



# ANNUAL REPORT

For the year ended 30<sup>th</sup> June 2019



# ANNUAL REPORT 2018-2019



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# ANNUAL REPORT 2018-2019



## 1.0 MESSAGE FROM THE SHIRE PRESIDENT

The Shire of Leonora is fortunate to continue to operate in the 2018/19 Financial Year under the leadership of the Chief Executive Officer, Jim Epis, giving the Shire stability. This has been offset by the departure during 2018 of the Deputy Chief Executive Officer (DCEO), Tanya Browning, to Perth, and the Works & Services Manager, Dan Yates, to run his own business. Both take with them a depth of knowledge that will take a long time to replace. Linda Gray was appointed DCEO in November 2018, and John Oxley continued to act as Works & Services Manager from Mr Yates' departure until the end of the financial year, and all have continued to work well as the "new team".

The Cashless Debit Card was due to continue only until June 2020, but under the returned Federal Government this will be continue until June 2021. The positive effect of the Cashless Debit Card has been felt in Leonora over the last year, and the Shire of Leonora demonstrates its supports by allocating resources through the Northern Goldfields Regional and Administration Centre (NGROAC) to assist people on the Card. In addition, the NGROAC was fully functioning in 2018/19 with three different agencies renting office space by the end of the financial year. An official opening and naming ceremony will be set for 2020.

Sadly, in April 2019, former Councillor Glenn Baker passed away, and the funeral service was held at Hoover House with the old Chevrolet hearse being brought out of moth balls to honour his twenty eight years of service to the community.

The liquid waste management ponds have proved to be a well-used resource with the additional benefit of providing another revenue stream for the Shire of Leonora. It is important that Shires move away from relying totally on rates for income.

The funding from the National Stronger Regions Fund (NSRF) was totally utilised in the 2018/19 Financial Year, with the completion of work on Mazza's Store. In the following year, there is funding available for improved signage and a more professional interior in the Museum Precinct. The Shire has continued to value add to this valuable resource by contributing to the Shire's Strategic Community Plan 2017-2027 Environmental Objective 3 of "*Forward thinking management of the built and natural environment*", as well as ensuring that it meets the heritage building outcome under 3.2 "*Plan for continuous improvement of infrastructure and service.*"

The Shire's Community Strategic Plan is due for review in November 2019, which will allow the Shire to acknowledge its achievements during the 2018/19 Financial Year and continue to plan for the future. For this reason, the Gwalia Business Plan is being updated at the same time, and the actions detailed in this will contribute to the new objectives in the review Strategic Community Plan 2017-2027.

On behalf of the Council, I would like to thank the community for its suggestions, ideas and participation during the year.

**Cr Peter Craig**  
President

# ANNUAL REPORT 2018-2019



## 2.0 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The Shire of Leonora received their unqualified audit report on 15<sup>th</sup> October 2019 for the year ended 30<sup>th</sup> June 2019. Further information and issues relating to the new accounting standards were discussed at the Ordinary Council Meeting held on 19<sup>th</sup> October, 2019. Marius Van Der Merwe, Partner with Butler Settineri, our appointed auditor, attended the meeting and gave a very good presentation on key audit matters and outcomes through analysis of the work done by the Shire during the 2018/19 Financial Year. It was very interesting and informative. For the next financial year our audit will be done under the authority of the Auditor General.

The partnership with the Shires of Wiluna, Menzies and Laverton for a collaborative approach to statutory compliance services, through Moore Stephens is working well. Attention has been paid to a review of our risk management profile and risk register, which have now been updated. The Shire continues to maintain a strong financial position with nil borrowings to date.

Our Deputy Chief Executive Officer, Tanya Browning, and our Works & Services Manager, Dan Yates, left during the 2018/19 Financial Year after at least eight years each working for the Shire of Leonora. Their knowledge and experience are missed, and we wished them every success with their new careers and/or businesses.

The elected members of the Shire of Leonora continue to give their fullest support to the smooth operations of the Shire whilst attending not only Council Meetings when required, but other community events and external meetings that benefit from Councillors' attendance.

Councillor	Meeting convened	Attended	% attendance
P J Craig	11	11	100
R A Norrie	11	11	100
L R Petersen	11	8	73
R M Cotterill	11	11	100
A E Taylor	11	10	91
A M Moore	11	11	100
F Harris	11	10	91

I would like to thank all the staff and Councillors for their work during the 2018/19 Financial Year, and for their commitment to the Shire of Leonora. I am sure that 2019/20 Financial Year will be a year that will also include some challenges and rewards, but going forward, I feel confident in that we have a strong team to continue the good work.

Hopefully we will get rain soon to alleviate some of the pressures felt by those who live on the land within the Northern Goldfields and Australia wide.

