Statement by Chief Executive Officer	9
Statement of Comprehensive Income by Nature or Type	10
Statement of Comprehensive Income by Program	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Rate Setting Statement	15
Notes to and Forming Part of the Financial Report	16
Independent Audit Report	66
Supplementary Ratio Information	68
Principal place of business: 16 Tower Street, Leonora WA 6438	

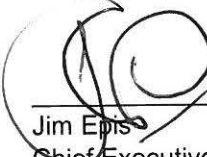
**SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2014 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 *3RD* day of *NOVEMBER* 2014



Jim Epis
Chief Executive Officer

SHIRE OF LEONORA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	5,114,627	4,985,031	4,787,329
Operating Grants, Subsidies and Contributions	28	1,966,977	2,043,325	2,410,816
Fees and Charges	27	1,114,319	1,261,967	1,127,213
Interest Earnings	2(a)	28,439	41,798	38,954
Other Revenue		8,689	101,890	124,952
		<u>8,233,051</u>	<u>8,434,011</u>	<u>8,489,264</u>
Expenses				
Employee Costs		(2,504,421)	(2,831,356)	(2,415,111)
Materials and Contracts		(3,259,218)	(4,170,039)	(3,525,479)
Utility Charges		(271,826)	(71,233)	(327,079)
Depreciation on Non-Current Assets	2(a)	(2,015,633)	(1,718,196)	(1,200,471)
Interest Expenses	2(a)	(499)	0	(332)
Insurance Expenses		(301,237)	(274,364)	(271,458)
Other Expenditure		(166,142)	(179,624)	(93,893)
		<u>(8,518,976)</u>	<u>(9,244,812)</u>	<u>(7,833,823)</u>
		(285,925)	(810,801)	655,441
Non-Operating Grants, Subsidies and Contributions	28	4,941,493	803,243	358,643
Loss on Revaluation of Fixed Assets	2(a)	(1,428,085)	0	(149)
Profit on Asset Disposals	20	27,407	68,324	65,000
Loss on Asset Disposals	20	(163,311)	(75,007)	(129,495)
		<u>3,091,579</u>	<u>(14,241)</u>	<u>949,440</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	(2,431,062)	0	(4,467,654)
		<u>(2,431,062)</u>	<u>0</u>	<u>(4,467,654)</u>
Total Other Comprehensive Income		<u>(2,431,062)</u>	<u>0</u>	<u>(4,467,654)</u>
Total Comprehensive Income		<u><u>660,517</u></u>	<u><u>(14,241)</u></u>	<u><u>(3,518,214)</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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		2,148	2,320	25,730
General Purpose Funding		5,962,422	5,949,704	6,248,204
Law, Order, Public Safety		17,773	13,470	12,350
Health		48,090	84,693	39,517
Education and Welfare		205,758	191,209	153,471
Housing		43,894	48,960	43,043
Community Amenities		195,147	165,464	90,494
Recreation and Culture		181,384	179,400	175,257
Transport		955,127	1,097,561	1,034,120
Economic Services		540,003	576,960	518,562
Other Property and Services		81,305	124,270	148,516
		<u>8,233,051</u>	<u>8,434,011</u>	<u>8,489,264</u>
Expenses				
Governance		(396,910)	(498,466)	(387,985)
General Purpose Funding		(293,384)	(326,685)	(280,805)
Law, Order, Public Safety		(97,774)	(112,075)	(154,444)
Health		(530,477)	(662,491)	(500,139)
Education and Welfare		(433,901)	(506,656)	(366,488)
Housing		0	0	(7,238)
Community Amenities		(170,179)	(216,959)	(218,486)
Recreation & Culture		(987,911)	(1,246,658)	(1,005,649)
Transport		(4,342,185)	(3,975,406)	(3,642,962)
Economic Services		(1,354,081)	(1,645,915)	(1,285,969)
Other Property and Services		88,325	(53,501)	16,674
		<u>(8,518,477)</u>	<u>(9,244,812)</u>	<u>(7,833,491)</u>
Financial Costs				
Other Property and Services		(499)	0	(332)
	2(a)	<u>(499)</u>	<u>0</u>	<u>(332)</u>
Loss on Revaluation of Fixed Assets				
Other Property and Services		(1,428,085)	0	(149)
		<u>(1,428,085)</u>	<u>0</u>	<u>(149)</u>
Non-Operating Grants, Subsidies and Contributions				
Transport		323,244	803,243	358,643
Economic Services		4,618,249	0	0
		<u>4,941,493</u>	<u>803,243</u>	<u>358,643</u>
Profit/(Loss) on Disposal of Assets				
Health		(1,525)	(32,409)	(8,591)
Education and Welfare		0	0	(8,137)
Housing		0	0	(2,229)
Recreation & Culture		0	0	(19,904)
Transport		22,132	42,232	4,523
Other Property and Services		(156,511)	(16,506)	(30,157)
		<u>(135,904)</u>	<u>(6,683)</u>	<u>(64,495)</u>
Net Result		<u>3,091,579</u>	<u>(14,241)</u>	<u>949,440</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	(2,431,062)	0	(4,467,654)
Total Other Comprehensive Income		<u>(2,431,062)</u>	<u>0</u>	<u>(4,467,654)</u>
Total Comprehensive Income		<u>660,517</u>	<u>(14,241)</u>	<u>(3,518,214)</u>

