



ANNUAL REPORT

For the year ended 30th June 2020



ANNUAL REPORT

2019/2020



SECTION	PAGE
1.0 Message from the Shire President	3
2.0 Message from the Chief Executive Officer	4
3.0 Councillor Details	5
4.0 Shire of Leonora – Organisational Chart	6
5.0 Financial Report	7 - 57
6.0 Independent Audit Report	58-60
7.0 National Competition Policy Statement	61
7.1 Competitive Neutrality	61
7.2 Structural Review of Public Monopolies	62
8.0 Overview of the Plan for the Future	62 - 64
9.0 Disability Access Inclusion Plan (DAIP)	64
10.0 Record Keeping Plan	65
11.0 Employee's Remuneration	65
12.0 Official Conduct – Complaints Register	65



ANNUAL REPORT

2019/2020



1.0 MESSAGE FROM THE SHIRE PRESIDENT

Under the continued leadership of Chief Executive Officer, Jim Epis, and with the support of his Deputy Chief Executive Officer, Linda Gray, and Works and Services Manager, John Oxley, the Shire of Leonora continued to work towards achieving the outcomes set out in the Shire's Strategic Community Plan in the first part of the 2019/20 financial year.

The rapidly changing external environment impacted on the second half of the financial year with the onset of the COVID-19 pandemic. There was a requirement for the Shire to act in a highly responsive, coordinated and safe manner to ensure health and emergency management directives set by State and Federal Governments are implemented once the State of Emergency was declared under the Emergency Management Act. As its leaders, the Council was also responsible for ensuring that the Shire contributed to the economic rebound and social reconnection of the Shire of Leonora with the rest of Western Australia as restrictions eased.

The impact of closures of Shire of Leonora's sporting and tourism facilities affected the 2019/20 Budget approved by Council, and the introduction of specific COVID-19 measures including COVID leave for employees affected by the pandemic, the waiving of RPT aviation services head tax, increased cleaning hours, purchase of hand sanitiser, the absorption of childcare fees and the introduction of COVID Bush Camps were all responses by the Shire to the pandemic. It has been and continues to be a challenging time. We have been extremely fortunate to have a stable and supportive Council.

The value of the Northern Goldfields Office and Administration Centre (to be named the J G Epis Centre) during the pandemic, in partnership with its staff, was also established. These staff members contributed strongly towards information sharing and support of the most vulnerable of our community at a time when many social and welfare providers were unavailable or limited to phone contact only.

In addition, with the lifting of regional intrastate borders in May 2020, the response by Western Australians to explore their own state was overwhelming. The benefit of the Shire's focus on preserving, promoting and enhancing heritage sites in its care was also justified with 100% occupancy rates at Hoover House and over 1200 visitors a week to the Gwalia Historic Precinct.

We will all continue to work together to not only achieve our strategic planning objectives, but to provide a safe environment for the people who live in the Shire of Leonora. On behalf of the Council and staff, I would like to thank the community for its support during such a difficult year, and we look forward to the completion of various projects in the 2020/21 financial year such as the Gwalia Interpretation Project, the Tower Street Playground, the Gwalia Museum toilet block and porch, that will contribute to the needs and requirements of the community.

P J CRAIG
SHIRE PRESIDENT



ANNUAL REPORT

2019/2020



2.0 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Once again, the Shire has achieved a 'clean' audit report with no points of statutory non-compliance noted during the 2019/20 Year. The interim and final audit work was done early in the year with a change to remote auditing due to the COVID-19 pandemic. It is a requirement under the Local Government Act 1995 to meet the benchmarks set by the Department of Local Government, Sport and Cultural Industries (the Department) for the ratios set out in the attached Financial Report. The Shire's Operating Surplus Ratio continues to remain in negative but shows a slow improvement with the expectation of meeting the Department's desirable benchmark range in 2020/21 Financial Year.

The impact of the pandemic in early 2020 meant that the last six months of the 2019/20 financial year brought some unexpected challenges. The focus of the Federal Government on shovel ready projects and funding for them in order to mitigate the economic impact of the pandemic, has meant that once again considerable attention has been allocated towards capital projects which align with the outcomes of the Shire of Leonora's Strategic Community Plan 2017-2027.