  
**Jim Epis**  
Chief Executive Officer

# ANNUAL REPORT 2018-2019



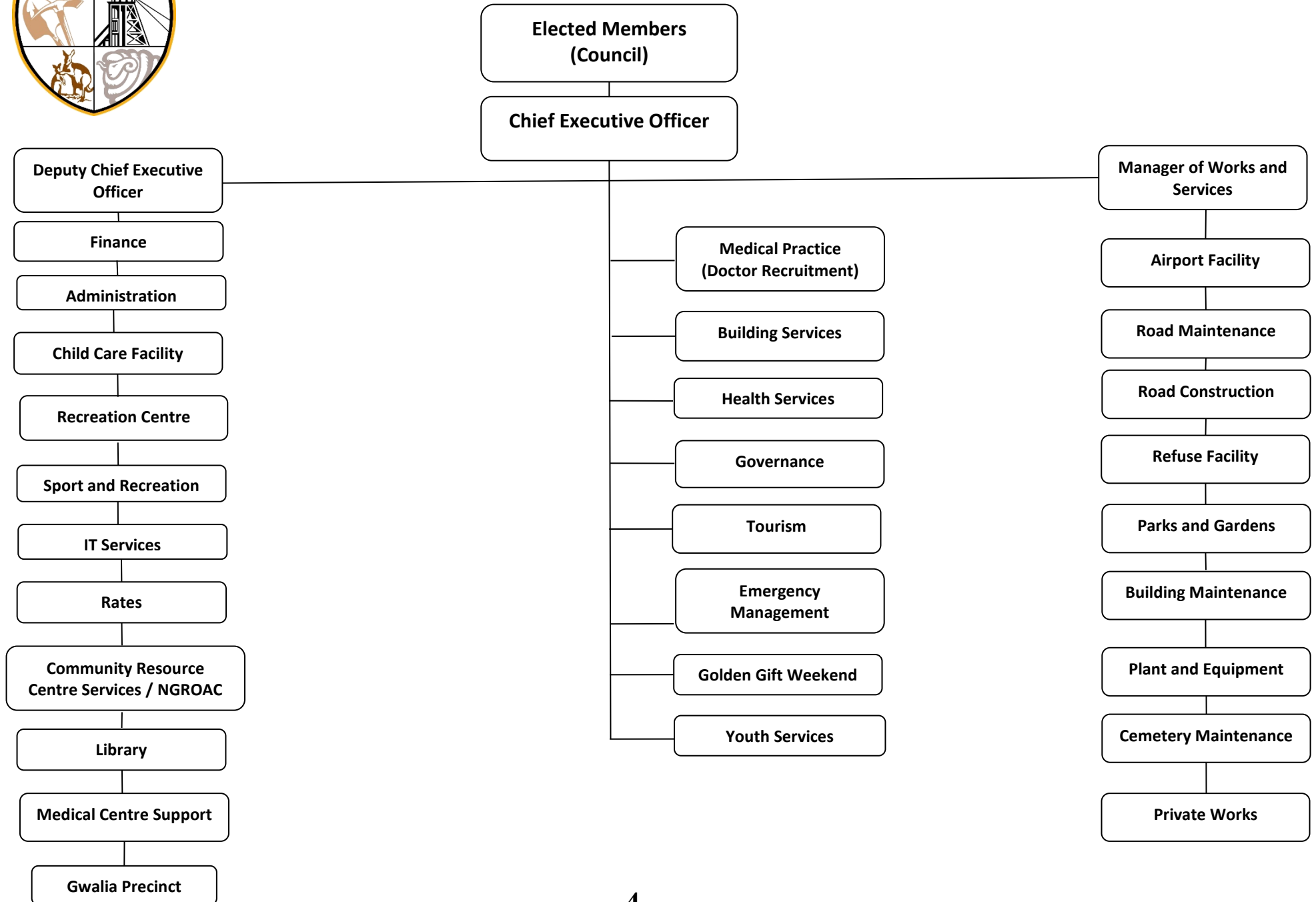
## 3.0 COUNCILLOR DETAILS

POSITION	RETIREMENT YEAR	CONTACT	NUMBER
<b>PRESIDENT</b> Mr P CRAIG 9B North Road (PO Box 118) LEINSTER WA 6437	2019	WK HM FAX MOB EMAIL	08 9037 9191 08 9037 9054 08 9037 9192 0418 950 572 <a href="mailto:peter.craig@bagden.com.au">peter.craig@bagden.com.au</a>
<b>DEPUTY PRESIDENT</b> Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	2019	WK HM FAX MOB EMAIL	08 9037 6777 08 9037 7389 08 9037 6788 0409 377 386 <a href="mailto:rossn@cbslaccountants.com">rossn@cbslaccountants.com</a>
Ms L R PETERSEN Lot 1114 Gwalia Street (PO Box 69) LEONORA WA 6438	2021	WK HM FAX MOB EMAIL	08 9037 6400 08 9037 6404 0419 177 232 <a href="mailto:Butsonsbs@westnet.com.au">Butsonsbs@westnet.com.au</a>
Mr A E TAYLOR 1 Pinnacle Place LEINSTER WA 6437	2021	WK HM FAX MOB EMAIL	08 9037 4050 08 9037 3125 08 9238 1387 0417 174 374 <a href="mailto:alex@northfields.com.au">alex@northfields.com.au</a>
Mr R M COTTERIL PO Box 8 LEONORA WA 6438	2021	WK HM FAX MOB EMAIL	08 9037 6167 08 9037 6167 0409 127 506 <a href="mailto:richardcoterill@live.com.au">richardcoterill@live.com.au</a>
Ms A M MOORE Lot 27 Tower Street (PO Box 197) LEONORA WA 6438	2021	WK HM FAX MOB EMAIL	08 9037 7546  0437 366 649 <a href="mailto:alexis_stein@hotmail.com">alexis_stein@hotmail.com</a>
Ms F HARRIS Lot 42 Braemore Road (PO Box 129) LEONORA WA 6438	2019	WK HM FAX MOB EMAIL	0437 968 493 <a href="mailto:neilandfifi@bigpond.com">neilandfifi@bigpond.com</a>





## 4.0 SHIRE OF LEONORA – ORGANISATIONAL CHART



## 5.0 Financial Report

### SHIRE OF LEONORA

### FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

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#### COMMUNITY VISION

"That the Shire of Leonora is a proactive, sustainable, safe, friendly and prosperous place to be."

Principal place of business:  
16 Tower Street  
Leonora WA 6438



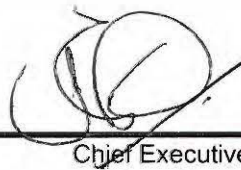
**SHIRE OF LEONORA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Leonora for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Leonora at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29<sup>th</sup> day of OCTOBER 2019



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Chief Executive Officer

Jim Epis

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Name of Chief Executive Officer

SHIRE OF LEONORA  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	20(a)	6,023,197	5,963,241	5,627,909
Operating grants, subsidies and contributions	2(a)	1,919,743	1,760,969	1,646,402
Fees and charges	2(a)	1,767,874	1,489,551	1,701,292
Interest earnings	2(a)	35,863	16,555	15,956
Other revenue	2(a)	613,699	196,660	481,275
		<b>10,360,376</b>	<b>9,426,976</b>	<b>9,472,834</b>
<b>Expenses</b>				
Employee costs		(3,002,427)	(1,986,522)	(2,905,366)
Materials and contracts		(3,892,925)	(6,201,249)	(3,845,261)
Utility charges		(327,764)	(269,485)	(354,886)
Depreciation on non-current assets	10(b)	(3,121,400)	(1,431,692)	(2,859,420)
Insurance expenses		(242,727)	(257,254)	(228,807)
Other expenditure		(70,547)	(155,828)	(135,761)
		<b>(10,657,790)</b>	<b>(10,302,030)</b>	<b>(10,329,501)</b>
		<b>(297,414)</b>	<b>(875,054)</b>	<b>(856,667)</b>
Non-operating grants, subsidies and contributions	2(a)	1,674,055	5,033,375	2,712,987
Profit on asset disposals	10(a)	23,328	0	20,991
(Loss) on asset disposals	10(a)	(96,624)	(261,906)	(22,531)
		<b>1,600,759</b>	<b>4,771,469</b>	<b>2,711,447</b>
<b>Net result for the period</b>		<b>1,303,345</b>	<b>3,896,415</b>	<b>1,854,780</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	311,695	0	2,474,938
<b>Total other comprehensive income for the period</b>		<b>311,695</b>	<b>0</b>	<b>2,474,938</b>
<b>Total comprehensive income for the period</b>		<b>1,615,040</b>	<b>3,896,415</b>	<b>4,329,718</b>

