



# SHIRE OF LEONORA



## Budget 2019-2020

Adopted by Council

23rd July 2019



## **SHIRE PRESIDENT'S MESSAGE**

### **To the Community**

The 2019/20 budget document continues to pave the way towards meeting the objectives defined within the Shire of Leonora's Strategic Community Plan 2017 – 2027. Opportunities to meet these social objectives include the Golden Gift event, support of recreational, volunteering activities, community grants scheme, recreation programs and current social media platform which is increasing Leonora's profile as a place of interest to visit. The Shire of Leonora have also planned to facilitate various programs such as murals to be in the Town Centre and other suitable locations, as well as upgrading current facilities such as the Leonora Skate Park and Tower Street Playground.

The attraction and retention of population is always the keystone of economic development and the Shire continues to provide services to support that, as well making the maintenance of its historic assets a priority in attracting tourism. The maintenance of professional services is also of vital importance and the Shire has become increasingly aware of the ageing housing stock in Leonora, and over the next few years will look more closely at opportunities to meet the challenge of providing good housing in a remote, regional location.

The Shire of Leonora upgrade of the current liquid waste disposal site to accept larger quantities of waste, on a fee for service basis provided increased Shire revenue for 2018/19 and is expected to continue to do so during the 2019/20 financial year.

The Northern Goldfields Regional Office and Administration Centre (NGROAC) under good management continues to provide a state-of-the-art service to the Northern Goldfields, with three organisations leasing offices on a long-term basis. It will continue to provide a strong advantage to our local workforce, as they will be able to access a wider range of support services. The NGROAC also provides assistance to visitors, and continues to support the administration of the Cashless Debit Card.

It is with great pleasure that I present the 2019/20 Annual Budget to you, and I am confident that it will continue to enhance the quality of living of residents, and meet the aspirations of the community as set out in the Shire of Leonora's Strategic Community Plan.

**PJ CRAIG  
PRESIDENT**



## **CHIEF EXECUTIVE OFFICER'S REPORT**

### **To the Community**

It gives me great pleasure to present to you the 2019/20 budget for the Shire of Leonora which was adopted at a Special Council Meeting held on Tuesday 23<sup>rd</sup> July 2019. Once again considerable attention has been allocated to include funding for operational and capital projects that have identified themselves during the previous financial year, and which align with the outcomes of the Shire of Leonora's Strategic Community Plan 2017-2027.

The projects identified for 2019/20 are improvements in recreational infrastructure in line with the Strategic Community Plan of supporting the community and providing essential infrastructure and services to promote growth. Like most remote, regional towns we need to be able to attract and retain population. In addition, we need to upgrade and/or provide facilities such as public toilets both for the community and to encourage tourists to stop and spend money in the town. We also need to comply with our Strategic Resource Plan and replace ageing plant such as our current road sweeper, as well as purchase plant that will allow the Shire to work efficiently and effectively. External funding has been received from the Federal Government for an upgrade to the Leonora Aerodrome's lighting, and this will be matched by the Shire. The Shire will continue to support the Goldfields Children's Charity, with \$100,000 being contributed by the Shire of Leonora again this year as part of the five year program to sponsor the Royal Flying Doctor Service.

The Shire supports the growth of tourism through the maintenance of its historical buildings, with the acceptance of the Barnes Federal Theatre to the Shire's Asset Register, and in the upgrading of archival material at Gwalia. The Shire continues to facilitate economic development through support for the Leonora Childcare Centre, as well as continuing to maintain a Doctor in Leonora.

There is an increase of 1.5% in rates, and in refuse collection charges, but the projected 7% increase in revenue for this financial year is due to the increase in mining tenements.

Continued increased compliance regulations must be met and this provides challenges to us each year as an organisation. We need to manage our resources better and for this reason, improved efficiencies will be made over the next three years with four Shires working together as a Northern Goldfields Compliance Group under the guidance of Moore Stephens (WA) Pty Ltd, who provide sound advice in the most cost effective manner.

