



# **Shire of Leonora**

# **ANNUAL REPORT**

**For the year ending  
30<sup>th</sup> JUNE 2012**

# ANNUAL REPORT 2011-2012



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# ANNUAL REPORT 2011-2012



## **MESSAGE FROM THE SHIRE PRESIDENT**

The Shire of Leonora has been continuing with rigour with the Integrated Planning and Reporting (IPR) framework during 2011-12, in an effort to be compliant with new regulations and legislation at the end of the next reporting period. This work has been undertaken in collaboration with the Goldfields Esperance Regional Collaborative Group, who engaged KPMG to assist all member Councils with the development of plans. Included with the IPR framework is a workforce planning document. This document will see the Shire consider and address many of the issues that are experienced with attracting and retaining skilled staff, a task that continues to prove most challenging in the current economic climate. Council remains committed to a dedicated and professional team to deliver services and achieve the aspirations of the community as set out in the Strategic Community Plan, and will continue its endeavours in a high calibre workforce.

Significant efforts have also been directed at the Gwalia Historical Precinct, following the Shire of Leonora taking over management of this area in the previous reporting period. Capital works, such as the restoration of Patroni's Guest House, have commenced, as well as tending to other operational matters such as curatorial services at the museum and management plans for various operations. This has been conducted in collaboration with the Gwalia Reference Group. Although it is acknowledged that the level of resources allocated during 2011-12 may not be able to be continued long into the future, it will certainly allow for the operations and management at Gwalia to be well placed to ensure that this unique/valued area is looked after as best is possible.

At the 2011 Local Government Election, the Shire of Leonora implemented a reduction in elected membership, from nine members to seven. This resulted in the departure of two members who contributed and served the community well during their time on Council, and I would like to take this opportunity to express my sincere gratitude to Cr NG (Neale) Johnson, and Cr JC (Joe) Kennedy for their efforts over the years, and wish them well in their future endeavours.

The Leonora Golden Gift continues to grow in popularity, and with the addition of the Goldfields Cyclclassic to the weekend, I am certain that improved opportunities for increased tourism and economic development within the community will continue to flow from such an event.

I am pleased to note that once again the Shire of Leonora has received a 'clean' (no points of statutory non compliance) audit report from its independent auditor, and congratulate the management staff for their contribution to this.

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

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



# ANNUAL REPORT 2011-2012



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

The 2011/12 reporting period has been an extremely industrious time for staff at the Shire of Leonora. As part of structural reform initiatives, staff have been busy working with the Goldfields Esperance Regional Collaborative Group (GERCG) to develop first drafts of a variety of plans required for compliance with the Integrated Planning and Reporting framework. Completion of the Strategic Community Plan and Corporate Business Plan at the end of the reporting period has enabled staff to ensure that objectives identified in the Strategic Community Plan have been adequately resourced as we move into the next reporting period. First drafts of the Asset Management Plan, Long Term Financial Plan and Workforce Plan were nearing completion at the end of the reporting period also.

The sale of industrial land in August 2011 saw four of the lots released for sale sold at auction. Since then, many enquiries on the remaining lots have been received, which signifies the opportunities for economic development within the Shire of Leonora. In fact, Leonora continues to grow, and capital works to support this growth was undertaken during 2011/12, such as the extension to the apron at the Leonora Aerodrome, to support the increase in air traffic and demands for parking of aircraft.

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

<b>COUNCILLOR</b>	<b>MEETING CONVENED</b>	<b>ATTENDED</b>	<b>% ATTENDANCE</b>
J F Carter	11	11	100%
P J Craig	11	9	82%
M W V Taylor	11	11	100%
G W Baker	11	11	100%
S J Heather	11	10	91%
N G Johnson *	3	0	0%
R A Norrie	11	10	91%
L R Petersen	11	10	91%
J C Kennedy *	3	3	100%

*\* No longer an elected member from October 2011. Attendance has been calculated based on meetings convened whilst still on Council.*

Once again, the Shire has finished in a strong financial position, and as with any good team it's the dedication and commitment of its members that makes a winning combination, and I would like to thank all the staff and Councillors for their perseverance and loyalty over the year in review, and I look forward to the challenges and rewards that 2012/13 will present to us.