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		517	2,000	1,129
General purpose funding		7,320,000	6,552,711	6,869,300
Law, order, public safety		8,048	8,600	9,122
Health		58,072	55,445	35,444
Education and welfare		285,885	306,129	277,990
Housing		36,270	45,340	41,516
Community amenities		444,087	376,381	548,259
Recreation and culture		339,235	172,225	241,825
Transport		876,027	578,990	796,378
Economic services		758,007	1,214,935	408,207
Other property and services		234,228	114,220	243,664
		10,360,376	9,426,976	9,472,834
<b>Expenses</b>				
	2(b)			
Governance		(608,209)	(722,513)	(483,572)
General purpose funding		(358,727)	(424,015)	(358,979)
Law, order, public safety		(164,675)	(171,346)	(177,110)
Health		(569,598)	(592,757)	(731,327)
Education and welfare		(708,642)	(724,604)	(641,112)
Community amenities		(281,736)	(279,762)	(250,918)
Recreation and culture		(1,233,864)	(1,364,800)	(1,067,806)
Transport		(4,522,216)	(3,231,771)	(4,671,399)
Economic services		(2,199,125)	(2,755,598)	(1,833,638)
Other property and services		(10,998)	(34,864)	(113,640)
		(10,657,790)	(10,302,030)	(10,329,501)
		(297,414)	(875,054)	(856,667)
Non-operating grants, subsidies and contributions	2(a)	1,674,055	5,033,375	2,712,987
Profit on disposal of assets	10(a)	23,328	0	20,991
(Loss) on disposal of assets	10(a)	(96,624)	(261,906)	(22,531)
		1,600,759	4,771,469	2,711,447
<b>Net result for the period</b>		<b>1,303,345</b>	<b>3,896,415</b>	<b>1,854,780</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	311,695	0	2,474,938
<b>Total other comprehensive income for the period</b>		<b>311,695</b>	<b>0</b>	<b>2,474,938</b>
<b>Total comprehensive income for the period</b>		<b>1,615,040</b>	<b>3,896,415</b>	<b>4,329,718</b>

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

SHIRE OF LEONORA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,841,424	4,063,482
Trade receivables	5	749,223	451,168
Other financial assets at amortised cost	7	2,024,203	0
Inventories	6	63,167	43,861
<b>TOTAL CURRENT ASSETS</b>		<b>5,678,017</b>	<b>4,558,511</b>
<b>NON-CURRENT ASSETS</b>			
Inventories	6	511,926	511,926
Property, plant and equipment	8	23,373,272	22,221,697
Infrastructure	9	60,774,961	61,837,999
<b>TOTAL NON-CURRENT ASSETS</b>		<b>84,660,159</b>	<b>84,571,622</b>
<b>TOTAL ASSETS</b>		<b>90,338,176</b>	<b>89,130,133</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	171,040	505,429
Employee related provisions	13	145,175	198,195
<b>TOTAL CURRENT LIABILITIES</b>		<b>316,215</b>	<b>703,624</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee related provisions	13	57,506	71,383
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>57,506</b>	<b>71,383</b>
<b>TOTAL LIABILITIES</b>		<b>373,721</b>	<b>775,007</b>
<b>NET ASSETS</b>		<b>89,964,455</b>	<b>88,355,126</b>
<b>EQUITY</b>			
Retained surplus		47,121,161	46,612,205
Reserves - cash backed	4	3,330,623	2,541,945
Revaluation surplus	11	39,512,671	39,200,976
<b>TOTAL EQUITY</b>		<b>89,964,455</b>	<b>88,355,126</b>

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 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>44,887,770</b>	<b>2,411,600</b>	<b>36,726,038</b>	<b>84,025,408</b>
Comprehensive income					
Net result for the period		1,854,780	0	0	1,854,780
Other comprehensive income	11	0	0	2,474,938	2,474,938
Total comprehensive income		1,854,780	0	2,474,938	4,329,718
Transfers from/(to) reserves		(130,345)	130,345	0	0
<b>Balance as at 30 June 2018</b>		<b>46,612,205</b>	<b>2,541,945</b>	<b>39,200,976</b>	<b>88,355,126</b>
Change in Accounting Policy	23 (c)	(5,711)	0	0	(5,711)
<b>Restated total equity at the beginning of the financial year</b>		<b>46,606,494</b>	<b>2,541,945</b>	<b>39,200,976</b>	<b>88,349,415</b>
Comprehensive income					
Net result for the period		1,303,345	0	0	1,303,345
Other comprehensive income	11	0	0	311,695	311,695
Total comprehensive income		1,303,345	0	311,695	1,615,040
Transfers from/(to) reserves		(788,678)	788,678	0	0
<b>Balance as at 30 June 2019</b>		<b>47,121,161</b>	<b>3,330,623</b>	<b>39,512,671</b>	<b>89,964,455</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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		5,991,574	5,963,241	5,610,570
Operating grants, subsidies and contributions		1,624,004	1,751,861	2,434,380
Fees and charges		1,767,874	1,489,551	1,701,292
Interest received		35,863	33,110	15,956
Goods and services tax received		719,050	204,600	896,384
Other revenue		613,699	393,260	481,275
		10,752,064	9,835,623	11,139,857
<b>Payments</b>				
Employee costs		(3,048,804)	(1,583,493)	(2,827,660)
Materials and contracts		(4,267,140)	(6,105,545)	(4,186,962)
Utility charges		(327,764)	(538,969)	(354,886)
Interest expenses		0	0	(4,752)
Insurance paid		(242,727)	(514,508)	(228,807)
Goods and services tax paid		(695,454)	(204,600)	(1,007,027)
Other expenditure		(70,547)	(269,656)	(135,761)
		(8,652,436)	(9,216,771)	(8,745,855)
<b>Net cash provided by (used in) operating activities</b>	14	2,099,628	618,852	2,394,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,854,996)	(6,184,534)	(1,629,349)
Payments for construction of infrastructure		(1,351,959)	(1,435,023)	(4,865,330)
Payments for financial assets at amortised cost		(2,024,203)	0	0
Non-operating grants, subsidies and contributions		1,674,055	5,033,375	2,712,987
Proceeds from sale of land held for re-sale		0	0	64,170
Proceeds from sale of property, plant & equipment		235,417	314,000	215,455
<b>Net cash provided by (used in) investment activities</b>		(3,321,686)	(2,272,182)	(3,502,067)
<b>Net increase (decrease) in cash held</b>		(1,222,058)	(1,653,330)	(1,108,065)
Cash at beginning of year		4,063,482	4,075,829	5,171,547
<b>Cash and cash equivalents at the end of the year</b>	14	2,841,424	2,422,499	4,063,482