I would like to take the opportunity to thank all staff for their efforts in developing the plans that have formed this budget, and in particular my new Deputy CEO, Linda Gray, and Acting Manager Works, John Oxley. I am sure that 2019/20 will be another exciting year.

**J G EPIS**  
**CHIEF EXECUTIVE OFFICER**

**SHIRE OF LEONORA**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE'S VISION**

The Shire will endeavour to provide community services and facilities to meet the needs of members of the community and enable them to enjoy a pleasant and healthy way of life.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	6,465,520	6,038,744	5,963,241
Operating grants, subsidies and contributions	9	1,766,204	2,025,359	1,760,969
Fees and charges	8	1,726,760	1,811,553	1,489,551
Interest earnings	10(a)	34,000	35,862	16,555
Other revenue	10(b)	227,200	331,828	196,660
		10,219,684	10,243,346	9,426,976
<b>Expenses</b>				
Employee costs		(1,998,009)	(2,026,102)	(1,986,522)
Materials and contracts		(6,078,203)	(4,948,873)	(6,201,249)
Utility charges		(363,789)	(234,332)	(269,485)
Depreciation on non-current assets	5	(1,460,449)	(1,716,523)	(1,431,692)
Insurance expenses		(245,666)	(241,023)	(257,254)
Other expenditure		(142,568)	(125,829)	(155,828)
		(10,288,684)	(9,292,682)	(10,302,030)
<b>Subtotal</b>		(69,000)	950,664	(875,054)
Non-operating grants, subsidies and contributions	9	758,755	1,774,130	5,033,375
Profit on asset disposals	4(b)	20,000	23,328	0
Loss on asset disposals	4(b)	(82,839)	(54,384)	(261,906)
		695,916	1,743,074	4,771,469
<b>Net result</b>		<b>626,916</b>	<b>2,693,738</b>	<b>3,896,415</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>626,916</b>	<b>2,693,738</b>	<b>3,896,415</b>

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

## SHIRE OF LEONORA

FOR THE YEAR ENDED 30TH JUNE 2020

### BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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 13 to the budget.

### 2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

### CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

### KEY TERMS AND DEFINITIONS - NATURE OR TYPE

#### REVENUES

##### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

##### SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

##### PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

### REVENUES (CONTINUED)

#### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

#### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

#### FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

#### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

#### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

### EXPENSES

#### EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

#### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

#### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

#### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

#### LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

#### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

#### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

#### OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		1,000	517	2,000
General purpose funding		7,127,427	7,319,999	6,552,711
Law, order, public safety		11,515	8,044	8,600
Health		38,157	58,072	55,445
Education and welfare		266,088	285,885	306,129
Housing		48,300	36,270	45,340
Community amenities		418,274	440,434	376,381
Recreation and culture		282,380	339,210	172,225
Transport		797,041	795,571	578,990
Economic services		1,090,332	758,116	1,214,935
Other property and services		139,170	201,228	114,220
		10,219,684	10,243,346	9,426,976
<b>Expenses excluding finance costs</b>	5,10(c)(d)(e)(e)			
Governance		(676,501)	(606,724)	(722,513)
General purpose funding		(400,049)	(361,734)	(424,015)
Law, order, public safety		(177,065)	(165,105)	(171,346)
Health		(640,490)	(569,403)	(592,757)
Education and welfare		(667,988)	(713,081)	(724,604)
Community amenities		(331,120)	(287,697)	(279,762)
Recreation and culture		(1,369,873)	(1,238,114)	(1,364,800)
Transport		(3,156,698)	(3,143,304)	(3,231,771)
Economic services		(2,834,393)	(2,194,547)	(2,755,598)
Other property and services		(34,507)	(12,973)	(34,864)
		(10,288,684)	(9,292,682)	(10,302,030)
<b>Subtotal</b>		(69,000)	950,664	(875,054)
Non-operating grants, subsidies and contributions	9	758,755	1,774,130	5,033,375
Profit on disposal of assets	4(b)	20,000	23,328	0
(Loss) on disposal of assets	4(b)	(82,839)	(54,384)	(261,906)
		695,916	1,743,074	4,771,469
<b>Net result</b>		<b>626,916</b>	<b>2,693,738</b>	<b>3,896,415</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>626,916</b>	<b>2,693,738</b>	<b>3,896,415</b>

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

**FOR THE YEAR ENDED 30TH JUNE 2020**

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

In order to discharge its responsibilities to the community, Council 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.