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

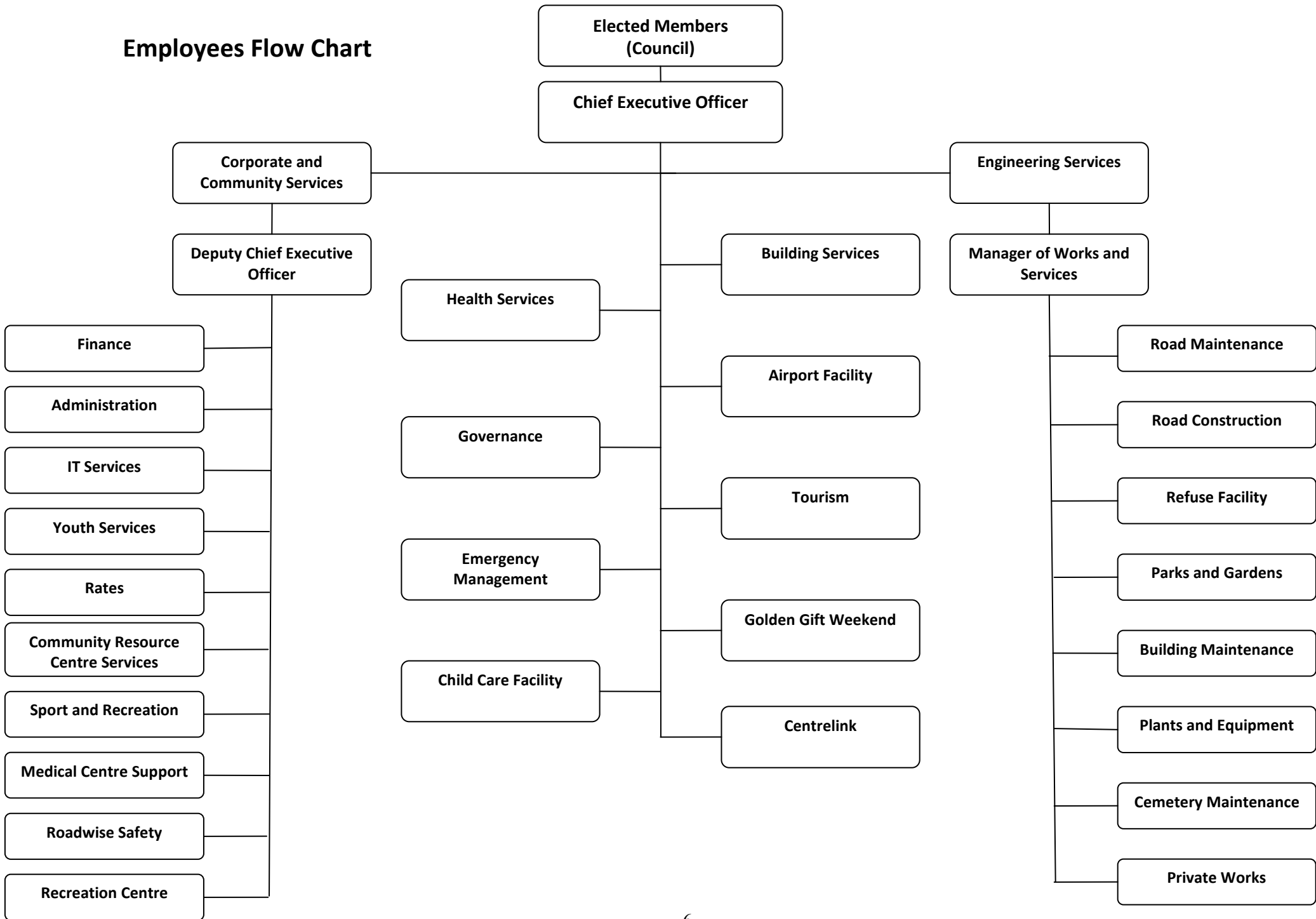
# ANNUAL REPORT 2011-2012



## COUNCILLOR DETAILS

POSITION	WARD	RETIREMENT YEAR	CONTACT	NUMBER
<b>PRESIDENT</b> Mr J F CARTER Clover Downs Station (PO Box 85) LEONORA WA 6438	NORTH	2013	WK HM FAX MOB EMAIL	08 9037 6159 08 9037 6159 0417 981 016 jeff@cloverdowns.com.au
<b>DEPUTY PRESIDENT</b> Mr P CRAIG 9B North Road (PO Box 118) LEINSTER WA 6437	NORTH	2015	WK HM FAX MOB EMAIL	08 9037 9191 08 9037 9054 08 9037 9192 0418 950 572 peter.craig@bagden.com.au
Mr M W V Taylor 10 Forrest Street (PO Box 226) LEONORA WA 6438	SOUTH	2015	WK HM FAX MOB EMAIL	08 6314 4712 0417 976 169 matt@pmcc.com.au
<b>(Until October 2011)</b> Mr N G JOHNSON Lot 146 Gwalia Street (PO Box 2) LEONORA WA 6438	SOUTH	2011	WK HM FAX MOB EMAIL	08 9037 6131 08 9037 6264 0418 958 418 ngpjohno@bigpond.com
Ms L R PETERSEN Lot 1114 Gwalia Street (PO Box 69) LEONORA WA 6438	SOUTH	2013	WK HM FAX MOB EMAIL	08 9037 6400 08 9037 6404 0419 177 232 Butsonsbs@westnet.com.au
Mr S J HEATHER Lot 8 Gwalia Street (PO Box 223) LEONORA WA 6438	NORTH	2013	WK HM FAX MOB EMAIL	08 9037 6153 08 9037 6153 0408 996 373 jjheather@bigpond.com
Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	SOUTH	2015	WK HM FAX MOB EMAIL	08 9037 6777 08 9037 7389 08 9037 6788 0409 377 386 rosscpa@bigpond.net.au
<b>(Until October 2011)</b> Mr J C KENNEDY 5 Wildara Way (PO Box 246) LEINSTER WA 6437	NORTH	2011	WK HM FAX MOB EMAIL	08 9037 0737 08 9037 0737 0439 680 404 mariejoe@bigpond.com
Mr GW BAKER "Waarnba" LOC 51 Laverton Road (PO Box 90) LEONORA WA 6438	SOUTH	2013	WK HM FAX MOB EMAIL	08 9037 6090 08 9037 6090 08 9037 6090 sixmile6@bigpond.com

# Employees Flow Chart



**SHIRE OF LEONORA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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**Principal Place of Business:**  
16 Tower Street,  
Leonora WA 6438

**SHIRE OF LEONORA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Leonora being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2012 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 on the *22<sup>ND</sup>* day of *NOVEMBER* 2012



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Jim Epiš  
Chief Executive Officer