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

SHIRE OF LEONORA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	1,593,263	1,596,099	3,200,635
		1,593,263	1,596,099	3,200,635
<b>Revenue from operating activities (excluding rates)</b>				
Governance		517	2,000	1,129
General purpose funding		1,296,803	589,470	1,241,391
Law, order, public safety		8,048	8,600	9,122
Health		58,072	55,445	35,444
Education and welfare		285,885	306,129	277,990
Housing		36,270	45,340	41,516
Community amenities		444,087	376,381	548,259
Recreation and culture		339,235	172,225	241,825
Transport		899,355	578,990	796,378
Economic services		758,007	1,214,935	408,207
Other property and services		234,228	114,220	264,655
		4,360,507	3,463,735	3,865,916
<b>Expenditure from operating activities</b>				
Governance		(608,209)	(722,513)	(483,572)
General purpose funding		(358,727)	(424,015)	(358,979)
Law, order, public safety		(164,675)	(171,346)	(177,110)
Health		(569,598)	(592,757)	(742,316)
Education and welfare		(708,642)	(724,604)	(641,112)
Community amenities		(281,736)	(279,762)	(250,918)
Recreation and culture		(1,233,864)	(1,364,800)	(1,067,806)
Transport		(4,614,040)	(3,231,771)	(4,671,399)
Economic services		(2,203,925)	(2,755,598)	(1,833,638)
Other property and services		(10,998)	(296,770)	(125,182)
		(10,754,414)	(10,563,936)	(10,352,032)
Non-cash amounts excluded from operating activities	21(a)	3,134,187	1,693,598	2,883,246
<b>Amount attributable to operating activities</b>		(1,666,457)	(3,810,504)	(402,235)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,674,055	5,033,375	2,712,987
Proceeds from disposal of assets	10(a)	235,417	314,000	215,455
Proceeds from disposal of land held for resale		0	0	64,170
Purchase of property, plant and equipment	8(a)	(1,854,996)	(6,184,534)	(1,629,348)
Purchase and construction of infrastructure	9(a)	(1,351,959)	(1,435,023)	(4,865,330)
<b>Amount attributable to investing activities</b>		(1,297,483)	(2,272,182)	(3,502,066)
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	4	(788,678)	(115,555)	(738,921)
Transfers from reserves (restricted assets)	4	0	235,000	608,576
<b>Amount attributable to financing activities</b>		(788,678)	119,445	(130,345)
<b>Surplus/(deficit) before imposition of general rates</b>		(3,752,618)	(5,963,241)	(4,034,646)
<b>Total amount raised from general rates</b>	20	6,023,197	5,963,241	5,627,909
<b>Surplus/(deficit) after imposition of general rates</b>	21(b)	<b>2,270,579</b>	<b>0</b>	<b>1,593,263</b>

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

## 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire 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.



## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,250,164	558,405	1,210,759
Law, order, public safety	849	0	2,180
Health	20,000	20,000	0
Education and welfare	170,720	156,129	126,339
Recreation and culture	111,218	114,635	119,037
Transport	146,749	93,215	147,698
Economic services	220,043	818,585	34,763
Other property and services	0	0	5,626
	<b>1,919,743</b>	<b>1,760,969</b>	<b>1,646,402</b>
<b>Non-operating grants, subsidies and contributions</b>			
Health	0	3,500,000	0
Transport	1,282,055	1,533,375	1,995,987
Economic services	0	0	717,000
Other property and services	392,000	0	0
	<b>1,674,055</b>	<b>5,033,375</b>	<b>2,712,987</b>
<b>Total grants, subsidies and contributions</b>	<b>3,593,798</b>	<b>6,794,344</b>	<b>4,359,389</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

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

##### Grants, donations and other contributions (Continued)

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 19.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	149,474	0	131,471
Other	464,225	196,660	349,804
	613,699	196,660	481,275
<b>Fees and Charges</b>			
Governance	0	0	751
General purpose funding	10,776	14,510	14,675
Law, order, public safety	4,048	8,600	3,687
Health	38,072	35,445	8,486
Education and welfare	114,110	150,000	150,255
Housing	25,780	37,340	33,729
Community amenities	410,880	369,300	542,072
Recreation and culture	45,953	47,650	41,110
Transport	647,776	485,100	648,397
Economic services	400,615	304,406	191,996
Other property and services	69,864	37,200	66,134
	1,767,874	1,489,551	1,701,292
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	31,807	11,555	11,991
Other interest earnings	4,056	5,000	3,965
	35,863	16,555	15,956
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	7,235	18,500	8,900
- Other services	0	0	4,000
- Disbursements	4,700	0	5,963
	11,935	18,500	18,863
<b>Rental charges</b>			
- Operating leases	12,300	0	17,066
	12,300	0	17,066

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		2,841,424	4,063,482
		2,841,424	4,063,482
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		1,535,004	1,495,736
- Restricted cash and cash equivalents		1,306,420	2,567,746
		2,841,424	4,063,482
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Annual leave reserve	4	163,629	161,974
Long service leave reserve	4	133,500	132,366
Building reserve	4	975,352	963,453
Fire Disaster reserve	4	0	34,993
Plant purchase reserve	4	33,939	624,013
Gwalia Precinct reserve	4	0	183,234
Waste management reserve	4	0	176,912
Aerodrome reserve	4	0	250,000
IT reserve	4	0	15,000
		1,306,420	2,541,945
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	19	0	25,801
<b>Total restricted cash and cash equivalents</b>		1,306,420	2,567,746

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

##### Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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4. RESERVES - CASH BACKED	2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Annual leave reserve	161,974	1,655	0	163,629	161,974	810	0	162,784	161,138	836	0	161,974
(b) Long service leave reserve	132,366	1,134	0	133,500	132,365	662	0	133,027	131,683	683	0	132,366
(c) Building reserve	963,453	11,899	0	975,352	963,453	4,817	0	968,270	600,339	363,114	0	963,453
(d) Fire Disaster reserve	34,993	4,431	0	39,424	34,993	4,195	0	39,188	30,833	4,160	0	34,993
(e) Plant purchase reserve	624,013	282,527	0	906,540	624,013	2,620	(100,000)	526,633	511,360	112,653	0	624,013
(f) Gwalia Precinct reserve	183,234	302,393	0	485,627	183,234	916	0	184,150	373,271	89,936	(279,973)	183,234
(g) Waste management reserve	176,912	136,916	0	313,828	176,912	210	(135,000)	42,122	502,976	2,539	(328,603)	176,912
(h) Aerodrome reserve	250,000	2,723	0	252,723	250,000	1,250	0	251,250	100,000	150,000	0	250,000
(i) IT reserve	15,000	0	0	15,000	15,000	75	0	15,075	0	15,000	0	15,000
(j) Pool reserve	0	45,000	0	45,000	0	0	0	0	0	0	0	0
(k) Aged care reserve	0	0	0	0	0	100,000	0	100,000	0	0	0	0
	2,541,945	788,678	0	3,330,623	2,541,944	115,555	(235,000)	2,422,499	2,411,600	738,921	(608,576)	2,541,945

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 and financial assets amortised cost in Note 7 to this financial report.

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Annual leave reserve	Ongoing	This reserve is to be offset against the Shire's leave liability to it's employees
(b) Long service leave reserve	Ongoing	This reserve is to offset Council's long service leave liabilities to it's employees
(c) Building reserve	Ongoing	To be used for the construction and preservation of Shire buildings and urgent repairs and maintenance
(d) Fire Disaster reserve	Ongoing	This reserve will assist in the provision of emergency contingencies in the case of a fire disaster
(e) Plant purchase reserve	Ongoing	To be used for the purchase of major plant
(f) Gwalia Precinct reserve	Ongoing	To be used for restoration and historical projects in Swalia precinct
(g) Waste management reserve	Ongoing	To be used for management and compliance works associated with the rubbish tip and liquid waste disposal site
(h) Aerodrome reserve	Ongoing	To be used for the maintenance, renewal and upgrade works at Leonora Airport
(i) IT reserve	Ongoing	To be used for the maintenance, renewal and upgrade of IT requirements / projects
(j) Pool reserve	Ongoing	To be used for the purpose of refurbishment of the swimming pool
(k) Aged care reserve	Ongoing	To be used for the provision of facilities for aged care



## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST and Fuel Tax Credit receivables	
Allowance for impairment of receivables	