**OBJECTIVE**

**ACTIVITIES**

**GOVERNANCE**

To provide a decision making process for the efficient allocation

of scarce resources

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 any audits of Council books of accounts and procedure is also included under this heading.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services

**1 RATES**

(a) GRV (Gross Rental Value) refers to the valuation methodology used for Leonora, Gwalia, Leinster and town sites and operational mines and associated infrastructure and used for non-rural purpose.

(b) UV (Unimproved value) valuation methodology for mining properties and tenements (other than mines and other associated infrastructure) and includes prospecting licences, exploration licences and mining leases. It also relates to broad acre rural pastoral properties.

(c) Interim rates and rates written back refer mainly to mining rates where tenements are granted or surrendered following the adoption of the budget.

(d) Administration charges refer to the charge levied on ratepayers electing to make payment 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 formulae.

**3 INTEREST FROM INVESTMENTS**

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



## KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council 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.

### OBJECTIVE

#### LAW, ORDER, PUBLIC SAFETY

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

#### HEALTH

To provide an operational framework for environmental and community health

#### EDUCATION AND WELFARE

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

#### HOUSING

To provide and maintain elderly residents housing.

#### COMMUNITY AMENITIES

To provide services required by the community

#### RECREATION AND CULTURE

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

### ACTIVITIES

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

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.

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

Costs of maintaining Council owned accommodation units and collection of rentals paid by staff for the 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 the Shire are also included. Accommodation units include 9 houses, 2 duplexes and a single person quarters.

Costs of collection and disposal of domestic and commercial refuse for the town site of Leonora and Gwalia and maintenance of the landfill refuse site. Revenue collection is 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.

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 the use of these facilities.

Costs of maintenance of Council owned and provided television and radio re-transmission service which includes digital television and radio.

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

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

In order to discharge its responsibilities to the community, Council 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.

**OBJECTIVE**

**ACTIVITIES**

**TRANSPORT**

To provide a safe and efficient network of transport within the Shire

Costs of maintenance of street trees. Costs of providing electricity for street 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.

**ECONOMIC SERVICES**

To help promote the shire and its economic well being

Costs associated with tourism promotion throughout the Shire including employment of staff at the Gwalia Museum and historic precinct & Leonora Information Centre.

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

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

**OTHER PROPERTY AND SERVICES**

To monitor and control council's overheads operating accounts.

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

Cost 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.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		6,465,520	6,007,121	5,963,241
Operating grants, subsidies and contributions		2,084,776	1,706,546	1,751,861
Fees and charges		1,726,760	1,811,553	1,489,551
Interest earnings		34,000	35,862	33,110
Goods and services tax		622,210	573,278	204,600
Other revenue		227,200	331,828	393,260
		11,160,466	10,466,188	9,835,623
<b>Payments</b>				
Employee costs		(1,998,009)	(2,025,250)	(1,583,493)
Materials and contracts		(5,616,187)	(5,324,448)	(6,105,545)
Utility charges		(363,789)	(234,332)	(538,969)
Insurance expenses		(245,666)	(241,023)	(514,508)
Goods and services tax		(622,210)	(545,045)	(204,600)
Other expenditure		(142,568)	(125,829)	(269,656)
		(8,988,429)	(8,495,927)	(9,216,771)
<b>Net cash provided by (used in) operating activities</b>	3	2,172,037	1,970,261	618,852
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(894,491)	(2,093,038)	(6,184,534)
Payments for construction of infrastructure	4(a)	(2,052,670)	(1,069,768)	(1,435,023)
Non-operating grants, subsidies and contributions used for the development of assets	9	758,755	1,774,130	5,033,375
Proceeds from sale of plant & equipment	4(b)	411,000	219,318	314,000
<b>Net cash provided by (used in) investing activities</b>		(1,777,406)	(1,169,358)	(2,272,182)
<b>Net increase (decrease) in cash held</b>		394,631	800,903	(1,653,330)
Cash at beginning of year		4,864,384	4,063,481	4,075,829
<b>Cash and cash equivalents at the end of the year</b>	3	<b>5,259,015</b>	<b>4,864,384</b>	<b>2,422,499</b>