**SHIRE OF LEONORA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Rates	22	4,788,049	4,697,743	4,591,575
Operating Grants, Subsidies and Contributions	28	2,496,935	4,335,129	2,144,095
Fees and Charges	27	1,083,836	1,116,058	1,415,723
Interest Earnings	2(a)	71,230	49,569	105,283
Other Revenue		519,034	212,686	374,887
		<u>8,959,084</u>	<u>10,411,185</u>	<u>8,631,563</u>
<b>Expenses</b>				
Employee Costs		(2,313,730)	(2,889,676)	(2,407,834)
Materials and Contracts		(2,974,344)	(5,052,438)	(2,882,352)
Utility Charges		(351,758)	(371,550)	(321,665)
Depreciation on Non-Current Assets	2(a)	(1,326,899)	(1,443,137)	(992,365)
Insurance Expenses		(251,569)	(231,466)	(214,783)
Other Expenditure		(563,980)	(323,151)	(179,681)
		<u>(7,782,280)</u>	<u>(10,311,418)</u>	<u>(6,998,680)</u>
		1,176,804	99,767	1,632,883
Non-Operating Grants, Subsidies and Contributions	28	40,000	88,322	763,238
Profit on Asset Disposals	20	3,193	21,311	0
Loss on Asset Disposal	20	(66,733)	(184,396)	(122,943)
		<u>1,153,264</u>	<u>25,004</u>	<u>2,273,178</u>
<b>Net Result</b>				
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	(1,950,444)	0	(12,949)
<b>Total Other Comprehensive Income</b>		<u>(1,950,444)</u>	<u>0</u>	<u>(12,949)</u>
<b>Total Comprehensive Income</b>		<u>(797,180)</u>	<u>25,004</u>	<u>2,260,229</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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>	<b>2(a)</b>			
Governance		395	1,900	2,754
General Purpose Funding		6,136,703	5,802,948	5,891,063
Law, Order, Public Safety		12,999	15,080	17,069
Health		29,813	34,328	14,905
Education and Welfare		84,288	97,352	113,070
Housing		39,898	42,920	42,481
Community Amenities		81,224	86,760	80,948
Recreation and Culture		202,280	209,453	269,542
Transport		1,243,245	3,367,407	905,603
Economic Services		535,605	607,837	427,031
Other Property and Services		592,634	145,200	867,097
		<u>8,959,084</u>	<u>10,411,185</u>	<u>8,631,563</u>
<b>Expenses</b>	<b>2(a)</b>			
Governance		(290,688)	(401,765)	(210,948)
General Purpose Funding		(252,700)	(292,867)	(383,053)
Law, Order, Public Safety		(137,886)	(160,682)	(140,382)
Health		(466,281)	(475,266)	(433,807)
Education and Welfare		(357,053)	(418,181)	(223,136)
Housing		(7,765)	0	0
Community Amenities		(215,517)	(274,940)	(224,986)
Recreation & Culture		(896,796)	(974,913)	(920,780)
Transport		(3,448,370)	(5,836,246)	(2,655,934)
Economic Services		(1,168,150)	(1,425,664)	(1,141,713)
Other Property and Services		(541,074)	(50,894)	(663,941)
		<u>(7,782,280)</u>	<u>(10,311,418)</u>	<u>(6,998,680)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Recreation & Culture		0	0	414,062
Transport		0	88,322	343,858
Economic Services		40,000	0	1,500
Other Property and Services		0	0	3,818
		<u>40,000</u>	<u>88,322</u>	<u>763,238</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Health		(16,626)	(18,324)	(10,383)
Community Amenities		(20,511)	(131,148)	0
Transport		(10,193)	5,501	(26,998)
Other Property and Services		(16,210)	(19,114)	(85,562)
		<u>(63,540)</u>	<u>(163,085)</u>	<u>(122,943)</u>
<b>Net Result</b>		<u>1,153,264</u>	<u>25,004</u>	<u>2,273,178</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	(1,950,444)	0	(12,949)
<b>Total Other Comprehensive Income</b>		<u>(1,950,444)</u>	<u>0</u>	<u>(12,949)</u>
<b>Total Comprehensive Income</b>		<u><u>(797,180)</u></u>	<u><u>25,004</u></u>	<u><u>2,260,229</u></u>

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

**SHIRE OF LEONORA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,475,983	649,328
Trade and Other Receivables	4	399,297	305,160
Inventories	5	47,364	44,700
<b>TOTAL CURRENT ASSETS</b>		<u>1,922,644</u>	<u>999,188</u>
<b>NON-CURRENT ASSETS</b>			
Inventories	5	631,535	1,107,851
Property, Plant and Equipment	6	11,905,333	11,553,622
Infrastructure	7	38,626,344	40,194,425
<b>TOTAL NON-CURRENT ASSETS</b>		<u>51,163,212</u>	<u>52,855,898</u>
<b>TOTAL ASSETS</b>	17	<u>53,085,856</u>	<u>53,855,086</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	132,019	87,880
Provisions	10	311,403	336,744
<b>TOTAL CURRENT LIABILITIES</b>		<u>443,422</u>	<u>424,624</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	20,751	11,599
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>20,751</u>	<u>11,599</u>
<b>TOTAL LIABILITIES</b>		<u>464,173</u>	<u>436,223</u>
<b>NET ASSETS</b>		<u>52,621,683</u>	<u>53,418,863</u>
<b>EQUITY</b>			
Retained Surplus		35,785,516	34,714,822
Reserves - Cash Backed	11	391,002	308,432
Reserves - Asset Revaluation	12	16,445,165	18,395,609
<b>TOTAL EQUITY</b>		<u>52,621,683</u>	<u>53,418,863</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 2012**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVES \$	TOTAL EQUITY \$
Balance as at 1 July 2010	31,496,649	1,253,427	18,408,558	51,158,634
Net Result	2,273,178	0	0	2,273,178
Total Other Comprehensive Income	0	0	(12,949)	(12,949)
Reserve Transfers	944,995	(944,995)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2011</b>	<b>34,714,822</b>	<b>308,432</b>	<b>18,395,609</b>	<b>53,418,863</b>
Net Result	1,153,264	0	0	1,153,264
Total Other Comprehensive Income	0	0	(1,950,444)	(1,950,444)
Reserve Transfers	(82,570)	82,570	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2012</b>	<b><u>35,785,516</u></b>	<b><u>391,002</u></b>	<b><u>16,445,165</u></b>	<b><u>52,621,683</u></b>