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

**SHIRE OF LEONORA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	6,869,113	1,666,285
Trade and Other Receivables	4	535,455	281,787
Inventories	5	<u>73,955</u>	<u>48,918</u>
TOTAL CURRENT ASSETS		<u>7,478,523</u>	<u>1,996,990</u>
NON-CURRENT ASSETS			
Inventories	5	631,535	631,535
Property, Plant and Equipment	6	14,316,747	12,996,969
Infrastructure	7	<u>28,314,324</u>	<u>34,310,902</u>
TOTAL NON-CURRENT ASSETS		<u>43,262,606</u>	<u>47,939,406</u>
TOTAL ASSETS	17	<u>50,741,129</u>	<u>49,936,396</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	578,100	409,937
Provisions	10	<u>217,785</u>	<u>277,363</u>
TOTAL CURRENT LIABILITIES		<u>795,885</u>	<u>687,300</u>
NON-CURRENT LIABILITIES			
Provisions	10	<u>64,480</u>	<u>28,849</u>
TOTAL NON-CURRENT LIABILITIES		<u>64,480</u>	<u>28,849</u>
TOTAL LIABILITIES		<u>860,365</u>	<u>716,149</u>
		<u>49,880,764</u>	<u>49,220,247</u>
EQUITY			
Retained Surplus		39,604,458	36,772,269
Reserves - Cash Backed	11	729,857	470,467
Revaluation Surplus	12	<u>9,546,449</u>	<u>11,977,511</u>
TOTAL EQUITY		<u>49,880,764</u>	<u>49,220,247</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		35,902,294	391,002	16,445,165	52,738,461
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 Comprehensive Income		949,440	0	(4,467,654)	(3,518,214)
Transfers from/(to) Reserves		(79,465)	79,465	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2013		36,772,269	470,467	11,977,511	49,220,247
Comprehensive Income					
Net Result		3,091,579	0	0	3,091,579
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>(2,431,062)</u>	<u>(2,431,062)</u>
Total Comprehensive Income		3,091,579	0	(2,431,062)	660,517
Transfers from/(to) Reserves	11	(259,390)	259,390	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		<u>39,604,458</u>	<u>729,857</u>	<u>9,546,449</u>	<u>49,880,764</u>

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,009,969	4,985,031	4,770,958
Operating Grants, Subsidies and Contributions		1,816,163	2,043,325	2,511,332
Fees and Charges		1,114,319	1,562,484	1,127,213
Interest Earnings		28,439	41,798	38,954
Goods and Services Tax		476,301	350,000	354,403
Other Revenue		8,689	101,890	124,952
		<u>8,453,880</u>	<u>9,084,528</u>	<u>8,927,812</u>
Payments				
Employee Costs		(2,518,360)	(3,081,356)	(2,480,431)
Materials and Contracts		(3,126,100)	(4,303,159)	(3,209,737)
Utility Charges		(271,826)	(71,233)	(327,079)
Interest Expenses		(499)	0	(332)
Insurance Expenses		(301,237)	(274,364)	(271,458)
Goods and Services Tax		(474,497)	(350,000)	(321,038)
Other Expenditure		(166,142)	(179,623)	(93,893)
		<u>(6,858,661)</u>	<u>(8,259,735)</u>	<u>(6,703,968)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,595,219</u>	<u>824,793</u>	<u>2,223,844</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,042,746)	(1,964,492)	(1,849,432)
Payments for Construction of Infrastructure		(516,274)	(841,553)	(855,936)
Non-Operating Grants, Subsidies and Contributions		4,941,493	803,243	358,643
Proceeds from Sale of Fixed Assets		225,136	252,726	313,183
Net Cash Provided by (Used in) Investment Activities		<u>3,607,609</u>	<u>(1,750,076)</u>	<u>(2,033,542)</u>
Net Increase (Decrease) in Cash Held		5,202,828	(925,283)	190,302
Cash at Beginning of Year		1,666,285	1,567,556	1,475,983
Cash and Cash Equivalents at the End of the Year	13(a)	<u>6,869,113</u>	<u>642,273</u>	<u>1,666,285</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		2,148	2,320	25,730
General Purpose Funding		847,795	964,673	1,460,875
Law, Order, Public Safety		17,773	13,470	12,350
Health		48,090	84,693	39,517
Education and Welfare		205,758	191,209	153,471
Housing		43,894	48,960	43,043
Community Amenities		195,147	165,464	90,494
Recreation and Culture		181,384	179,400	175,257
Transport		1,305,778	1,969,128	1,457,763
Economic Services		5,158,252	576,960	518,562
Other Property and Services		81,305	124,270	148,367
		<u>8,087,324</u>	<u>4,320,547</u>	<u>4,125,429</u>
Expenses				
Governance		(396,910)	(498,466)	(387,985)
General Purpose Funding		(293,384)	(326,685)	(280,805)
Law, Order, Public Safety		(97,774)	(112,075)	(154,444)
Health		(532,002)	(694,900)	(508,730)
Education and Welfare		(433,901)	(506,656)	(374,625)
Housing		0	0	(9,467)
Community Amenities		(170,179)	(216,959)	(218,486)
Recreation and Culture		(987,911)	(1,246,658)	(1,025,553)
Transport		(4,347,460)	(4,001,498)	(3,703,439)
Economic Services		(1,354,081)	(1,645,915)	(1,285,969)
Other Property and Services		(1,496,770)	(70,007)	(13,815)
		<u>(10,110,372)</u>	<u>(9,319,819)</u>	<u>(7,963,318)</u>
Net Result Excluding Rates		(2,023,048)	(4,999,272)	(3,837,889)
Adjustments for Cash Budget Requirements:				
Loss on Revaluation of Fixed Assets		1,428,085	0	149
(Profit)/Loss on Asset Disposals	20	135,904	6,683	64,495
Movement in Accrued Salaries and Wages		10,008	0	5,479
Movement in Employee Benefit Provisions (Non-current)		(23,947)	0	(25,942)
Depreciation on Assets	2(a)	2,015,633	1,718,196	1,200,471
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(281,236)	(638,610)	(970,912)
Purchase Furniture and Equipment	6(a)	(35,375)	(520,049)	(849,900)
Purchase Plant and Equipment	6(a)	(726,135)	(805,833)	(28,620)
Purchase Roads	7(a)	(322,421)	(511,000)	(527,376)
Purchase Infrastructure Other	7(a)	(193,853)	(330,553)	(328,560)
Proceeds from Disposal of Fixed Assets	20	225,136	252,726	313,183
Transfers to Reserves (Restricted Assets)	11	(332,273)	(330,798)	(247,531)
Transfers from Reserves (Restricted Assets)	11	72,883	90,000	168,066
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,134,984	1,083,479	1,412,542
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	6,198,972	0	1,134,984
Total Amount Raised from General Rate	22(a)	<u>(5,114,627)</u>	<u>(4,985,031)</u>	<u>(4,787,329)</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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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.