2019	2018
\$	\$
165,403	133,780
497,729	201,671
92,121	115,717
(6,030)	0
<b>749,223</b>	<b>451,168</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

#### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

#### Classification and subsequent measurement

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

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 6. INVENTORIES

### Current

Fuels and materials

### Non-current

Land held for resale - cost

Cost of acquisition

Development costs

The following movements in inventories occurred during the year:

**Carrying amount at 1 July**

Additions to inventory

**Carrying amount at 30 June**

	2019	2018
	\$	\$
	63,167	43,861
	63,167	43,861
	1,719	1,719
	510,207	510,207
	511,926	511,926
	555,787	555,787
	19,306	0
	575,093	555,787

## SIGNIFICANT ACCOUNTING POLICIES

### 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.

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7. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
<b>(a) Current assets</b>		
Other financial assets at amortised cost	2,024,203	0
	2,024,203	0
<b>Other financial assets at amortised cost</b>		
- Financial assets at amortised cost - term deposits	2,024,203	0
	2,024,203	0

The following restrictions over other financial assets have been imposed by regulations or other externally imposed requirements:

**Reserve accounts**

Fire Disaster reserve	4	39,424	0
Plant purchase reserve	4	872,601	0
Gwalia Precinct reserve	4	485,627	0
Waste management reserve	4	313,828	0
Aerodrome reserve	4	252,723	0
IT reserve	4	15,000	0
Pool reserve	4	45,000	0
		2,024,203	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Playground	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	854,000	854,000	18,450,300	18,450,300	19,304,300	14,802	2,271,135	0	32,175	21,622,412
Additions	0	0	1,013,446	1,013,446	1,013,446	0	615,902	0	0	1,629,348
(Disposals)	0	0	0	0	0	0	(216,995)	0	0	(216,995)
Revaluation increments / (decrements) transferred to revaluation surplus		0		0	0					0
Revaluation (loss) / reversals transferred to profit or loss		0		0	0					0
Impairment (losses) / reversals		0		0	0					0
Depreciation (expense)	0	0	(368,466)	(368,466)	(368,466)	0	(370,625)	0	0	(739,091)
Transfers	0	0	(27,000)	(27,000)	(27,000)	(14,802)	0	0	(32,175)	(73,977)
<b>Carrying amount at 30 June 2018</b>	854,000	854,000	19,068,280	19,068,280	19,922,280	0	2,299,417	0	0	22,221,697
<b>Comprises:</b>										
Gross carrying amount at 30 June 2018	854,000	854,000	19,436,746	19,436,746	20,290,746	0	2,939,044	0	0	23,229,790
Accumulated depreciation at 30 June 2018	0	0	(368,466)	(368,466)	(368,466)	0	(639,627)	0	0	(1,008,093)
<b>Carrying amount at 30 June 2018</b>	854,000	854,000	19,068,280	19,068,280	19,922,280	0	2,299,417	0	0	22,221,697
Additions	0	0	591,628	591,628	591,628	0	1,263,368	0	0	1,854,996
(Disposals)	0	0	(4,800)	(4,800)	(4,800)	0	(268,474)	0	0	(273,274)
Write-off of assets under \$5K threshold	0	0	0	0	0	0	(35,439)	0	0	(35,439)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	346,854	0	0	346,854
Depreciation (expense)	0	0	(388,735)	(388,735)	(388,735)	0	(352,827)	0	0	(741,562)
<b>Carrying amount at 30 June 2019</b>	854,000	854,000	19,266,373	19,266,373	20,120,373	0	3,252,900	0	0	23,373,272
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	854,000	854,000	20,023,374	20,023,374	20,877,374	0	3,252,900	0	0	24,130,273
Accumulated depreciation at 30 June 2019	0	0	(757,001)	(757,001)	(757,001)	0	0	0	0	(757,001)
<b>Carrying amount at 30 June 2019</b>	854,000	854,000	19,266,373	19,266,373	20,120,373	0	3,252,900	0	0	23,373,272

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2017	Price per hectare / market borrowing rate.
Buildings - non-specialised	2	Improvements to land, using cost approach method using depreciated replacement cost.	Independent registered valuer	June 2017	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments.
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost.	Independent valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments.
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets.	Independent registered valuer	June 2019	Market price per item
<b>Playground</b>	3	Cost approach using depreciated replacement cost.	Management valuation	June 2015	Purchase costs and current condition, residual values and remaining useful life assessments.

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

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

During the period there were no transfers between levels 2 or 3 during the current and previous years.

## 9. INFRASTRUCTURE

### (a) 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.

	Infrastructure - Roads	Improvements and infrastructure	Total Infrastructure
	\$	\$	\$
<b>Balance at 1 July 2017</b>	48,022,177	8,521,906	56,544,083
Additions	3,593,837	1,271,493	4,865,330
Revaluation increments / (decrements) transferred to revaluation surplus	3,216,985	(742,047)	2,474,938
Depreciation (expense)	(1,804,299)	(316,030)	(2,120,329)
Transfers	0	73,977	73,977
<b>Carrying amount at 30 June 2018</b>	<b>53,028,700</b>	<b>8,809,299</b>	<b>61,837,999</b>
<b>Comprises:</b>			
Gross carrying amount at 30 June 2018	67,311,006	8,809,299	76,120,305
Accumulated depreciation at 30 June 2018	(14,282,306)	0	(14,282,306)
<b>Carrying amount at 30 June 2018</b>	<b>53,028,700</b>	<b>8,809,299</b>	<b>61,837,999</b>
Additions	748,810	603,149	1,351,959
Revaluation increments / (decrements) transferred to revaluation surplus	0	(35,159)	(35,159)
Depreciation (expense)	(1,849,875)	(529,963)	(2,379,838)
<b>Carrying amount at 30 June 2019</b>	<b>51,927,635</b>	<b>8,847,326</b>	<b>60,774,961</b>
<b>Comprises:</b>			
Gross carrying amount at 30 June 2019	68,059,815	9,372,542	77,432,357
Accumulated depreciation at 30 June 2019	(16,132,180)	(525,216)	(16,657,396)
<b>Carrying amount at 30 June 2019</b>	<b>51,927,635</b>	<b>8,847,326</b>	<b>60,774,961</b>



**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost.	Management valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Improvements and infrastructure	3	Cost approach using depreciated replacement cost.	Management valuation	June 2019	Construction costs and current condition, residual values and remaining useful life assessments inputs.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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

**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	4,800	0		(4,800)	0	0	0	0	0	0	0	0
Plant and equipment	268,474	235,417	23,328	(56,385)	575,906	314,000	0	(261,906)	216,995	215,455	20,991	(22,531)
Write-off of assets under \$5,000 threshold				0				0				0
Plant and equipment	35,439	0	0	(35,439)	0	0	0	0	0	0	0	0
	<b>308,713</b>	<b>235,417</b>	<b>23,328</b>	<b>(96,624)</b>	<b>575,906</b>	<b>314,000</b>	<b>0</b>	<b>(261,906)</b>	<b>216,995</b>	<b>215,455</b>	<b>20,991</b>	<b>(22,531)</b>