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

SHIRE OF LEONORA  
**RATES SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	2,314,349	1,593,261	1,596,099
		2,314,349	1,593,261	1,596,099
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,000	517	2,000
General purpose funding		661,907	1,281,255	589,470
Law, order, public safety		11,515	8,044	8,600
Health		43,157	58,072	55,445
Education and welfare		266,088	285,885	306,129
Housing		48,300	36,270	45,340
Community amenities		418,274	440,434	376,381
Recreation and culture		282,380	339,210	172,225
Transport		807,041	818,899	578,990
Economic services		1,092,332	758,116	1,214,935
Other property and services		142,170	201,228	114,220
		3,774,164	4,227,930	3,463,735
<b>Expenditure from operating activities</b>				
Governance		(676,501)	(606,724)	(722,513)
General purpose funding		(400,049)	(361,734)	(424,015)
Law, order, public safety		(177,065)	(165,105)	(171,346)
Health		(652,735)	(569,403)	(592,757)
Education and welfare		(672,988)	(713,081)	(724,604)
Community amenities		(331,120)	(287,697)	(279,762)
Recreation and culture		(1,369,873)	(1,238,114)	(1,364,800)
Transport		(3,211,198)	(3,197,688)	(3,493,677)
Economic services		(2,834,393)	(2,194,547)	(2,755,598)
Other property and services		(45,601)	(12,973)	(34,864)
		(10,371,523)	(9,347,066)	(10,563,936)
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,523,288	1,759,516	1,693,598
<b>Amount attributable to operating activities</b>		(2,759,722)	(1,766,359)	(3,810,504)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	758,755	1,774,130	5,033,375
Purchase property, plant and equipment	4(a)	(894,491)	(2,093,038)	(6,184,534)
Purchase and construction of infrastructure	4(a)	(2,052,670)	(1,069,768)	(1,435,023)
Proceeds from disposal of assets	4(b)	411,000	219,318	314,000
<b>Amount attributable to investing activities</b>		(1,777,406)	(1,169,358)	(2,272,182)
<b>FINANCING ACTIVITIES</b>				
Transfers to cash backed reserves (restricted assets)	7(a)	(1,928,392)	(788,678)	(115,555)
Transfers from cash backed reserves (restricted assets)	7(a)	0	0	235,000
<b>Amount attributable to financing activities</b>		(1,928,392)	(788,678)	119,445
<b>Budgeted deficiency before general rates</b>		(6,465,520)	(3,724,395)	(5,963,241)
<b>Estimated amount to be raised from general rates</b>	1	6,465,520	6,038,744	5,963,241
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>0</b>	<b>2,314,349</b>	<b>0</b>

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

## 1. RATES AND SERVICE CHARGES

## (a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
General	0.07060	588	15,244,954	1,076,294	4,000	0	1,080,294	1,065,538	1,082,634
<b>Unimproved valuations</b>									
General	0.15500	1,397	32,889,087	5,097,808	40,000	0	5,137,808	4,730,572	4,637,973
<b>Sub-Totals</b>		1,985	48,134,041	6,174,102	44,000	0	6,218,102	5,796,110	5,720,607
<b>Minimum</b>									
<b>Minimum payment</b>									
<b>Gross rental valuations</b>									
General	323	89	121,109	28,747	0	0	28,747	27,984	27,984
<b>Unimproved valuations</b>									
General	323	677	774,488	218,671	0	0	218,671	214,650	214,650
<b>Sub-Totals</b>		766	895,597	247,418	0	0	247,418	242,634	242,634
		2,751	49,029,638	6,421,520	44,000	0	6,465,520	6,038,744	5,963,241
<b>Total amount raised from general rates</b>							6,465,520	6,038,744	5,963,241
<b>Total rates</b>							6,465,520	6,038,744	5,963,241