The requirement to comply with the public health and emergency directives from State Government and to support the response and recovery of the State Government in accordance with the Emergency Management Act 2005, has also put pressure on local governments to work to their capacity, to be innovative as well as to ensure the health and welfare of their staff and the community. The Shire of Leonora through its Councillors and employees with the support of the community, has endeavoured to meet this required standard, and I look forward to continuing to work with them all and a better year ahead.

The meeting attendance data for the Council is listed below:

Councillor	Meeting Convened	Attended	% Attendance
P J Craig	11	9	82%
R A Norrie	11	11	100%
L R Petersen	11	10	91%
R M Cotterill	11	11	100%
A E Taylor	11	11	100%
A M Moore	11	10	91%
F Harris	11	11	100%

J G EPIS
CHIEF EXECUTIVE OFFICER



ANNUAL REPORT

2019/2020

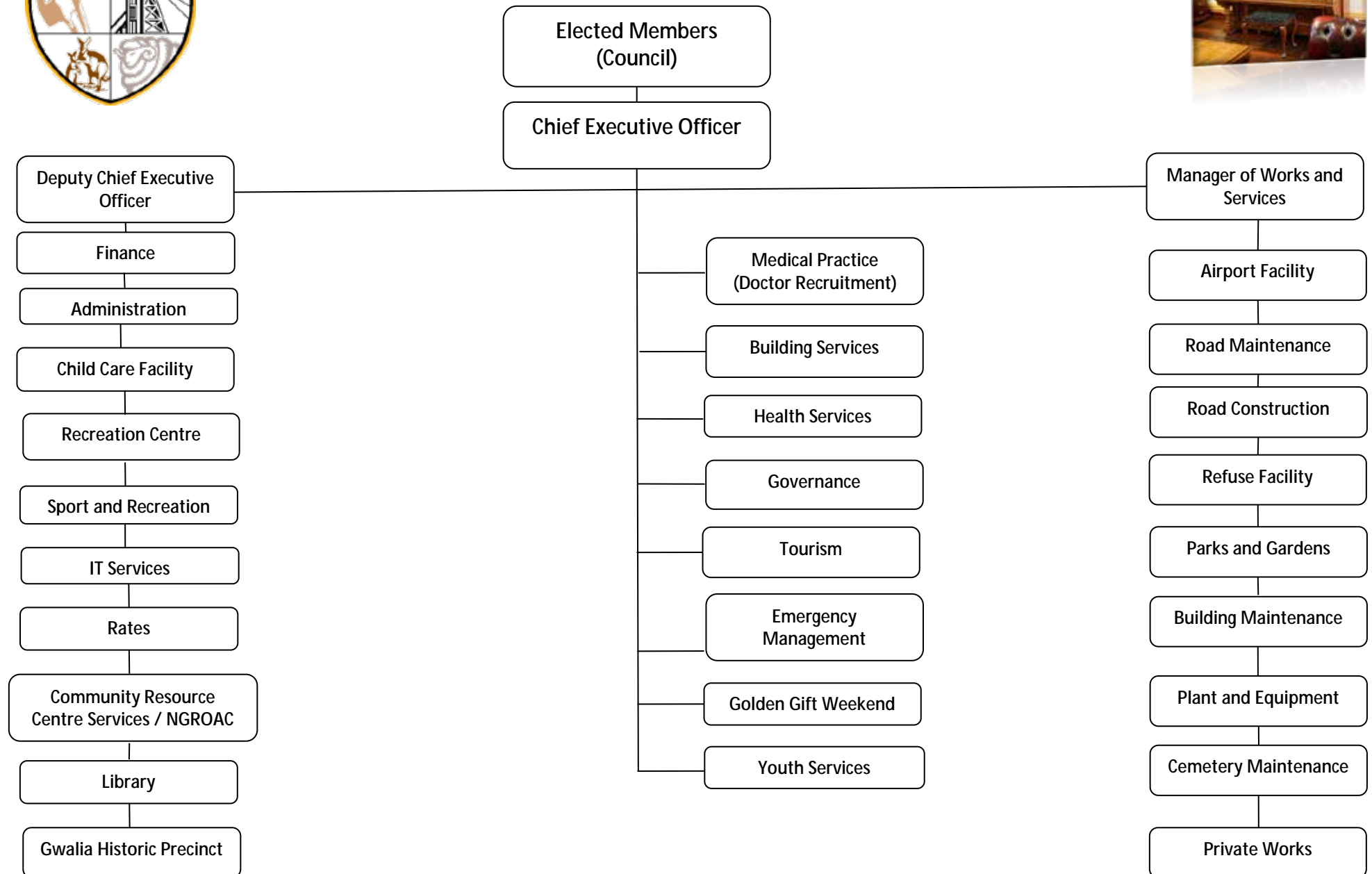


3.0 COUNCILLOR DETAILS

POSITION	RETIREMENT YEAR	CONTACT	NUMBER
PRESIDENT 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 peter.craig@bagden.com.au
DEPUTY PRESIDENT 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 rossn@cbslaccountants.com
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 Butsonsbs@westnet.com.au
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 alex@northfields.com.au
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 richardcoterill@live.com.au
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 alexis_stein@hotmail.com
Ms F HARRIS Lot 42 Braemore Road (PO Box 129) LEONORA WA 6438	2019	WK HM FAX MOB EMAIL	0437 968 493 neilandfifi@bigpond.com



4.0 SHIRE OF LEONORA – ORGANISATIONAL CHART



5.0 FINANCIAL REPORT

SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	8
Statement of Comprehensive Income by Nature or Type	9
Statement of Comprehensive Income by Program	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Rate Setting Statement	14
Index of Notes to the Financial Report	15
Independent Auditor's Report	58

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 30 JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Leonora at 30 June 2020 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

12TH

day of

FEBRUARY

2021

2020



Chief Executive Officer

Jim Epis
Name of Chief Executive Officer



SHIRE OF LEONORA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	6,448,237	6,465,520	6,023,197