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

**SHIRE OF LEONORA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		4,800,210	4,697,743	4,650,882
Operating Grants, Subsidies and Contributions		2,427,572	4,835,129	2,050,472
Fees and Charges		1,083,836	1,145,169	1,415,723
Interest Earnings		71,230	49,569	105,283
Goods and Services Tax		487,368	300,000	97,568
Other Revenue		519,034	212,686	374,887
		<u>9,389,250</u>	<u>11,240,296</u>	<u>8,694,815</u>
<b>Payments</b>				
Employee Costs		(2,279,069)	(2,889,676)	(2,363,185)
Materials and Contracts		(2,983,719)	(4,944,275)	(2,811,023)
Utility Charges		(351,758)	(371,550)	(321,665)
Insurance Expenses		(251,569)	(231,466)	(214,783)
Goods and Services Tax		(524,303)	(800,000)	0
Other Expenditure		(439,817)	(323,151)	(179,681)
		<u>(6,830,235)</u>	<u>(9,560,118)</u>	<u>(5,890,337)</u>
<b>Net Cash Provided By Operating Activities</b>	13(b)	<u>2,559,015</u>	<u>1,680,178</u>	<u>2,804,478</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		0	0	(921,048)
Payments for Purchase of Property, Plant & Equipment		(1,112,689)	(2,136,196)	(3,122,846)
Payments for Construction of Infrastructure		(1,197,644)	(1,184,553)	(913,715)
Non-Operating Grants, Subsidies and Contributions		40,000	88,322	763,238
Proceeds from Sale of Plant & Equipment		185,820	1,231,453	280,364
Proceeds from Land for Reseale		352,153	0	0
Proceeds from Advances		0	0	0
		<u>(1,732,360)</u>	<u>(2,000,974)</u>	<u>(3,914,007)</u>
<b>Net Cash Used in Investing Activities</b>		<u>(1,732,360)</u>	<u>(2,000,974)</u>	<u>(3,914,007)</u>
<b>Net Increase (Decrease) in Cash Held</b>		826,655	(320,796)	(1,109,529)
Cash at Beginning of Year		649,328	649,328	1,758,857
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>1,475,983</u>	<u>328,532</u>	<u>649,328</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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Governance		395	1,900	2,754
General Purpose Funding		1,348,654	1,105,205	1,299,488
Law, Order, Public Safety		12,999	15,080	17,069
Health		29,813	34,328	14,905
Education and Welfare		84,288	97,352	113,070
Housing		39,898	42,920	42,481
Community Amenities		81,224	86,760	80,948
Recreation and Culture		202,280	209,453	683,604
Transport		1,246,074	3,477,040	1,249,461
Economic Services		575,605	607,837	428,531
Other Property and Services		592,998	145,200	870,915
		<u>4,214,228</u>	<u>5,823,075</u>	<u>4,803,226</u>
<b>Expenses</b>				
Governance		(290,688)	(401,765)	(210,948)
General Purpose Funding		(252,700)	(292,867)	(383,053)
Law, Order, Public Safety		(137,886)	(160,680)	(140,382)
Health		(482,907)	(493,590)	(444,190)
Education and Welfare		(357,053)	(418,181)	(223,136)
Housing		(7,765)	0	0
Community Amenities		(236,028)	(406,090)	(224,986)
Recreation and Culture		(896,796)	(974,913)	(920,780)
Transport		(3,461,392)	(5,852,056)	(2,682,932)
Economic Services		(1,168,150)	(1,425,664)	(1,141,713)
Other Property and Services		(557,648)	(70,008)	(749,503)
		<u>(7,849,013)</u>	<u>(10,495,814)</u>	<u>(7,121,623)</u>
<b>Net Result Excluding Rates</b>		(3,634,785)	(4,672,739)	(2,318,397)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	63,540	163,085	122,943
Movement in Accrued Salaries and Wages		6,030	0	6,889
Movement in Employee Benefit Provisions		70,526	0	(7,145)
Movement in Land held for Resale		476,316	0	0
Depreciation and Amortisation on Assets	2(a)	1,326,899	1,443,137	992,365
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	(921,048)
Purchase Land and Buildings	6	(473,031)	(1,293,000)	(2,425,165)
Purchase Infrastructure Assets - Roads	7	(508,699)	(323,243)	(809,893)
Purchase Infrastructure Assets - Other	7	(688,945)	(861,310)	0
Purchase Plant and Equipment	6	(633,959)	(828,196)	(684,785)
Purchase Furniture and Equipment	6	(5,699)	(15,000)	(12,896)
Proceeds from Disposal of Assets	20	185,820	1,231,453	280,364
Transfers to Reserves (Restricted Assets)	11	(159,309)	(91,570)	(58,328)
Transfers from Reserves (Restricted Assets)	11	76,739	71,470	1,003,323
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	523,050	478,170	867,070
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,412,542	0	523,050
<b>Amount Required to be Raised from Rates</b>	22(a)	<u>(4,788,049)</u>	<u>(4,697,743)</u>	<u>(4,487,753)</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 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

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

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

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

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

**(c) Goods and Services Tax**

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to, the ATO is included with 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.

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are 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.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

**(g) Fixed Assets**

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

***Initial Recognition***

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

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

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

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

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) 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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

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

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

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

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

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

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

***Depreciation of Non-Current Assets (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 the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

***Capitalisation Threshold***

The Shire of Leonora has no capitalisation threshold.

**(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.

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

Amortised cost is calculated as:

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

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



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(h) Financial Instruments (Continued)**

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

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

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's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

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

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

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

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

*(v) Financial liabilities*

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**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.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(i) Impairment**

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

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

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

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

**(j) Trade and Other Payables**

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

**(k) Employee Benefits**

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

**(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.

**(m) Provisions**

Provisions are recognised when:

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

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(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) Joint Venture**

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

The Council's interests in joint venture entities are recorded using the equity method of accounting in the financial report.

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

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

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**(q) Superannuation**

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) 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 2012**

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).



**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as non of the topics are relevant to the operations of the Council.
(viii) AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans - Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	1 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	1 July 2013	

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
<p>(ix) AASB 10 - Consolidated Financial Statements AASB 11 - Joint Arrangements AASB 12 - Disclosure of Interests in Other Entities AASB 127 - Separate Financial Statements AASB 128 - Investments in Associates and 101,107,112,118,121,124, 132,133,131,138,139,1023 &amp; 1038 and Interpretations 5,9,16 &amp; 17]</p> <p>Joint Ventures AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1,2,3,5,7,9,2009-11]</p>	August 2011	1 January 2013	<p>Nil - None of these except for AASB 128, are expected to have significant application to the operations of the Council.</p> <p>With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.</p> <p>Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.</p>
<p>(x) AASB 13 - Fair Value Measurements AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</p>	September 2011	1 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements.</p> <p>AASB 13 requires:</p> <ul style="list-style-type: none"> <li>- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and</li> <li>- Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value.</li> </ul> <p>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards.</p> <p>The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.C131</p>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(xi) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii) AASB 119 - Employee Benefits AASB 2010 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1,8,101,124,134,1049 & 2011-8 and Interpretation 14]	September 2011	1 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xiii) AASB 2011 - 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	1 July 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	1 January 2013	
AASB 2011 - 13 Amendments to Australian Accounting Standards - Improvements to AASB 1049	December 2011	1 July 2012	

**Notes:**

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

These new and revised standards were:

- AASB 124
- AASB 1054
- AASB 2009 - 12
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 9
- AASB 2010 - 14
- AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2012**

**2. REVENUE AND EXPENSES**

**2012**  
\$

**2011**  
\$

**(a) Net Result**

The Net Result includes:

(i) Receiving as a Revenue:

**Significant Revenue**

General Purpose Funding

543,688

282,776

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

**Auditors Remuneration**

- Audit

11,527

7,287

- Other Services

750

0

**Depreciation**

Land and Buildings

177,471

125,885

Furniture and Equipment

14,800

22,969

Plant and Equipment

319,347

309,641

Roads

678,550

399,350

Roads - Other

57,604

57,606

Other Infrastructure

79,127

76,914

1,326,899

992,365

(ii) Crediting as Revenue:

**2012**  
**Actual**  
\$

**2012**  
**Budget**  
\$

**2011**  
**Actual**  
\$

**Interest Earnings**

Investments

- Reserve Funds

13,247

9,569

55,007

- Other Funds

57,983

40,000

50,276

71,230

49,569

105,283

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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.