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. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) 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 Sale

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

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

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

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.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was 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 the 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 2014.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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 only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 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 disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) 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.

Amortised cost is calculated as:

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

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(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 that the Council 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 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual 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.

(i) Impairment of Assets

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.

(j) Trade and Other Payables

Trade 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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) 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.

(o) Investment in Associates

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

The carrying amount of the investment includes, where applicable, 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.

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) 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 operations for the current reporting period.

(r) 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.

(s) 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 sale where it is held as non-current based on the Council's intentions to release for sale.

(t) 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 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) 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 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	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.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]</p> <p>[AASB 1, 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]</p>	December 2012	1 January 2014	<p>Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.</p> <p>It is not expected to have a significant impact on Council.</p>
<p>(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</p> <p>[AASB 132]</p>	June 2012	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation 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>This Standard is not expected to significantly impact the Council’s financial statements.</p>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or 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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding	155,000	0
This significant expense in 2014 years relates to the write off of unidentifiable fixed assets.		
Other Property and Services loss on revaluation of fixed assets.	1,428,085	0
	<u>1,583,085</u>	<u>0</u>
Auditors Remuneration		
- Audit of the annual financial report	11,561	22,912
- Other Services	840	800
Depreciation		
Buildings	265,675	183,893
Furniture and Equipment	10,916	12,512
Plant and Equipment	755,790	345,233
Roads	900,121	509,472
Infrastructure Other	31,718	93,258
Roads Other	51,413	56,103
	<u>2,015,633</u>	<u>1,200,471</u>
Interest Expenses (Finance Costs)		
Other	499	332
	<u>499</u>	<u>332</u>
(ii) Crediting as Revenue:		
Significant Revenue		
General Purpose Funding	0	577,818
Economic Services	4,618,249	0
	<u>4,618,249</u>	<u>577,818</u>
This significant revenue in 2013 year relates to Local Government Financial Assistance Grant - payment received early		
This significant revenue in 2014 year relates to - R4R NGROAC		
Other Revenue		
Reimbursements and Recoveries	8,689	0
Other	0	124,952
	<u>8,689</u>	<u>124,952</u>
	<u>2014 Actual</u>	<u>2014 Budget</u>
	<u>\$</u>	<u>\$</u>
Interest Earnings		<u>2013 Actual</u>
- Reserve Funds	13,273	12,473
- Other Funds	15,166	26,481
	<u>28,439</u>	<u>38,954</u>

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire of Leonora will be a progressive Shire supporting its residents in an environment of development while maintaining quality of life, values and retaining ownership of its future. Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

Objective:

To collect revenue to allow for the provision of services.

Activities:

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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

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

Objective:

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

Activities:

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 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance ⁽¹⁾ 1/07/12 \$</u>	<u>Received ⁽²⁾ 2012/13 \$</u>	<u>Expended ⁽³⁾ 2012/13 \$</u>	<u>Closing Balance ⁽¹⁾ 30/06/13 \$</u>	<u>Received ⁽²⁾ 2013/14 \$</u>	<u>Expended ⁽³⁾ 2013/14 \$</u>	<u>Closing Balance 30/06/14 \$</u>
Northern Goldfields Tourism Group	Recreation and Culture	29,716	0	(4,343)	25,373	0	(24,452)	921
Government Grant	General Purpose Funding	5,213	0	0	5,213	0	0	5,213
CLGF	General Purpose Funding	0	337,610	(277,610)	60,000	337,610	(252,045)	145,565
Workforce Planning Grant	General Purpose Funding	0	25,000	0	25,000	0	(8,790)	16,210
NGROAC	Economic Services	0	0	0	0	4,618,249	0	4,618,249
Animal Sterilisation Program	Law, Order, Public Service	0	0	0	0	2,500	0	2,500
Total		<u>34,929</u>	<u>362,610</u>	<u>(281,953)</u>	<u>115,586</u>	<u>4,958,359</u>	<u>(285,287)</u>	<u>4,788,658</u>

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 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,350,598	1,080,232
Restricted		<u>5,518,515</u>	<u>586,053</u>
		<u><u>6,869,113</u></u>	<u><u>1,666,285</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Annual Leave Reserve	11	154,692	151,037
Long Service Leave Reserve	11	126,415	123,427
Building Reserve	11	141,663	40,106
Fire Disaster Reserve	11	17,974	13,621
Plant Purchase Reserve	11	203,274	51,126
Gwalia Precinct Reserve	11	85,839	91,150
Unspent Grants	2(c)	<u>4,788,658</u>	<u>115,586</u>
		<u><u>5,518,515</u></u>	<u><u>586,053</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		162,802	58,144
Sundry Debtors		370,887	220,073
GST Receivable		<u>1,766</u>	<u>3,570</u>
		<u><u>535,455</u></u>	<u><u>281,787</u></u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>73,955</u>	<u>48,918</u>
		<u><u>73,955</u></u>	<u><u>48,918</u></u>
Non-Current			
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 2014