All land (other than exempt land) in the Shire of Leonora is rated according to its Gross Rental Value (GRV) where it is a non-rural use or Unimproved Value (UV) in the remainder of the Shire of Leonora.

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
Pay in full	30/08/2019	0	0.0%	0.0%
<b>Option two</b>				
1st instalment	30/08/2019	0	0.0%	0.0%
2nd instalment	3/11/2019	8	0.0%	0.0%
3rd instalment	3/01/2020	8	0.0%	0.0%
4th instalment	3/03/2020	8	0.0%	0.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	10,000	10,016	13,645
	10,000	10,016	13,645

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2020.

(d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2020.

(e) Waivers

Rate or fee and charge to which the waiver is granted	Type	Discount %	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver is granted	Objects and reasons of the waiver
Landing Fees	Waiver	100.0%	\$ 3,000	\$ 3,639	\$ 3,000	Royal Flying Doctor Service (RFDS) has been granted a continuous waiver on landing fees at the Leonora airport.	To assist the operation and work of the RFDS. Recognition of valuable community service the RFDA provides to the district.
Rates write off	Write off	n/a	15,000	0	15,000	Write off bad debts where debts cannot be recovered or the cost of recovery is more than the debt.	The Local Government Act provides for the Council to be able to write off any amount of money which is owed to the local government.
Housing rental	Waiver	100.0%	5,200	5,200	5,200	Doctor servicing Leonora has a house provided by Council at no charge.	To support the retention of a doctor to provide medical services to the Shire of Leonora. Rent is waived as per agreement with Council.
Gwalia Gift Shop sales waiver	Waiver	10.0%	0	0	200	Discount offered to "Friends of Gwalia" subscribers.	"Friends of Gwalia" plays an important role in maintaining the Gwalia Historical Precinct and supports the effort to conserve, explore and share the cultural heritage of Gwalia.
			23,200	8,839	23,400		

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**2 (a). NET CURRENT ASSETS**

		2019/20 Budget 30 June 2020	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
Note	\$	\$	\$	\$
<b>Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash - unrestricted	3	0	1,533,761	0
Cash - restricted reserves	3	5,259,015	3,330,623	2,422,499
Receivables		454,799	773,371	443,120
Inventories		76,625	76,625	43,861
		5,790,439	5,714,380	2,909,480
<b>Less: current liabilities</b>				
Trade and other payables		(625,649)	(163,633)	(486,981)
Provisions		(198,032)	(198,032)	(249,825)
		(823,681)	(361,665)	(736,806)
<b>Net current assets</b>		4,966,758	5,352,715	2,172,674



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**2 (b). NET CURRENT ASSETS (CONTINUED)**

**EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)**

**Operating activities excluded from budgeted deficiency**

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

	Note	2019/20 Budget 30 June 2020	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>				
<b>Net current assets</b>	2	4,966,758	5,352,715	2,172,674
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
<b>Adjustments to net current assets</b>				
Less: Cash - restricted reserves	3	(5,259,015)	(3,330,623)	(2,422,499)
Add: Current liabilities not expected to be cleared at end of year - Employee benefit provisions		292,257	292,257	249,825
<b>Adjusted net current assets - surplus/(deficit)</b>		0	2,314,349	0
<b>(ii) Operating activities excluded from budgeted deficiency</b>				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	4(b)	(20,000)	(23,328)	0
Less: Movement in liabilities associated with restricted cash		0	11,937	0
Add: Loss on disposal of assets	4(b)	82,839	54,384	261,906
Add: Depreciation on assets	5	1,460,449	1,716,523	1,431,692
<b>Non cash amounts excluded from operating activities</b>		1,523,288	1,759,516	1,693,598

**(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019**

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. Refer to note 15 for further explanation of the impact of the changes in accounting policies.