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	388,735	299,418	368,466
Furniture and equipment	0	16,184	0
Plant and equipment	352,827	540,035	370,625
Infrastructure - Roads	1,849,875	571,809	1,804,299
Improvements and infrastructure	529,963	4,246	316,030
	3,121,400	1,431,692	2,859,420

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Other infrastructure	20 years

#### Depreciation (Continued)

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

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Plant and equipment	341,434	346,854	0	346,854	688,288	341,434	0	0	0	341,434
Revaluation surplus - Roads	33,294,239	0	0	0	33,294,239	30,077,254	3,216,985	0	3,216,985	33,294,239
Revaluation surplus - Improvements and Infrastructure	5,565,303	0	(35,159)	(35,159)	5,530,144	6,307,350	0	(742,047)	(742,047)	5,565,303
	39,200,976	346,854	(35,159)	311,695	39,512,671	36,726,038	3,216,985	(742,047)	2,474,938	39,200,976

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors  
 Accrued salaries and wages  
 ATO liabilities  
 Credit cards

	2019	2018
	\$	\$
	4,943	357,982
	94,225	82,126
	63,840	55,419
	8,032	9,902
	171,040	505,429

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

#### Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.



### 13. EMPLOYEE RELATED PROVISIONS

#### Employee Related Provisions

#### Opening balance at 1 July 2018

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2019

#### Comprises

Current  
Non-current

#### Amounts are expected to be settled on the following basis:

More than 12 months from reporting date

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	118,409	79,786	198,195
Non-current provisions	0	71,383	71,383
	<u>118,409</u>	<u>151,169</u>	<u>269,578</u>
Additional provision	149,628	24,984	174,612
Amounts used	(170,359)	(71,150)	(241,509)
Balance at 30 June 2019	<u>97,678</u>	<u>105,003</u>	<u>202,681</u>
Comprises			
Current	97,678	47,497	145,175
Non-current	0	57,506	57,506
	<u>97,678</u>	<u>105,003</u>	<u>202,681</u>

	2019	2018
	\$	\$
More than 12 months from reporting date	202,681	269,578
	<u>202,681</u>	<u>269,578</u>

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

##### Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	2,841,424	2,422,499	4,063,482
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,303,345	3,896,415	1,854,780
Non-cash flows in Net result:			
Depreciation	3,121,400	1,431,692	2,859,420
(Profit)/loss on sale of asset	73,296	261,906	1,540
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(303,766)	0	659,996
(Increase)/decrease in inventories	(19,306)	0	(3,013)
Increase/(decrease) in payables	(334,389)	62,214	(300,729)
Increase/(decrease) in provisions	(66,897)	0	34,995
Grants contributions for the development of assets	(1,674,055)	(5,033,375)	(2,712,987)
Net cash from operating activities	2,099,628	618,852	2,394,002

## 15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	159,373	133,780
Law, order, public safety	115,629	116,973
Health	220,997	237,226
Education and welfare	19,036	20,500
Housing	1,491,957	1,487,520
Community amenities	3,741,541	3,250,135
Recreation and culture	7,015,234	7,079,913
Transport	61,464,834	61,585,487
Economic services	11,553,596	10,670,956
Other property and services	2,928,853	2,910,362
Unallocated	1,627,126	1,637,281
	90,338,176	89,130,133

## 16. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2019	2018
	\$	\$
	0	456,490
	0	456,490
	0	456,490

The prior year capital expenditure project represents the construction of the liquid waste facility at Leonora.

### (b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

	2019	2018
	\$	\$
	12,500	16,648
	0	7,515
	12,500	24,163

### SIGNIFICANT ACCOUNTING POLICIES

#### 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 Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of 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.

#### Leases (Continued)

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 on a straight line basis over the lease term.

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

## 17. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	34,922	46,937	36,546
President's allowance	16,713	16,713	16,713
Deputy President's allowance	4,178	4,178	4,178
Travelling expenses	11,311	18,198	12,384
Telecommunications allowance	24,500	33,000	22,197
	<b>91,624</b>	<b>119,026</b>	<b>92,018</b>

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	556,026	839,362
Post-employment benefits	75,591	91,265
Other long-term benefits	64,748	79,795
	<b>696,365</b>	<b>1,010,422</b>

#### *Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### *Post-employment benefits*

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

#### *Other long-term benefits*

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

## 17. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services - other related parties	195,294	252,747
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables - other related parties	1,310	3,329
<b>Amounts payable to related parties:</b>		
Trade and other payables - other related parties	180	2,236

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

KMP are employed by the Shire under normal employment terms and conditions.

##### *ii. Other Related Parties*

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly are considered related parties in relation to the Shire.

##### *iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.





## 19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup>			Balance <sup>(1)</sup>			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Government Grant	5,213	0	0	5,213	0	(5,213)	0
<b>Education and welfare</b>							
SIHI Aged care grant	195,000	0	(195,000)	0	0	0	0
<b>Recreation and culture</b>							
Suicide prevention program	265	0	0	265	0	(265)	0
Shade sails Town park	25,000	0	(25,000)	0	0	0	0
FRRR Sharing is caring grant	0	5,000	(4,940)	60	0	(60)	0
<b>Economic services</b>							
Minara Comm. Foundation grant	0	18,013	0	18,013	0	(18,013)	0
<b>Other property and services</b>							
Youth development grant	0	5,626	(3,376)	2,250	0	(2,250)	0
<b>Total</b>	<b>225,478</b>	<b>28,639</b>	<b>(228,316)</b>	<b>25,801</b>	<b>0</b>	<b>(25,801)</b>	<b>0</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.

## 20. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV rate	0.0696	589	15,251,090	1,061,477	0	1,061,477	1,062,634	20,000	1,082,634	1,034,683
<b>Unimproved valuations</b>										
UV rate	0.1527	1,348	30,593,384	4,593,712	82,592	4,676,304	4,636,473	1,500	4,637,973	4,365,802
<b>Sub-Total</b>		1,937	45,844,474	5,655,189	82,592	5,737,781	5,699,107	21,500	5,720,607	5,400,485
<b>Minimum payment</b>										
<b>Gross rental valuations</b>										
GRV rate	318	88	120,809	29,142	(1,158)	27,984	27,984	0	27,984	26,265
<b>Unimproved valuations</b>										
UV rate	318	701	790,476	257,411	21	257,432	214,650	0	214,650	201,159
<b>Sub-Total</b>		789	911,285	286,553	(1,137)	285,416	242,634	0	242,634	227,424
<b>Total amount raised from general rate</b>		2,726	46,755,759	5,941,742	81,455	6,023,197	5,941,741	21,500	5,963,241	5,627,909

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

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20. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Type	Discount	Discount	2019 Actual	2019 Budget	2018 Actual
	%	\$	\$	\$	\$
Landing fees	100.00%	0	3,639	3,000	1,820
Housing rental	100.00%	0	5,200	5,200	5,200
Gwalia gift shop sales	10.00%	0	0	200	200
			8,839	8,400	7,220

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Circumstances in which  
the Waiver or Concession is  
Granted and to whom it was  
available

Objects of the Waiver  
or Concession

Reasons for the Waiver  
or Concession

Landing fees	Royal Flying Doctor Service (RFDS) has been granted a continuous waiver on landing fees at Leonora.	To assist the operations and work of the RFDS.	Recognition of valuable community service the RFDS provides to the district.
Housing rental	Doctor servicing Leonora has a house provided at no extra charge.	To support the retention of a doctor to provide medical services to the Shire of Leonora.	Rent is waived as per agreement with Council.
Gwalia gift shop sales	Discount is offered to "Friends of Gwalia" subscribers.	To assist and encourage community members and visitors to subscribe to " Friends of Gwalia".	"Friends of Gwalia" plays an important role in maintaining the Gwalia Historical Precinct and supports the efforts to conserve, explore and share the cultural heritage of Gwalia.