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land		
Freehold Land at:		
- Independent Valuation 2014	<u>957,000</u>	<u>0</u>
	957,000	0
 Total Land	 <u>957,000</u>	 <u>0</u>
 Buildings at:		
- Management Valuation 2013	0	7,015,429
- Cost	0	3,869,109
- Independent Valuation 2014	10,971,302	0
Less: Accumulated Depreciation	<u>0</u>	<u>(487,250)</u>
	10,971,302	10,397,288
 Total Land and Buildings	 <u>11,928,302</u>	 <u>10,397,288</u>
 Furniture and Equipment at:		
- Management Valuation 2013	28,000	28,000
- Cost	35,375	0
Less Accumulated Depreciation	<u>(10,916)</u>	<u>0</u>
	52,459	28,000
 Plant and Equipment at:		
- Management Valuation 2013	2,260,981	2,571,681
- Cost	726,134	0
Less Accumulated Depreciation	<u>(651,129)</u>	<u>0</u>
	2,335,986	2,571,681
	<u>14,316,747</u>	<u>12,996,969</u>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land

The Shire's Land was revalued at 30 June 2014 by an independent valuer. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 and 3 inputs in the fair value hierarchy). The revaluation resulted in an overall decrement of \$ 2,463,790 in the net value of the Shire's Land. All of this decrement was debited to the profit and loss in the Shire's Statement of Comprehensive Income.

Buildings

The Shire's Buildings was revalued at 30 June 2014 by a combination of independent valuers and management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 and 3 inputs in the fair value hierarchy). The revaluation resulted in an overall increment of \$ 1,035,705 in the net value of the Shire's buildings. 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 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$	\$
Freehold Land	(Level 2&3)	3,575,790	0	(155,000)	(2,463,790)	0	0	957,000
Total Land		3,575,790	0	(155,000)	(2,463,790)	0	0	957,000
Buildings	(Level 2&3)	9,920,036	281,236	0	1,035,705	0	(265,675)	10,971,302
Total Buildings		9,920,036	281,236	0	1,035,705	0	(265,675)	10,971,302
Total Land and Buildings		13,495,826	281,236	(155,000)	(1,428,085)	0	(265,675)	11,928,302
Furniture and Equipment	(Level 3)	28,000	35,375	0	0	0	(10,916)	52,459
Plant and Equipment	(Level 3)	2,571,681	726,135	(206,040)	0	0	(755,790)	2,335,986
Total Property, Plant and Equipment		16,095,507	1,042,746	(361,040)	(1,428,085)	0	(1,032,381)	14,316,747

During the year ended 30 June 2014, fixed assets were reclassified as part of the revaluation of Land and Buildings. Prior year closing balances for assets transferred between asset classes were amended to align the new classification of the specific assets reclassified. Transfers between asset classes to arrive at the prior year comparative balances are as shown below:

	Closing Balance 30/06/2013	Transfer to	Transfer from	Reclassified Opening Balance 1/07/2013
Valuation Reclassification Summary				
Land and Buildings	10,397,288	0	(10,397,288)	0
Furniture and Equipment	28,000	0	0	28,000
Plant and Equipment	2,571,681	0	0	2,571,681
Roads	27,915,341	0	0	27,915,341
Roads Other	1,844,040	0	0	1,844,040
Infrastructure Other	4,551,521	0	(3,098,538)	1,452,983
Freehold Land	0	3,575,790	0	3,575,790
Buildings	0	9,920,036	0	9,920,036
	47,307,871	13,495,826	(13,495,826)	47,307,871

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Management Valuation 2014	42,788,226	42,047,647
Less Accumulated Depreciation	<u>(17,881,647)</u>	<u>(14,132,306)</u>
	24,906,579	27,915,341
Roads Other		
- Cost	2,518,195	2,518,195
Less Accumulated Depreciation	<u>(725,568)</u>	<u>(674,155)</u>
	1,792,627	1,844,040
Infrastructure Other		
- Management Valuation 2010	1,551,935	4,638,419
- Additions after Valuation - Cost	193,854	328,559
Less Accumulated Depreciation	<u>(130,671)</u>	<u>(415,457)</u>
	1,615,118	4,551,521
	<u>28,314,324</u>	<u>34,310,902</u>

Roads:

The Shire's Infrastructure Roads was revalued at 30 June 2014 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 \$ 2,431,062 in the net value of the Shire's Infrastructure Roads. 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 2014

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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$
Roads	27,915,341	322,421	0	(2,431,062)	0	(900,121)	24,906,579
Infrastructure Other	1,452,983	193,853	0	0	0	(31,718)	1,615,118
Roads Other	1,844,040	0	0	0	0	(51,413)	1,792,627
Total	<u>31,212,364</u>	<u>516,274</u>	<u>0</u>	<u>(2,431,062)</u>	<u>0</u>	<u>(983,252)</u>	<u>28,314,324</u>

During the year ended 30 June 2014, fixed assets were reclassified as part of the revaluation of Land and Buildings. Prior year closing balances for assets transferred between asset classes were amended to align the new classification of the specific assets reclassified. Transfers between asset classes to arrive at the prior year comparative balances are as shown below:

	Closing Balance 30/06/2013	Transfer to	Transfer from	Reclassified Opening Balance 1/07/2013
Valuation Reclassification Summary				
Land and Buildings	10,397,288	0	(10,397,288)	0
Furniture and Equipment	28,000	0	0	28,000
Plant and Equipment	2,571,681	0	0	2,571,681
Roads	27,915,341	0	0	27,915,341
Roads Other	1,844,040	0	0	1,844,040
Infrastructure Other	4,551,521	0	(3,098,538)	1,452,983
Freehold Land	0	3,575,790	0	3,575,790
Buildings	0	9,920,036	0	9,920,036
	<u>47,307,871</u>	<u>13,495,826</u>	<u>(13,495,826)</u>	<u>47,307,871</u>

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	549,694	391,539
Accrued Salaries and Wages	28,406	18,398
	<u>578,100</u>	<u>409,937</u>

9. LONG-TERM BORROWINGS

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

Analysis of Total Provisions

Current	217,785	277,363
Non-Current	64,480	28,849
	<u>282,265</u>	<u>306,212</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	151,700	154,512	306,212
Amounts used	(23,070)	(877)	(23,947)
Balance at 30 June 2014	<u>128,630</u>	<u>153,635</u>	<u>282,265</u>

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	151,037	150,391	146,465
Amount Set Aside / Transfer to Reserve	3,655	3,398	4,572
Amount Used / Transfer from Reserve	0	0	0
	<u>154,692</u>	<u>153,789</u>	<u>151,037</u>
(b) Long Service Leave Reserve			
Opening Balance	123,427	172,725	168,216
Amount Set Aside / Transfer to Reserve	2,988	2,777	55,211
Amount Used / Transfer from Reserve	0	0	(100,000)
	<u>126,415</u>	<u>175,502</u>	<u>123,427</u>
(c) Building Reserve			
Opening Balance	40,106	0	0
Amount Set Aside / Transfer to Reserve	101,557	102,027	40,106
Amount Used / Transfer from Reserve	0	0	0
	<u>141,663</u>	<u>102,027</u>	<u>40,106</u>
(d) Fire Disaster Reserve			
Opening Balance	13,621	11,566	11,267
Amount Set Aside / Transfer to Reserve	4,353	4,396	6,354
Amount Used / Transfer from Reserve	0	0	(4,000)
	<u>17,974</u>	<u>15,962</u>	<u>13,621</u>
(e) Plant Purchase Reserve			
Opening Balance	51,126	992	992
Amount Set Aside / Transfer to Reserve	152,148	152,275	50,134
Amount Used / Transfer from Reserve	0	0	0
	<u>203,274</u>	<u>153,267</u>	<u>51,126</u>
(f) Gwalia Precinct Reserve			
Opening Balance	91,150	65,801	64,062
Amount Set Aside / Transfer to Reserve	67,572	65,925	91,154
Amount Used / Transfer from Reserve	(72,883)	(90,000)	(64,066)
	<u>85,839</u>	<u>41,726</u>	<u>91,150</u>
TOTAL RESERVES	<u><u>729,857</u></u>	<u><u>642,273</u></u>	<u><u>470,467</u></u>
Total Opening Balance	470,467	401,475	391,002
Total Amount Set Aside / Transfer to Reserve	332,273	330,798	247,531
Total Amount Used / Transfer from Reserve	(72,883)	(90,000)	(168,066)
TOTAL RESERVES	<u><u>729,857</u></u>	<u><u>642,273</u></u>	<u><u>470,467</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:

- (a) Leave Reserve**
- to be used to to offset Council's leave liability to its employees.
- (b) Long Service Leave Reserve**
- to be used to offset Council's long service leave liabilities to it's employees
- (c) Building Reserve**
- to be used for the construction and preservation of Council buildings and urgent repairs and maintenance.
- (d) Fire Disaster Reserve**
- to be used to assist in the provision of emergency contingencies in the case of a fire disaster.
- (e) Plant Purchase Reserve**
- to be used for the purchase of major plant.
- (f) Gwalia Precinct Reserve**
- to be used for restoration and historical projects in the Gwalia precinct.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Plant & Equipment		
Opening Balance	44,891	0
Revaluation Increment	0	44,891
Revaluation Decrement	0	0
	<u>44,891</u>	<u>44,891</u>
(b) Roads		
Opening Balance	10,689,520	15,202,065
Revaluation Increment	0	0
Revaluation Decrement	(2,431,062)	(4,512,545)
	<u>8,258,458</u>	<u>10,689,520</u>
(c) 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>
TOTAL ASSET REVALUATION SURPLUS	<u><u>9,546,449</u></u>	<u><u>11,977,511</u></u>

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>6,869,113</u>	<u>642,273</u>	<u>1,666,285</u>

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

Net Result	3,091,579	(14,241)	949,440
Depreciation	2,015,633	1,718,196	1,200,471
(Profit)/Loss on Sale of Asset	135,904	6,683	64,495
(Increase)/Decrease in Receivables	(253,668)	300,517	117,510
(Increase)/Decrease in Inventories	(25,037)	5,506	(1,554)
Increase/(Decrease) in Payables	168,163	(388,626)	272,439
Increase/(Decrease) in Employee Provisions	(23,947)	0	(20,463)
Grants Contributions for the Development of Assets	(4,941,493)	(803,242)	(358,643)
Loss on Revaluation of Fixed Assets	<u>1,428,085</u>	<u>0</u>	<u>149</u>
Net Cash from Operating Activities	<u>1,595,219</u>	<u>824,793</u>	<u>2,223,844</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
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>(7,689)</u>	<u>(6,454)</u>
Total Amount of Credit Unused	<u>12,311</u>	<u>13,546</u>
Loan Facilities		
Loan Facilities - Current	0	0
Loan Facilities - Non-Current	<u>0</u>	<u>0</u>
Total Facilities in Use at Balance Date	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