**GOVERNANCE**

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

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

**GENERAL PURPOSE FUNDING**

*1 Rates*

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

*2 Grants*

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

*3 Interest from Investments*

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

**LAW, ORDER, PUBLIC SAFETY**

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Statement of Objective (Continued)**

**HEALTH**

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

**EDUCATION AND WELFARE**

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

**HOUSING**

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

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

**COMMUNITY AMENITIES**

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

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

Provision of Christmas decorations in Leonora Town site.

Operation of the Leonora Cemetery.

**RECREATION AND CULTURE**

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

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

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

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

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Statement of Objective (Continued)**

**TRANSPORT**

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

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

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

**ECONOMIC SERVICES**

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

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

Contribution to costs of North Eastern Goldfields Land care Organisation.

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

**OTHER PROPERTY AND SERVICES**

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

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

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening Balance <sup>(1)</sup> 1/07/2010 \$</b>	<b>Received <sup>(2)</sup> 2010/11 \$</b>	<b>Expended <sup>(3)</sup> 2010/11 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/2011 \$</b>	<b>Received <sup>(2)</sup> 2011/12 \$</b>	<b>Expended <sup>(3)</sup> 2011/12 \$</b>	<b>Closing Balance 30/06/2012 \$</b>
Grants for Youth Support	Education & Welfare	103,471	0	(58,191)	45,280	0	(45,280)	0
Grant for Crime Prevention	Law, Order & Public Safety	4,847	0	(4,847)	0	0	0	0
Videoconferencing	Recreation and Culture	4,888	0	(3,074)	1,814	0	(1,814)	0
Roadwise Project	Law, Order & Public Safety	4,976	0	(4,976)	0	0	0	0
Northern Goldfields Tourism Group	Recreation and Culture	36,702	45,000	(42,950)	38,752	0	(9,036)	29,716
Centrelink Operation	Recreation and Culture	0	36,005	(36,005)	0	33,782	(33,782)	0
GEDC - Lawn Bowling Facility	Recreation and Culture	0	125,000	(125,000)	0	0	0	0
RLCIP - Lawn Bowling Facility	Recreation and Culture	0	30,000	(30,000)	0	0	0	0
Royalties for Regions	General Purpose Funding	0	384,062	(384,062)	0	0	0	0
Sport & Rec - Tennis Courts	Recreation and Culture	0	37,366	(37,366)	0	0	0	0
Grant - Telecentre Website	Recreation and Culture	0	2,000	(2,000)	0	0	0	0
Child Care Sustainability	Education & Welfare	0	50,790	(50,790)	0	64,440	(64,440)	0
Youth Centre Refurbishment	Education & Welfare	0	30,046	(30,046)	0	0	0	0
Grant - Community Resource Centre	Recreation and Culture	0	0	0	0	111,500	(111,500)	0
Tqual (Patroni's Guest House)	Economic Services	0	0	0	0	40,000	(40,000)	0
Government Grant	General Purpose Funding	0	0	0	0	5,213	0	5,213
<b>Total</b>		<b>154,884</b>	<b>740,269</b>	<b>(809,307)</b>	<b>85,846</b>	<b>254,935</b>	<b>(305,852)</b>	<b>34,929</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	Note	2012 \$	2011 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,050,052	255,050
Restricted		<u>425,931</u>	<u>394,278</u>
		<u><u>1,475,983</u></u>	<u><u>649,328</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	168,216	129,055
Fire Disaster Reserve	11	11,267	12,691
Plant Purchase Reserve	11	992	992
Bowling Green Reserve	11	0	44,720
Annual Leave Reserve	11	146,465	120,974
Gwalia Precinct Reserve	11	64,062	0
Unspent Grants	2(c)	<u>34,929</u>	<u>85,846</u>
		<u><u>425,932</u></u>	<u><u>394,278</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		41,773	53,934
Sundry Debtors		320,589	251,226
GST Receivable		<u>36,935</u>	<u>0</u>
		<u><u>399,297</u></u>	<u><u>305,160</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and Materials		<u>47,364</u>	<u>44,700</u>
		<u><u>47,364</u></u>	<u><u>44,700</u></u>
<b>Non-Current</b>			
Land Held for Resale - Cost			
Cost of Acquisition		1,875	2,500
Development Costs		<u>629,660</u>	<u>1,105,351</u>
		<u><u>631,535</u></u>	<u><u>1,107,851</u></u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Management Valuation 2010	7,015,429	7,015,429
Land and Buildings - Cost	2,898,197	2,425,165
Less : Accumulated Depreciation	<u>(303,357)</u>	<u>(125,885)</u>
	9,610,269	9,314,709
Furniture and Equipment - Cost	380,664	378,964
Less Accumulated Depreciation	<u>(349,966)</u>	<u>(339,165)</u>
	30,698	39,799
Plant and Equipment - Cost	4,033,230	3,788,636
Less Accumulated Depreciation	<u>(1,768,864)</u>	<u>(1,589,522)</u>
	2,264,366	2,199,114
	<u>11,905,333</u>	<u>11,553,622</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each building asset is fairly stated at reporting date. This policy also accords with AASB 116.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**Movements in Carrying Amounts**

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and 1 of the current financial year.

	<b>Land &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	9,314,709	39,799	2,199,114	11,553,622
Additions	473,031	5,699	633,959	1,112,689
(Disposals)	0	0	(249,360)	(249,360)
Revaluation - Increments/(decrements)	0	0	0	0
Impairment - (losses)/reversals	0	0	0	0
Depreciation (Expense)	(177,471)	(14,800)	(319,347)	(511,618)
<b>Carrying amount at the end of year</b>	<b><u>9,610,269</u></b>	<b><u>30,698</u></b>	<b><u>2,264,366</u></b>	<b><u>11,905,333</u></b>



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Management Valuation 2012	49,949,357	0
Roads - Management Valuation 2011	0	49,892,728
Less Accumulated Depreciation	<u>(17,539,375)</u>	<u>(15,362,451)</u>
	<u>32,409,982</u>	<u>34,530,277</u>
Roads Other - Cost	2,518,195	2,518,194
Less Accumulated Depreciation	<u>(618,052)</u>	<u>(560,447)</u>
	<u>1,900,143</u>	<u>1,957,747</u>
Other - Management Valuation 2010	4,638,419	3,949,474
Less Accumulated Depreciation	<u>(322,200)</u>	<u>(243,073)</u>
	<u>4,316,219</u>	<u>3,706,401</u>
	 <u><u>38,626,344</u></u>	 <u><u>40,194,425</u></u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy also accords with AASB 116.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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.