## SHIRE OF LEONORA

### NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

#### 2 (c). NET CURRENT ASSETS (CONTINUED)

##### SIGNIFICANT ACCOUNTING POLICIES

###### CURRENT AND NON-CURRENT CLASSIFICATION

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

###### TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Leonora 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.

###### CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

###### PROVISIONS

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

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

###### 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.

###### Superannuation

The Shire of Leonora contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Leonora contributes are defined contribution plans.

###### 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.

###### CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

###### EMPLOYEE BENEFITS

###### Short-term employee benefits

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

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

###### LAND HELD FOR RESALE

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

### 3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	0	1,533,761	0
Cash - restricted	5,259,015	3,330,623	2,422,499
	5,259,015	4,864,384	2,422,499
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Long service leave reserve	134,269	133,500	133,027
Fire disaster reserve	39,651	39,424	39,188
Plant reserve	911,760	906,540	526,633
Annual leave reserve	164,571	163,629	162,784
Gwalia precinct reserve	488,423	485,627	184,150
Building maintenance reserve	980,968	975,352	968,270
Waste management reserve	315,635	313,828	42,122
Aerodrome reserve	254,178	252,723	251,250
IT reserve	15,086	15,000	15,075
Aged care reserve	1,909,215	0	100,000
	5,259,015	3,330,623	2,422,499
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	626,916	2,693,738	3,896,415
Depreciation	1,460,449	1,716,523	1,431,692
(Profit)/loss on sale of asset	62,839	31,056	261,906
(Increase)/decrease in receivables	318,572	(322,203)	0
(Increase)/decrease in inventories	0	(32,764)	0
Increase/(decrease) in payables	462,016	(341,796)	62,214
Increase/(decrease) in employee provisions	0	(163)	0
Grants/contributions for the development of assets	(758,755)	(1,774,130)	(5,033,375)
<b>Net cash from operating activities</b>	2,172,037	1,970,261	618,852

#### SIGNIFICANT ACCOUNTING POLICES

##### CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 4. FIXED ASSETS

### (a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

#### Reporting program

Asset class	Health	Education and welfare	Recreation and culture	Transport	Economic services	Other property and services	2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>									
Land and buildings	0	0	0	100,000	197,600	10,000	307,600	595,580	4,971,534
Plant and equipment	87,909	39,397	0	283,795	43,755	132,035	586,891	1,497,458	1,213,000
	87,909	39,397	0	383,795	241,355	142,035	894,491	2,093,038	6,184,534
<i>Infrastructure</i>									
Infrastructure - Roads	0	0	0	1,045,670	0	0	1,045,670	466,619	853,326
Infrastructure - Other	0	0	452,000	555,000	0	0	1,007,000	603,149	581,697
	0	0	452,000	1,600,670	0	0	2,052,670	1,069,768	1,435,023
<b>Total acquisitions</b>	87,909	39,397	452,000	1,984,465	241,355	142,035	2,947,161	3,162,806	7,619,557

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

**4. FIXED ASSETS (CONTINUED)****(b) Disposals of Assets**

The following assets are budgeted to be disposed of during the year.

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Health	59,245	52,000	5,000	(12,245)	0	0	0	0	0	0	0	0
Education and welfare	43,000	38,000	0	(5,000)	0	0	0	0	0	0	0	0
Transport	259,500	215,000	10,000	(54,500)	250,374	219,318	23,328	(54,384)	575,906	314,000	0	(261,906)
Economic services	10,000	12,000	2,000	0	0	0	0	0	0	0	0	0
Other property and services	102,094	94,000	3,000	(11,094)	0	0	0	0	0	0	0	0
	473,839	411,000	20,000	(82,839)	250,374	219,318	23,328	(54,384)	575,906	314,000	0	(261,906)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Plant and equipment	473,839	411,000	20,000	(82,839)	250,374	219,318	23,328	(54,384)	575,906	314,000	0	(261,906)
	473,839	411,000	20,000	(82,839)	250,374	219,318	23,328	(54,384)	575,906	314,000	0	(261,906)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document.