There were no known contingent liabilities at the reporting date.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	13,749	20,131
- later than one year but not later than five years	13,503	6,106
- later than five years	0	0
	<u>27,252</u>	<u>26,237</u>

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	151,323	0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of a building to house vintage vehicles at the Gwalia Museum.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

16. JOINT VENTURE ARRANGEMENTS

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

	2014	2013
	\$	\$
Non-Current Assets		
Land & Buildings	74,688	74,688
Less: Accumulated Depreciation	<u>(3,740)</u>	<u>(1,873)</u>
	<u><u>70,948</u></u>	<u><u>72,815</u></u>
Plant & Machinery	8,247	11,393
Less: Accumulated Depreciation	<u>(1,649)</u>	<u>(868)</u>
	<u><u>6,598</u></u>	<u><u>10,525</u></u>
Furniture & Equipment	12,109	13,455
Less: Accumulated Depreciation	<u>(1,332)</u>	<u>(762)</u>
	<u><u>10,777</u></u>	<u><u>12,693</u></u>
Light Vehicles	3,549	3,944
Less: Accumulated Depreciation	<u>(591)</u>	<u>(394)</u>
	<u><u>2,958</u></u>	<u><u>3,550</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	0	60
General Purpose Funding	164,043	58,144
Law, Order, Public Safety	51,391	48,519
Health	244,179	278,243
Education and Welfare	16,195	86,138
Housing	1,809,457	1,777,805
Community Amenities	1,851,141	2,105,236
Recreation and Culture	6,499,433	6,159,549
Transport	30,618,031	35,541,532
Economic Services	5,685,571	847,246
Other Property and Services	2,280,194	1,835,805
Unallocated	<u>1,521,494</u>	<u>1,198,119</u>
	<u><u>50,741,129</u></u>	<u><u>49,936,396</u></u>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	3.39	3.42	11.34
Asset Sustainability Ratio	0.51	1.22	0.87
Debt Service Cover Ratio	N/A	N/A	N/A
Operating Surplus Ratio	(0.29)	0.10	0.19
Own Source Revenue Coverage Ratio	0.72	0.74	0.76

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 60 of this document.

One of the 2014 ratios disclosed above are distorted by items of significant expense totalling \$ 155,000 relating to the write off of various fixed assets.

These items form part of operating expense and have been included in the calculations above.

These items of significant expenses are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2014 column above would be as follows:

	2014
Operating Surplus Ratio	(0.28)

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Sale of Impounded Cattle	0	16,112	0	16,112
	<u>0</u>			<u>16,112</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Health						
2011 Ford FG Falcon	23,888	38,324	22,727	22,727	(1,161)	(15,597)
2012 Ford Territory TX	24,909	41,357	24,545	24,545	(364)	(16,812)
Transport						
P819 1994 Roadwest Low Loader	27,863	0	31,500	30,000	3,637	30,000
P289 2006 Cat 12H Grader	77,139	91,676	100,909	130,000	23,770	38,324
Nissan Navara King Cab	20,730	41,546	15,455	15,454	(5,275)	(26,092)
Other Property and Services						
2012 Ford Territory Titanium	31,511	46,506	30,000	30,000	(1,511)	(16,506)
General Purpose Funding						
Writeoffs	155,000	0	0	0	(155,000)	0
	<u>361,040</u>	<u>259,409</u>	<u>225,136</u>	<u>252,726</u>	<u>(135,904)</u>	<u>(6,683)</u>

Profit	27,407	68,324
Loss	<u>(163,311)</u>	<u>(75,007)</u>
	<u>(135,904)</u>	<u>(6,683)</u>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire had no borrowings as at the reporting date.

(b) New Debentures - 2013/14

No new debentures were raised during the reporting period.

(c) Unspent Debentures

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

(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 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
General Rate Valuations											
Industrial	0.0610	48	3,545,980	216,305	0	0	216,305	214,922	1,500	0	216,422
Commercial	0.0610	30	3,541,962	216,060	411	0	216,471	214,678	0	0	214,678
Mining Tenement	0.0610	6	2,399,248	146,354	0	0	146,354	145,418	0	0	145,418
Residential	0.0610	486	6,498,180	396,389	0	0	396,389	393,243	0	0	393,243
Town Centre	0.0610	5	252,770	15,419	0	0	15,419	14,957	0	0	14,957
Miscellaneous	0.0610	13	427,556	26,081	0	0	26,081	25,883	0	0	25,883
Unimproved Value Valuations											
Mining Tenement	0.1340	1,088	26,823,486	3,594,347	(66,374)	0	3,527,973	3,600,531	15,000	0	3,615,531
Pastoral	0.1340	30	1,259,312	168,748	3,703	0	172,451	168,446	0	0	168,446
Rural	0.1340	2	50,000	6,700	(3,618)	0	3,082	6,688	0	0	6,688
Sub-Totals		1,708	44,798,494	4,786,402	(65,878)	0	4,720,524	4,784,766	16,500	0	4,801,266
Minimum Payment	Minimum \$										
General Rate Valuations											
Industrial	279	12	33,630	3,348	0	0	3,348	2,790	0	0	2,790
Commercial	279	4	10,160	1,116	0	0	1,116	1,116	0	0	1,116
Residential	279	19	52,445	5,301	0	0	5,301	4,743	0	0	4,743
Town Centre	279	2	875	558	0	0	558	558	0	0	558
Vacant	279	63	60,731	17,577	0	0	17,577	17,019	0	0	17,019
Miscellaneous	279	4	2,910	1,116	0	0	1,116	1,116	0	0	1,116
Unimproved Value Valuations											
Mining Tenement	279	935	1,060,464	260,865	103,106	0	363,971	260,586	0	0	260,586
Rural	279	3	3,501	837	0	0	837	837	0	0	837
Pastoral	279	1	0	0	279	0	279	0	0	0	0
Sub-Totals		1,043	1,224,716	290,718	103,385	0	394,103	288,765	0	0	288,765
							5,114,627			5,090,031	
Rates Written Off (refer note 25.)							(8,448)			(15,000)	
Concession (refer note 25.)							(94,502)			(90,000)	
Total Amount Raised From General Rate Totals							5,011,678			4,985,031	
							5,011,678			4,985,031	