	<u>Roads</u> \$	<u>Roads</u> <u>Other</u> \$	<u>Other</u> \$	<u>Total</u> \$
Balance at the beginning of the year	34,530,277	1,957,747	3,706,401	40,194,425
Additions	508,699	0	688,945	1,197,644
(Disposals)	0	0	0	0
Revaluation - Increments/(decrements)	(1,950,444)	0	0	(1,950,444)
Impairment - (losses)/reversals	0	0	0	0
Depreciation (Expense)	(678,550)	(57,604)	(79,127)	(815,281)
				0
<b>Carrying amount at the end of year</b>	<b><u>32,409,982</u></b>	<b><u>1,900,143</u></b>	<b><u>4,316,219</u></b>	<b><u>38,626,344</u></b>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	74,243	80,954
ATO Liabilities	44,857	37
Accrued Salaries and Wages	12,919	6,889
	<u>132,019</u>	<u>87,880</u>

**9. LONG-TERM BORROWINGS**

The Shire had no long term borrowings for the financial year.

**10. PROVISIONS**

**Current**

Provision for Annual Leave	150,601	142,273
Provision for Long Service Leave	160,802	194,471
	<u>311,403</u>	<u>336,744</u>

**Non-Current**

Provision for Long Service Leave	20,751	11,599
	<u>20,751</u>	<u>11,599</u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Long Service Leave Reserve</b>			
Opening Balance	129,055	129,055	123,196
Amount Set Aside / Transfer to Reserve	65,911	64,869	5,859
Amount Used / Transfer from Reserve	<u>(26,750)</u>	<u>(26,750)</u>	<u>0</u>
	<u>168,216</u>	<u>167,174</u>	<u>129,055</u>
<b>(b) Fire Disaster Reserve</b>			
Opening Balance	12,691	12,691	12,115
Amount Set Aside / Transfer to Reserve	2,576	2,441	3,899
Amount Used / Transfer from Reserve	<u>(4,000)</u>	<u>0</u>	<u>(3,323)</u>
	<u>11,267</u>	<u>15,132</u>	<u>12,691</u>
<b>(c) Plant Purchase Reserve</b>			
Opening Balance	992	992	992
Amount Set Aside / Transfer to Reserve	0	30	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>992</u>	<u>1,022</u>	<u>992</u>
<b>(d) Bowling Green Reserve</b>			
Opening Balance	44,720	44,720	1,001,642
Amount Set Aside / Transfer to Reserve	1,269	0	43,078
Amount Used / Transfer from Reserve	<u>(45,989)</u>	<u>(44,720)</u>	<u>(1,000,000)</u>
	<u>0</u>	<u>0</u>	<u>44,720</u>
<b>(e) Annual Leave Reserve</b>			
Opening Balance	120,974	120,974	115,482
Amount Set Aside / Transfer to Reserve	25,491	24,230	5,492
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>146,465</u>	<u>145,204</u>	<u>120,974</u>
<b>(f) Gwalia Precinct Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	64,062	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>64,062</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>391,003</u></u>	<u><u>328,532</u></u>	<u><u>308,432</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 2012**

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

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

Long Service Leave Reserve

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

Fire Disaster Reserve

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

Plant Purchase Reserve

- to be used for the purchase of major plant.

Bowling Green Reserve

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

Annual Leave Reserve

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

Gwalia Precinct Reserve

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

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

**12. RESERVES - ASSET REVALUATION**

**2012**

**2011**

**\$**

**\$**

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

**(a) Roads**

Opening Balance

17,152,509

17,165,458

Revaluation Decrement

(1,950,444)

(12,949)

15,202,065

17,152,509

**(b) Other Infrastructure**

Opening Balance

1,243,100

1,243,100

Revaluation Increment

0

0

Revaluation Decrement

0

0

1,243,100

1,243,100

**TOTAL ASSET REVALUATION RESERVES**

16,445,165

18,395,609

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(a) Reconciliation of Cash**

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

	<b>2012</b> <b>\$</b>	<b>2012</b> <b>Budget</b> <b>\$</b>	<b>2011</b> <b>\$</b>
Cash and Cash Equivalents	<u>1,475,983</u>	<u>328,532</u>	<u>649,328</u>

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

Net Result	1,153,264	25,004	2,273,178
Depreciation	1,326,899	1,443,137	992,365
(Profit)/Loss on Sale of Asset	63,540	163,085	122,943
(Increase)/Decrease in Receivables	(94,137)	29,111	63,252
(Increase)/Decrease in Inventories	121,499	(4,968)	(4,055)
Increase/(Decrease) in Payables	38,109	113,131	33,574
Increase/(Decrease) in Employee Provisions	(10,159)	0	86,459
Grants Contributions for the Development of Assets	(40,000)	(88,322)	(763,238)
Net Cash from Operating Activities	<u>2,559,015</u>	<u>1,680,178</u>	<u>2,804,478</u>

	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>(4,737)</u>	<u>(3,720)</u>
<b>Total Amount of Credit Unused</b>	<u>15,263</u>	<u>16,280</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>Nil</u>	<u>Nil</u>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities at balance date.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	31,347	28,337
- later than one year but not later than five years	26,237	46,801
- later than five years	0	0
	<u>57,584</u>	<u>75,138</u>

**(b) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	371,796	320,000
Payable:		
- not later than one year	371,796	320,000

The capital expenditure project outstanding at the end of the current reporting period represents the Restoration of Patroni's Guest House (the prior year commitment was for completion of the Leonora Lawn Bowling Facility).