**5. ASSET DEPRECIATION****By Program**

Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**By Class**

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Other

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	12,094	5,775	11,092
	10,045	10,044	8,835
	1,464	1,464	995
	27,460	26,780	31,980
	69,381	69,382	38,356
	233,095	255,170	174,540
	662,673	927,471	829,115
	282,468	301,071	175,010
	161,769	119,366	161,769
	1,460,449	1,716,523	1,431,692
	305,434	358,988	299,419
	16,509	19,404	16,184
	550,882	647,473	540,035
	583,294	685,568	571,808
	4,330	5,090	4,246
	1,460,449	1,716,523	1,431,692

**SIGNIFICANT ACCOUNTING POLICIES****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.

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

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

**DEPRECIATION (CONTINUED)**

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

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

**RECOGNITION OF ASSETS**

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**6. INFORMATION ON BORROWINGS**

(a) The Shire does not have any long term borrowings.

**(b) New borrowings - 2019/20**

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2020

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

**(d) Credit Facilities**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Credit card limit	35,000	35,000	35,000
Credit card balance at balance date	0	(9,902)	0
<b>Total amount of credit unused</b>	<b>35,000</b>	<b>25,098</b>	<b>35,000</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 7. CASH BACKED RESERVES

### (a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Long service leave reserve	133,500	769	0	134,269	132,366	1,134	0	133,500	132,365	662	0	133,027
Fire disaster reserve	39,424	227	0	39,651	34,993	4,431	0	39,424	34,993	4,195	0	39,188
Plant reserve	906,540	5,220	0	911,760	624,013	282,527	0	906,540	624,013	2,620	(100,000)	526,633
Annual leave reserve	163,629	942	0	164,571	161,974	1,655	0	163,629	161,974	810	0	162,784
Gwalia precinct reserve	485,627	2,796	0	488,423	183,234	302,393	0	485,627	183,234	916	0	184,150
Building maintenance reserve	975,352	5,616	0	980,968	963,453	11,899	0	975,352	963,453	4,817	0	968,270
Waste management reserve	313,828	1,807	0	315,635	176,912	136,916	0	313,828	176,912	210	(135,000)	42,122
Aerodrome reserve	252,723	1,455	0	254,178	250,000	2,723	0	252,723	250,000	1,250	0	251,250
IT reserve	15,000	86	0	15,086	15,000	0	0	15,000	15,000	75	0	15,075
Aged care reserve	0	1,909,215	0	1,909,215	0	0	0	0	0	100,000	0	100,000
Pool reserve	45,000	259	0	45,259	0	45,000	0	45,000	0	0	0	0
	3,330,623	1,928,392	0	5,259,015	2,541,945	788,678	0	3,330,623	2,541,944	115,555	(235,000)	2,422,499

### (b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Long service leave reserve	Ongoing	This reserve is to offset Council's long service leave liabilities to it's employees
Fire disaster reserve	Ongoing	This reserve will assist in the provision of emergency contingencies in the case of a fire disaster
Plant reserve	Ongoing	To be used for the purchase of major plant
Annual leave reserve	Ongoing	This reserve is to offset the Shire's annual leave liability to its employees
Gwalia precinct reserve	Ongoing	To be used for restoration and historical projects in Gwalia precinct
Building maintenance reserve	Ongoing	To be used for construction and preservation of Shire buildings and urgent repairs and maintenance
Waste management reserve	Ongoing	To be used for the management and compliance works associated with the rubbish tip and liquid waste disposal site
Aerodrome reserve	Ongoing	To be used for the maintenance, renewal and upgrade works at Leonora Airport
IT reserve	Ongoing	To be used for the maintenance, renewal and upgrade of IT requirements/projects
Aged care reserve	Ongoing	To be used for the provision of facilities for aged care