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>6,198,972</u>	<u>1,134,984</u>	<u>1,134,984</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	1,350,598	1,080,232	1,080,232
Restricted	5,518,515	586,053	586,053
Receivables			
Rates Outstanding	162,802	58,144	58,144
Sundry Debtors	370,887	220,073	220,073
GST Receivable	1,766	3,570	3,570
Inventories			
Fuel and Materials	73,955	48,918	48,918
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(549,694)	(391,539)	(391,539)
Accrued Salaries and Wages	(28,406)	(18,398)	(18,398)
Provisions			
Provision for Annual Leave	(128,629)	(151,700)	(151,700)
Provision for Long Service Leave	(89,156)	(125,663)	(125,663)
<u>Net Current Assets</u>	<u>6,682,638</u>	<u>1,309,690</u>	<u>1,309,690</u>
Less:			
Reserves - Restricted Cash	(729,857)	(470,467)	(470,467)
Add:			
Accrued Salaries and Wages	28,406	18,398	18,398
Provision for Annual Leave	128,629	151,700	151,700
Provision for Long Service Leave	89,156	125,663	125,663
Surplus/(Deficit)	<u>6,198,972</u>	<u>1,134,984</u>	<u>1,134,984</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates for the 2013/14 financial year.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges for the 2013/14 financial year.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Discount	100	1,250	3,000
Concession	Discount	54.00%	94,502	90,000
Housing Rental	Discount	100.00%	5,200	5,200
Rate Assessment	Write-Off	N/A	8,448	15,000
			109,400	113,200

No discount on rates is available.

A concession of 54% was applied to pastoral properties (with no property paying less than the \$279 minimum payment), in lieu of previous differential rate categories. The concession considered the impact of high property valuations on pastoralists, and the effort to achieve an equal rate burden within the district, giving consideration to capacity to pay and other factors.

A provision of \$15,000 was also written back mining rates that are unrecoverable due to companies entering into administration, or where all other avenues of debt recovery had been exhausted.

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 - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan	N/A	22	13,135	4,680
			13,135	4,680

No interest is charged on overdue rates.

Ratepayers had the option of paying rates in four equal instalments, due on 27 August 2013, 27 October 2013, 27 December 2013 and 27 February 2014.

An administration fee of \$22 is levied per assessment for payments by the four instalment option.

27. FEES & CHARGES	2014 \$	2013 \$
General Purpose Funding	14,071	12,267
Law, Order, Public Safety	8,053	5,080
Health	24,965	1,499
Education and Welfare	72,774	71,929
Housing	27,870	29,050
Community Amenities	187,898	87,319
Recreation and Culture	69,416	62,309
Transport	476,385	594,802
Economic Services	182,426	192,766
Other Property and Services	50,461	70,192
	<u>1,114,319</u>	<u>1,127,213</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 2014

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,966,977	2,410,816
Non-Operating Grants, Subsidies and Contributions	<u>4,941,493</u>	<u>358,643</u>
	<u><u>6,908,470</u></u>	<u><u>2,769,459</u></u>
By Program:		
Governance		25,000
General Purpose Funding	908,235	1,409,654
Law, Order, Public Safety	9,720	7,270
Health	23,125	38,017
Education and Welfare	132,144	81,542
Recreation and Culture	100,000	112,948
Transport	801,942	797,961
Economic Services	<u>4,933,304</u>	<u>297,067</u>
	<u><u>6,908,470</u></u>	<u><u>2,769,459</u></u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u><u>27</u></u>	<u><u>28</u></u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	28,752	36,494	10,640
President's Allowance	15,767	17,200	12,000
Deputy President's Allowance	4,300	4,300	3,000
Travelling Expenses	9,493	8,810	3,190
Telecommunications Allowance	<u>27,515</u>	<u>24,800</u>	<u>3,220</u>
	<u><u>85,827</u></u>	<u><u>91,604</u></u>	<u><u>32,050</u></u>

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	6,869,113	1,666,285	6,869,113	1,666,285
Receivables	<u>535,455</u>	<u>281,787</u>	<u>535,455</u>	<u>281,787</u>
	<u><u>7,404,568</u></u>	<u><u>1,948,072</u></u>	<u><u>7,404,568</u></u>	<u><u>1,948,072</u></u>
Financial Liabilities				
Payables	578,100	409,937	578,100	409,937
Borrowings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>578,100</u></u>	<u><u>409,937</u></u>	<u><u>578,100</u></u>	<u><u>409,937</u></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 2014

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.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

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.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	42,603	29,524
- Statement of Comprehensive Income	42,603	29,524

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of 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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	27%	27%
- Overdue	73%	73%

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	578,100	0	0	578,100	578,100
	<u>578,100</u>	<u>0</u>	<u>0</u>	<u>578,100</u>	<u>578,100</u>
<u>2013</u>					
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>

INDEPENDENT AUDITOR'S REPORT TO THE RATE PAYERS OF THE SHIRE OF LEONORA

Report on the Financial Report

We have audited the accompanying financial report of Shire of Leonora, which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Shire of Leonora is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 60 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. The underlying information on which the calculation of the asset consumption ratio and asset renewal funding ratio is based does not form part of the audited financial report. As a result, we do not express an opinion on these ratios.