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**16. JOINT VENTURE**

The Shire together with the Shires of Coolgardie, Esperance, Laverton, Menzies, Ngaanyatjaraku, Ravensthorpe and Wiluna have a joint venture arrangement with regard to the provision of a Regional Records Service. The only asset is a building. Council's one-tenth share of this asset is included in Land & Buildings as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Land & Buildings	68,000	0
Less: Accumulated Depreciation	<u>75</u>	<u>0</u>
	<u><u>68,075</u></u>	<u><u>0</u></u>

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

Governance	0	53,938
General Purpose Funding	41,773	0
Law, Order, Public Safety	43,624	48,323
Health	313,491	314,627
Education and Welfare	105,215	103,349
Housing	1,449,202	1,381,025
Community Amenities	2,215,813	2,073,665
Recreation and Culture	6,254,314	6,059,456
Transport	39,476,388	41,408,662
Economic Services	442,624	417,231
Other Property and Services	1,622,767	1,655,183
Unallocated	<u>1,120,645</u>	<u>339,627</u>
	<u><u>53,085,856</u></u>	<u><u>53,855,086</u></u>



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>18. FINANCIAL RATIOS</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Ratio	11.34	3.47	15.85
Untied Cash to Unpaid Trade Creditors Ratio	8.82	3.15	7.39
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets Ratio	0.00	0.00	0.00
Rate Coverage Ratio	0.54	0.53	0.52
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**19. TRUST FUNDS**

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

**20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)		
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
<b>Land and Buildings</b>							
Industrial Land	0	186,803	0	147,500	0	(39,303)	
U/G Powered Lots	0	921,048	0	848,500	0	(72,548)	
<b>Plant and Equipment</b>							
<b>Health</b>							
Ford Sedan	38,764	38,901	30,909	29,090	(7,855)	(9,811)	
Ford Falcon	37,862	39,422	29,091	30,909	(8,771)	(8,513)	
<b>Transport</b>							
Haulmore Trailer	0	0	0	20,000	0	20,000	
Ford Ranger	32,113	34,850	19,091	25,000	(13,022)	(9,850)	
Kubota Tractor	8,058	13,689	10,455	15,000	2,397	1,311	
Isuzu Tip Truck	17,750	25,960	18,182	20,000	432	(5,960)	
<b>Community Amenities</b>							
Isuzu Garbage Truck	32,784	49,297	12,273	30,000	(20,511)	(19,297)	
<b>Other Property and Services</b>							
Ford Falcon - CEO	44,386	45,146	36,364	36,364	(8,022)	(8,782)	
Ford Falcon - DCEO	37,643	39,422	29,091	29,090	(8,552)	(10,332)	
<b>Furniture and Fittings</b>							
Chairs x 10	0	0	364	0	364	0	
	<b>249,360</b>	<b>1,394,538</b>	<b>185,820</b>	<b>1,231,453</b>	<b>(63,540)</b>	<b>(163,085)</b>	
					Profit	3,193	21,311
					Loss	(66,733)	(184,396)
						<u>(63,540)</u>	<u>(163,085)</u>

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire has no borrowings.

(b) New Debentures - 2011/12

No new debentures were raised during the financial year.

(c) Unspent Debentures

The Shire had no unspent debentures for the financial year.

(d) Overdraft

The Shire of Leonora does not have an overdraft facility.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**22. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential/ General Rate</b>											
GRV	0.0561	581	16,358,816	918,302	6,586	0	924,888	912,708	0	0	912,708
UV Pastoral	0.0464	26	1,239,156	57,435	0	0	57,435	57,435	0	0	57,435
UV Other	0.1236	1,190	28,177,605	3,482,752	35,008	0	3,517,760	3,453,960	35,000	0	3,488,960
<b>Sub-Totals</b>		1,797	45,775,577	4,458,489	41,594	0	4,500,083	4,424,103	35,000	0	4,459,103
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV	258	95	131,444	24,510	258	0	24,768	25,284	0	0	25,284
UV Pastoral	258	4	15,156	1,032	0	0	1,032	0	0	0	0
UV Other	258	997	1,140,705	257,226	13,865	0	271,091	253,356	0	0	253,356
<b>Sub-Totals</b>		1,096	1,287,305	282,768	14,123	0	296,891	278,640	0	0	278,640
Writeoffs							4,796,974				4,737,743
<b>Totals</b>							(8,925)				(40,000)
							4,788,049				4,697,743

**TEMPLATE AUDIT PROGRAMS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**22. RATING INFORMATION - 2011/12 FINANCIAL YEAR (Continued)**

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

	<b>2012 (1 July 2011 Brought Forward) \$</b>	<b>2011 (30 June 2011 Carried Forward) \$</b>
Surplus/(Deficit) 1 July 2011 Brought Forward		
<b><u>Comprises:</u></b>		
Cash and Cash Equivalents	649,328	649,328
Investments - Restricted	0	0
Rates - Current	53,934	53,934
Sundry Debtors	251,226	251,226
GST Receivable	0	0
Inventories	44,700	44,700
<b><u>Less:</u></b>		
Reserves - Restricted Cash	(308,432)	(308,432)
Sundry Creditors	(80,954)	(80,954)
ATO Liabilities	(37)	(37)
Net Staff Leave Liability	(86,715)	(86,715)
<b>Surplus</b>	<b>523,050</b>	<b>523,050</b>
<b>Difference</b>		

There was no difference between the Surplus 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus Carried Forward position as disclosed in the 2011 audited financial report.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

The Shire did not impose a specified area rate for the 2011/12 financial year.

**24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

The Shire did not impose a service charge for the 2011/12 financial year.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Discount	100.00%	3,000	3,000
Housing Rental	Discount	100.00%	5,200	5,200
			8,200	8,200
Rate Assessment	Write-Off		8,925	40,000

**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.

**Mining Tenements**

Council resolved (by absolute majority) during the reporting period to write off \$ 8,925 outstanding rates. Each recommendation made to write off rates is assessed on a case by case basis.

**26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan		45	8,415	4,050
			8,415	4,050

Ratepayers had the option of paying rates in four equal instalments, due on 2nd September 2011, 2nd November 2011, 2nd January 2012 and 2nd March 2012. Administration charge of \$ 45 was levied per assessment for the pay in four instalment option.