## 20. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Pay in full	30 Aug 2018	0.00	0.00%	0.00%
<b>Option Two</b>				
1st Instalment	30 Aug 2018	8.00	0.00%	0.00%
2nd Instalment	01 Nov 2018	8.00	0.00%	0.00%
3rd Instalment	07 Jan 2019	8.00	0.00%	0.00%
4th Instalment	11 Mar 2019	8.00	0.00%	0.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Charges on instalment plan	10,016	13,645	13,645
	10,016	13,645	13,645

## 21. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) (23,328)	0	(20,991)
Movement in employee benefit provisions (non-current)	(66,897)	0	34,994
Movement in other provisions	12,099	0	(12,708)
Add: Loss on disposal of assets	10(a) 96,624	261,906	22,531
Add: Change in accounting policies	23(c) (5,711)		
Add: Depreciation on assets	10(b) 3,121,400	1,431,692	2,859,420
<b>Non cash amounts excluded from operating activities</b>	<b>3,134,187</b>	<b>1,693,598</b>	<b>2,883,246</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (3,330,623)	(2,422,499)	(2,541,945)
Add: Accrued salaries and wages	94,225	82,126	82,126
Add: Provision for annual leave	97,678	114,345	118,409
Add: Provision for long service leave	47,497	53,354	79,786
<b>Total adjustments to net current assets</b>	<b>(3,091,223)</b>	<b>(2,172,674)</b>	<b>(2,261,624)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	5,678,017	2,909,480	4,558,511
Less: Total current liabilities	(316,215)	(736,806)	(703,624)
Less: Total adjustments to net current assets	(3,091,223)	(2,172,674)	(2,261,624)
<b>Net current assets used in the Rate Setting Statement</b>	<b>2,270,579</b>	<b>0</b>	<b>1,593,263</b>



## 22. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire 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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	0.59%	2,841,424	0	2,840,154	1,270
Financial assets at amortised cost - term deposits	2.15%	2,024,203	2,024,203	0	0
<b>2018</b>					
Cash and cash equivalents	0.91%	4,063,482	0	4,062,212	1,270

#### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	28,402	40,622

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. The Shire of Leonora has no borrowings.

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### **Trade Receivables**

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire 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 the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire 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.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	57,944	40,518	9,446	4,985	112,893
<b>01 July 2018</b>					
Rates receivable					
Gross carrying amount	91,095	23,862	12,164	6,659	133,780

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	1.10%	2.90%	2.68%	5.04%	
Gross carrying amount	62,565	127,652	14,658	24,619	229,494
Loss allowance	694	3,702	393	1,241	6,030
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	1.961%	3.34%	3.97%	7.05%	
Gross carrying amount	122,277	49,189	12,892	17,313	201,671
Loss allowance	2,335	1,643	512	1,221	5,711

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables

Payables are 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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of the Shire's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	107,200	0	0	107,200	107,200
	107,200	0	0	107,200	107,200
<b>2018</b>					
Payables	450,010	0	0	450,010	450,101
	450,010	0	0	450,010	450,101

## 23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

## 23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- The Shire did not designate any financial assets as at fair value through profit and loss.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire recognised an additional impairment on the Shire's Trade receivables of \$5,711 which resulted in a decrease in accumulated surplus/(deficit) of \$5,711 as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Receivables under AASB 139 / Financial assets at amortised cost under AASB 9	0	5,711	5,711
	0	5,711	5,711

### (c) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2018 is as follows:

	Adjustments	2019
		\$
Retained surplus - 30 June 2018		46,612,205
Adjustment to retained surplus from adoption of AASB 9	(5,711)	(5,711)
Retained surplus - 1 July 2018		46,606,494

## 24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

The Shire is still in the process of assessing the full financial impact of these standards.

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

### (b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

## 24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

### (c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes will occur.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

## 25. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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



## 25. OTHER SIGNIFICANT ACCOUNTING POLICIES

### e) 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.

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### Income approach

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

### Cost approach

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

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

### i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

## 26. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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 allowances, receptions, donations, subscriptions and phone rentals. Costs of advertising and conducting elections are also included. Revenues include election nomination fees and reimbursements by members for private expenses. An administration cost is also allocated which enables staff to process Council meeting procedures, implement all government decisions and conduct Council meetings. Cost of conducting any audits of Council books of accounts and procedures is included under this heading. Also included is the sponsorship of the Royal Flying Doctor Service of Australia through a five year contribution towards funding an aircraft.</p>
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provision of services.</p>	<p>1. Rates.</p> <p>(a) GRV (gross rental value) refers to property rates for Leonora, Leinster and Agnew town sites and operational mines and associated infrastructure.</p> <p>(b) UV (Unimproved value) refers to mining properties and tenements (other than mines and other associated infrastructure) and prospecting licenses, exploration licenses and mining leases. It also refers to pastoral properties.</p> <p>(c) Additional rates and rates written back refer mainly to mining rates where tenements are granted or surrendered following the adoption of the budget.</p> <p>(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.</p> <p>(e) Administration costs allocated are the costs of maintaining records, levying and collecting all rates.</p> <p>2. Grants</p> <p>(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.</p> <p>(b) Roads Grant - An united road grant allocated by the Federal Government and again distributed by the Grants Commission utilising a pre-determined formula.</p> <p>(c) Administration costs allocated to grants refers to the costs associated in the collection of Federal Government grants including provision and updating of data used in grants commission formula.</p> <p>3. Interest from Investments</p> <p>Includes interest received on surplus funds invested throughout the year from both operating and reserve accounts.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Costs and revenues associated with animal control within the Shire and also includes dog and cat registration, fire prevention and control, emergency services and other aspects of community safety.</p>
<p><b>HEALTH</b></p> <p>To provide an operational framework for environmental and community health.</p>	<p>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 doctor's expenses, aged care feasibility study and notification of disease.</p>

**SHIRE OF LEONORA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**EDUCATION AND WELFARE**

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

Provision of support services for education through the Leonora Childcare Centre, and for the elderly, youth and disabled within the district for the betterment of the residents.

**HOUSING**

To provide and maintain staff housing.

Costs of maintaining Council owned accommodation units and collection of rentals paid by staff for the use of those buildings. Costs that can be accurately attributed to other programs are allocated. Accommodation included 9 houses, 2 duplexes and a single persons quarters.

**COMMUNITY AMENITIES**

To provide services required by the community.