Other matters

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) In relation to the Supplementary Ratio Information presented on page 60 of this report we have reviewed the calculations as presented and nothing has come to our attention to suggest that they are not reasonably calculated and based on verifiable information.
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Perth
Date: 3 November 2014

**SHIRE OF LEONORA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

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

	2014	2013	2012
Asset Consumption Ratio	0.49	0.49	N/A
Asset Renewal Funding Ratio	0.57	0.52	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 2012 year have not been reported as financial information is not available.



ANNUAL REPORT 2013-2014

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 2013/2014.

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.

ANNUAL REPORT 2013-2014



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

The Strategic Community Plan 2012-2022 was prepared through engagement and consultation with the local community, and sets out the vision, aspirations and objectives of the community in the district.

The table below sets out to provide an overview of achievements to date made during the 2013/14 reporting period, as well as initiatives that are proposed to commence and/or continue into the next financial year.

Further detail relating to the Strategic Community Plan can be inspected by viewing the document on the Shire of Leonora's website.

PLAN FOR THE FUTURE STRATEGY / INITIATIVE	2013/14 ACHIEVED / CONTINUING 2014/15	PLANNED / COMMENCING 2014/15
Exhibit the community spirit and showcase sights of the Shire by facilitating events attracting community members and other visitors	Enhance, develop and promote Golden Gift	N/A
Promote less tolerance for lawlessness by facilitating the coordination of relevant Government agencies to tackle crime	Utilise the Leonora Interagency committee to communicate with the relevant Government authorities	N/A
Support community run sporting, recreational and volunteering initiatives through direct financial assistance; the utilisation of Shire facilities	Maintain Community grant scheme annually	N/A
Ensure that there is appropriate infrastructure and facilities to service the health and social needs of the Shire's senior residents	N/A	Investigate the feasibility of accommodation for the elderly
Become the further education and vocational hub for the Northern Goldfields region	N/A	Open communications with Universities and TAFE organisations
Develop Leonora as a transportation hub for the Northern Goldfields and alternate route to the Pilbara	N/A	Attract industrial training business to town
Reduction in the adverse effects of mining activity around and near the town	N/A	Sealing works roads just outside the town site to minimise dust

ANNUAL REPORT 2013-2014



PLAN FOR THE FUTURE STRATEGY / INITIATIVE	2013/14 ACHIEVED / CONTINUING 2014/15	PLANNED / COMMENCING 2014/15
Facilitate more effective delivery of services by Federal and State Government agencies by providing a shared work space for visiting agencies and broking informal coordination of services	Support and promote the Leonora Inter-Agency (“LIA”) initiative	Provide facilities for Federal and State government agencies to work from a shared office space provided by the Shire at no/low costs.
Expand the asset management plan and document the asset management policies and procedures that are currently undertaken	Develop and implement asset management planning Document current asset management policies and procedures	N/A
Ensure the Shire’s historic GWALIA buildings remain viable for future generations of the community by developing specific asset management plans	Seek heritage funding for the maintenance of historic assets Organise valuations of the buildings in the GWALIA area	Engage architects specialising in heritage buildings to identify the future needs of the buildings Utilise the services provided by the GWALIA reference volunteer group to organise building maintenance busy bees
Create an environment that promotes the finest work from staff by adopting and implementing best management practices, with an emphasis on safety	Develop a workforce plan to ensure the efficient allocation of staff and to identify the future staff requirements of the Shire Develop occupational safety and health manuals	Adhere to DLG guidelines and other good management practices, by developing for staff handbooks identifying legislative requirements
Ensure the Shire receives the maximum grant assistance available to ensure the greatest benefit to the community	Attract grant funding through lobbying the government for assistance when Shire undertakes non-traditional services Investigate grants available that the Shire is eligible to receive	N/A
Plan for adequate supply of residential and commercial land to meet the requirements of the community	N/A	Identify and release residential and commercial land blocks

ANNUAL REPORT 2013-2014



PLAN FOR THE FUTURE STRATEGY / INITIATIVE	2013/14 ACHIEVED / CONTINUING 2014/15	PLANNED / COMMENCING 2014/15
Identify the future leadership requirements of the Shire and develop and equip staff to fulfil these positions	Develop and implement trainee scheme Provide opportunities and budget for professional development, career development and training for staff Prioritise and support internal promotion Identify and backfill key roles	N/A
Support and develop Councillors to represent their community effectively	Ensure Councillors receive appropriate training to continuously improve their skills and knowledge	N/A

9.0 DISABILITY ACCESS INCLUSION PLAN (DAIP)

- (A) The Shire of Leonora is required to comply with the State Government imposed Disability Services Act (1993).
- (B) A Disability Access Inclusion Plan 2013-2018 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

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 30th June, 2017. This plan resulted from a review of Council's previous plan prior to 8th October, 2012.

ANNUAL REPORT 2013-2014



(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.

Salary Range (\$)	No. of Employees
110,000 – 119,999	1
130,000 – 139,999	2
230,000 – 239,999	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 30th June 2014, no complaints were recorded, therefore no action was required to deal with complaints.