<b>27. FEES &amp; CHARGES</b>	<b>2012</b> \$	<b>2011</b> \$
General Purpose Funding	9,015	4,421
Law, Order, Public Safety	5,719	4,617
Health	19,456	2,615
Education and Welfare	18,348	29,233
Housing	28,941	31,553
Community Amenities	81,224	80,948
Recreation and Culture	53,131	77,502
Transport	512,497	471,239
Economic Services	180,586	124,233
Other Property and Services	174,919	589,362
	<u>1,083,836</u>	<u>1,415,723</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 2012**

**28. GRANT REVENUE**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	2,496,935	2,144,095
Non-Operating Grants, Subsidies and Contributions	40,000	763,238
	<u>2,536,935</u>	<u>2,907,333</u>
<b>By Program:</b>		
Governance		1,500
General Purpose Funding	1,268,532	1,191,037
Law, Order, Public Safety	7,280	12,452
Health	10,357	8,711
Education and Welfare	65,940	83,836
Housing	114	5,013
Recreation and Culture	148,353	605,324
Transport	730,748	778,222
Economic Services	293,807	205,322
Other Property and Services	11,804	15,916
	<u>2,536,935</u>	<u>2,907,333</u>

**29. ELECTED MEMBERS REMUNERATION**

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

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	12,040	17,000	13,720
President's Allowance	12,000	12,000	12,000
Deputy President's Allowance	3,000	3,000	3,000
Travelling Expenses	3,920	6,500	7,183
Telecommunications Allowance	3,373	4,200	4,140
	<u>34,333</u>	<u>42,700</u>	<u>40,043</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2012</b>	<b>2011</b>
	<u>25</u>	<u>25</u>



**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**31. MAJOR LAND TRANSACTIONS**

**Industrial Land Subdivision**

(a) Details

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

(b) Current year transactions	<b>2012</b> <b>\$</b>	<b>2012</b> <b>Budget</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Operating Expenditure</b>			
- Loss on sale	(124,163)	(111,851)	0
<b>Capital Revenue</b>			
- Sale Proceeds	352,154	996,000	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	0	0	921,048
	<u>0</u>	<u>0</u>	<u>921,048</u>

The above capital expenditure is included in land held for resale (refer Note 6 to this financial report).  
are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	<b>2013</b> <b>\$</b>	<b>2014</b> <b>\$</b>	<b>2015</b> <b>\$</b>	<b>2016</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b>Cash Outflows</b>					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	435,800	0	0	0	435,800
	<u>435,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>435,800</u>
<b>Net Cash Flows</b>	<u><b>435,800</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>435,800</b></u>

The net cash flows to 30 June 2012 in relation to this subdivision is an outflow (or cost) of \$nil. The net cash flows of the entire land transaction is expected to result in an inflow/income of \$435,800.

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

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

**33. POST BALANCE DATE EVENT**

There were no post balance sheet date events.

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**34. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	1,475,983	649,328	1,475,983	649,328
Receivables	399,297	305,160	399,297	305,160
	<u>1,875,280</u>	<u>954,488</u>	<u>1,875,280</u>	<u>954,488</u>
<b>Financial Liabilities</b>				
Payables	132,019	87,880	132,019	87,880
Borrowings	0	0	0	0
	<u>132,019</u>	<u>87,880</u>	<u>132,019</u>	<u>87,880</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 2012**

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

**(a) Cash and Cash Equivalents**

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

Cash is also subject to interest rate risk – the risk that movements in interest rates could affect returns.

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

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	27,292	27,713
- Statement of Comprehensive Income	27,292 <sup>(2)</sup>	27,713 <sup>(2)</sup>

*Notes:*

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

(2) Maximum impact.

**SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**34. 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:

	<b>2012</b>	<b>2011</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	0.00%	1.19%
- Overdue	100.00%	98.81%
<b>Percentage of Other Receivables</b>		
- Current	81.50%	8.53%
- Overdue	18.50%	91.47%

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(c) Payables**

**Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2012</u></b>					
Payables	132,019	0	0	132,019	132,019
	<u>132,019</u>	<u>0</u>	<u>0</u>	<u>132,019</u>	<u>132,019</u>
<b><u>2011</u></b>					
Payables	87,880	0	0	87,880	87,880
	<u>87,880</u>	<u>0</u>	<u>0</u>	<u>87,880</u>	<u>87,880</u>



## Anderson Munro & Wyllie

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*Liability limited by a scheme approved under Professional Standards Legislation*

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

#### **Scope**

We have audited the financial report of Shire of Leonora for the year ended 30 June 2012. The financial report comprises the Statement by Chief Executive Officer, Statement of Comprehensive Income, Statement of Financial Position, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

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

#### **Audit Approach**

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

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

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

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

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



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

### **Independence**

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

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

### **Audit Opinion**

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2012 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

### **Statutory Compliance**

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

Dated the 23<sup>rd</sup> day of November 2012 in Perth, Western Australia

**AMW (AUDIT) PTY LTD**

*Anderson Munro & Wyllie*

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

*LC*

**CHRISTOPHER McLAUGHLIN**  
Registered Company Auditor





# ANNUAL REPORT 2011-2012

## **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 2011/2012.

### **7.1 COMPETITIVE NEUTRALITY**

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

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

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

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

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

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

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

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

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



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

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

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

<b>PLAN FOR THE FUTURE MAJOR INITIATIVE</b>	<b>COMPLETION</b>	<b>BUDGET</b>
Bowling Club Facility	2011-12	\$2,000,000
Industrial Land Development	2011-12	\$900,000
Heating Swimming Pool	2011-12	\$250,000
Plant Replacement As Per Policy	2011-12	\$828,000
New Council House	2012-12	\$400,000

<b>NEW INITIATIVES NOT IN THE PLAN FOR THE FUTURE</b>	<b>COMPLETION</b>	<b>BUDGET</b>
Extension to CRC Meeting Room	2011-12	\$120,000
Youth Centre – External Refurbishment	2011-12	\$60,000
Restoration Patroni's Guest House	2011-12	\$285,000

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

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

## **10.0 RECORD KEEPING PLAN**

### STATE RECORDS ACT 2000

- (A) The Shire of Leonora is required to comply with the abovementioned State Government imposed Legislation.
- (B) A Record Keeping Plan has been produced and approved by the State Records Commission for a period of 5 years to the 30<sup>th</sup> June, 2017. This plan resulted from a review of Council's previous plan prior to 8<sup>th</sup> October, 2012.

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(C) In accordance with minimum compliance requirements of Principle 6 of the State Records Commission – Standard 2, the following has been implemented:

1. The efficiency and effectiveness of Councils Record Keeping Systems is evaluated not less than once every three years.
2. The Council conducts a Record Keeping Training program.
3. The efficiency and effectiveness of the Record Keeping Training program is reviewed from time to time.
4. The Council's induction program addresses employee roles and responsibilities in regard to their compliance with Council's Record Keeping Plan.

## **11.0 EMPLOYEES'S REMUNERATION**

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

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

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

Pursuant to S.5.121 of the Local Government Act 1995, a complaints register has been maintained. As at the 30<sup>th</sup> June 2012, no complaints were recorded, therefore no action was required to deal with complaints.