Costs of collection and disposal of domestic and commercial refuse for the town site of Leonora and maintenance of the landfill refuse site and liquid waste facility. Revenue collection by way of an annual fee for this service is included on rate assessment notices. Costs associated with review and administration of Council's Town Planning Scheme and operation of the Leonora Cemetery. Provisions of Christmas decorations in Leonora townsite.

**RECREATION AND CULTURE**

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

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 courts, two squash courts, kitchen, gymnasium, swimming pool and associated facilities and revenues collected from the public for use of these facilities. Additional facilities located in Leonora include a bowling club and skate park. Costs of maintenance of Council owned television and radio re-transmission service which includes digital television and radio costs, and revenue associated with the operation and maintenance of library facilities at Leonora in conjunction with the Library Board of WA.

**TRANSPORT**

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

Maintenance and improvements of 1,300 kilometres of Council controlled unsealed roads, townsite footpaths and streets, drainage control, street cleaning and provision and maintenance of street trees. Costs of providing electricity for street lights in the Leonora townsite and maintenance of Council's works depot and associated infrastructure. Operation, maintenance and management of Leonora Airport 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 Doctor Service, lease/renting of building to all users of facilities and charges for fuel supplied to aircraft.

**ECONOMIC SERVICES**

To help promote the Shire and its economic wellbeing.

Costs associated with tourism promotion throughout the Shire including employment of staff at the Gwalia Heritage Precinct and Leonora Information Centre. Costs and revenues associated with building control under building regulations including inspections and issuing building permits. Completion of the Northern Goldfields Regional Offices and Administration Centre (NGROAC) providing regional office accommodation and a casual meeting place.

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overheads operating accounts.

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. Costs and revenue associated with standpipe facilities.

## 27. CHANGE IN ACCOUNTING POLICY

On 1 July 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996.

The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018 have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

## 28. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	13.72	3.68	4.54
Asset consumption ratio	0.83	0.78	0.97
Asset renewal funding ratio	0.98	0.80	0.84
Asset sustainability ratio	0.76	1.84	1.33
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.04)	(0.11)	(0.03)
Own source revenue coverage ratio	0.75	0.72	0.72

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF LEONORA

#### Report on the Financial Report

#### Opinion

We have audited the financial report of the Shire of Leonora, which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

#### Other Information

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Shire's Responsibility for the Financial Report**

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Shire’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 50 of the financial report “Financial Ratios”, which describes certain ratio information relating to the financial report. Management’s calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

### **Reporting on Other Legal and Regulatory Requirements**

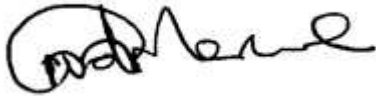
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) other than the following:

- a) Apart from the operating surplus ratio and asset sustainability ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.



- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 29 October 2019

# ANNUAL REPORT 2018-2019



## 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 2018/2019.

### 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 noncompliance with the competitive neutrality principles made by a private entity against the Shire.

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

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

## 8.0 OVERVIEW OF THE PLAN FOR THE FUTURE

The Strategic Community Plan 2017-2027 was prepared through engagement and consultation with the local community, and sets out the vision, aspirations and objectives of the community in the district.

The table below sets out to provide an overview of achievements to date made during the 2018/19 reporting period, as well as initiatives that are proposed to commence and/or continue into the next financial year. It should be noted that the Strategic Community Plan is due for review in November 2019. Further detail relating to the Strategic Community Plan can be inspected by viewing the document on the Shire of Leonora's website.

<b>PLAN FOR THE FUTURE STRATEGIC PERFORMANCE INDICATORS</b>	<b>2018/19 ACHIEVED / CONTINUING 2019/20</b>	<b>PLANNED / COMMENCING 2019/20</b>
Social media activity ( <i>increase posts and engagement rates</i> )	A review of Local Government engagement by SHUNT in the first half of 2019 identified the Shire of Leonora as ranking 5 <sup>th</sup> in terms of Facebook engagement in the State for all Local Governments	Upgrade of websites for improved integration with social media platforms through better connectivity
Community participation levels in recreation activities and events ( <i>increase number of participants / attendees</i> )	Some new initiatives introduced during 2018/19 have been well received and new initiatives will continue during 2019/20	Increased resourcing through staffing
Population statistics ( <i>stable / increasing population base</i> )	Australian Bureau of Statistics 2011 Census shows the population of Leonora as 1,216, whilst this has dropped to 781 in the 2016 Census. Population of mining camps still excluded despite impact on service delivery, this also includes the town of Leinster	Lack of suitable housing has been linked to difficulties in the attraction of professional services and the correlation between lack of services and decreased population. Strategies will be developed during 2019/20 to address the housing crisis

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PLAN FOR THE FUTURE STRATEGIC PERFORMANCE INDICATORS	2018/19 ACHIEVED / CONTINUING 2019/20	PLANNED / COMMENCING 2019/20
No. of development approvals ( <i>increase</i> )	Three development approvals were processed in the 18/19 period	N/A
Assessed vacancy rates (business and residential) ( <i>decrease</i> )	No official mechanisms in place to capture data, however anecdotal evidence suggests that vacancy rates (particularly residential) are low.	Consideration to how these rates can be measured and reported
No. of building approvals ( <i>increase</i> )	Eleven building approvals were processed in the 18/19 period	N/A
Visitor statistics ( <i>increase</i> ) <i>Visitor Centre Numbers: 8,472</i> <i>Gwalia Precinct Numbers:10,821</i> <i>Hoover House Accommodation Numbers:534</i>	Visitor statistics are captured by the Information Centre, and Gwalia Precinct.	Full year capture of visitor statistics at the Gwalia Heritage Precinct and Information Centre.
Statutory asset management ratios ( <i>maintain healthy ratios</i> )	Healthy ratios maintained, all above the benchmarks utilised to calculate Financial Health Indicator	N/A
Compliance with statutory reviews required by the Local Planning Framework ( <i>maintain compliance</i> )	No instances of non-compliance noted	N/A
Statutory financial ratios ( <i>maintain healthy ratios</i> )	Healthy ratios maintained.	N/A
Employee retention rates ( <i>maintain / increase</i> )	Adoption of revised Workforce Plan, to assist with initiatives and strategies to maintain good retention rates	Continuation of implementation of initiatives within revised Workforce Plan
Volunteer levels ( <i>increase</i> )	New community activities have been initiated by community members in response to community needs, e.g. Suicide Prevention	Re-activation of Sporting Clubs, e.g. Leonora Bowling Club



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## 9.0 DISABILITY ACCESS INCLUSION PLAN (DAIP)

- (A) The Shire of Leonora is required to comply with the State Government imposed *Disability Services Act (1993)*.
- (B) A Disability Access Inclusion Plan 2018-2023 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

Review of the plan was undertaken during the 2018/19 reporting period and as advised by Department of Communities, meets the requirements of the *Disability Services Act 1993*.

## 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.
- (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.

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## 11.0 EMPLOYEE'S REMUNERATION

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

Salary Range (\$)	No. of Employees
100,000 – 109,999	1
130,000 – 139,999	1
140,000 – 149,999	1
270,000 – 279,000	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 2019, no complaints were recorded, therefore no action was required to deal with complaints.