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**8. FEES & CHARGES REVENUE**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
General purpose funding	10,750	10,776	14,510
Law, order, public safety	7,352	7,195	8,600
Health	38,157	38,072	35,445
Education and welfare	110,266	114,110	150,000
Housing	37,320	25,780	37,340
Community amenities	411,193	433,353	369,300
Recreation and culture	48,580	68,398	47,650
Transport	652,666	648,146	485,100
Economic services	373,276	386,333	304,406
Other property and services	37,200	79,390	37,200
	<b>1,726,760</b>	<b>1,811,553</b>	<b>1,489,551</b>

**9. GRANT REVENUE**

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

**By Program:**

**Operating grants, subsidies and contributions**

General purpose funding	659,157	1,250,164	558,405
Law, order, public safety	4,163	849	0
Health	0	20,000	20,000
Education and welfare	155,822	170,721	156,129
Recreation and culture	110,420	111,218	114,635
Transport	143,700	146,749	93,215
Economic services	692,942	325,658	818,585
	<b>1,766,204</b>	<b>2,025,359</b>	<b>1,760,969</b>

**Non-operating grants, subsidies and contributions**

Health	0	0	3,500,000
Transport	758,755	1,363,558	1,533,375
Economic services	0	410,572	0
	<b>758,755</b>	<b>1,774,130</b>	<b>5,033,375</b>

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**10. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

Cash and cash equivalents

- Reserve funds
- Other funds

**(b) Other revenue**

Reimbursements and recoveries

**The net result includes as expenses**

**(c) Auditors remuneration**

Audit services

**(d) Elected members remuneration**

- Meeting fees
- President's allowance
- Deputy President's allowance
- Travelling expenses

**(e) Short term/low value lease expenses**

Photocopiers

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
30,000	31,807	11,555
4,000	4,055	5,000
34,000	35,862	16,555
227,200	331,828	196,660
227,200	331,828	196,660
36,000	11,936	18,500
36,000	11,936	18,500
47,949	34,922	46,937
20,891	16,713	16,713
5,223	4,718	4,178
12,000	11,311	18,196
86,063	67,664	86,024
16,648	17,066	17,066
16,648	17,066	17,066

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

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

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

**LEASES (CONTINUED)**

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 11. MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

## 12. INTERESTS IN JOINT ARRANGEMENTS

The Shire together with the Shire of Coolgardie, Dundas, Esperance, Laveron, 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, being the Shire's one-tenth share is as follows:

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>Non-current assets</b>			
Land and buildings	75,500	75,500	75,500
Less: accumulated depreciation	(6,000)	(6,000)	(6,000)
	69,500	69,500	69,500
<b>Non-current assets</b>			
Furniture and equipment	8,204	8,204	8,204
Less: accumulated depreciation	(1,000)	(1,000)	(1,000)
	7,204	7,204	7,204
<b>Non-current assets</b>			
Plant and equipment	4,182	4,182	4,182
Less: accumulated depreciation	(600)	(600)	(600)
	3,582	3,582	3,582
<b>Non-current assets</b>			
Light vehicles	3,200	3,200	3,200
Less: accumulated depreciation	(550)	(550)	(550)
	2,650	2,650	2,650

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**13. TRUST FUNDS**

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Nomination bonds	0	240	(240)	0
	0	240	(240)	0

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**14. SIGNIFICANT ACCOUNTING POLICIES - OTHER  
INFORMATION**

**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.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a budget 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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Leonora adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Leonora has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary no adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019), as there were no relevant revenue from contracts with customers or unspent grants.

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Leonora is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

**INCOME FOR NOT-FOR-PROFIT ENTITIES**

The Shire of Leonora has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Leonora has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Volunteer Services in relation to Volunteer Fire Services have not been recognised in budgeted revenue and budgeted expenditure as the fair value of the services cannot be reliably estimated and the services would not have been purchased if they had not been donated.