Operating grants, subsidies and contributions	2(a)	1,973,896	1,766,204	1,919,743
Fees and charges	2(a)	1,768,964	1,726,760	1,767,874
Interest earnings	2(a)	47,359	34,000	35,863
Other revenue	2(a)	492,294	227,200	613,699
		10,730,750	10,219,684	10,360,376
Expenses				
Employee costs		(3,231,456)	(1,998,009)	(3,002,427)
Materials and contracts		(3,414,076)	(6,078,203)	(3,892,925)
Utility charges		(501,628)	(363,789)	(327,764)
Depreciation on non-current assets	10(b)	(3,166,491)	(1,460,449)	(3,121,400)
Insurance expenses		(252,724)	(245,666)	(242,727)
Other expenditure		(177,885)	(142,568)	(70,547)
		(10,744,260)	(10,288,684)	(10,657,790)
		(13,510)	(69,000)	(297,414)
Non-operating grants, subsidies and contributions	2(a)	791,948	758,755	1,674,055
Profit on asset disposals	10(a)	5,897	20,000	23,328
(Loss) on asset disposals	10(a)	(80,373)	(82,839)	(96,624)
Fair value adjustments to financial assets at fair value through profit or loss		35,160	0	0
(Loss) on revaluation of land and buildings	8(a)	(40,000)	0	0
		712,632	695,916	1,600,759
Net result for the period		699,122	626,916	1,303,345
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	2,802,560	0	311,695
Total other comprehensive income for the period		2,802,560	0	311,695
Total comprehensive income for the period		3,501,682	626,916	1,615,040

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 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	26,302	1,000	517
General purpose funding		7,748,725	7,127,427	7,320,000
Law, order, public safety		10,248	11,515	8,048
Health		34,602	38,157	58,072
Education and welfare		302,278	266,088	285,885
Housing		42,754	48,300	36,270
Community amenities		422,136	418,274	444,087
Recreation and culture		294,672	282,380	339,235
Transport		963,746	797,041	876,027
Economic services		654,063	1,090,332	758,007
Other property and services		231,224	139,170	234,228
		10,730,750	10,219,684	10,360,376
Expenses				
Governance	2(b)	(573,402)	(676,501)	(608,209)
General purpose funding		(385,313)	(400,049)	(358,727)
Law, order, public safety		(170,174)	(177,065)	(164,675)
Health		(700,963)	(640,490)	(569,598)
Education and welfare		(722,300)	(667,988)	(708,642)
Community amenities		(297,911)	(331,120)	(281,736)
Recreation and culture		(1,283,995)	(1,369,873)	(1,233,864)
Transport		(4,495,292)	(3,156,698)	(4,522,216)
Economic services		(1,923,308)	(2,834,393)	(2,199,125)
Other property and services		(191,602)	(34,507)	(10,998)
		(10,744,260)	(10,288,684)	(10,657,790)
		(13,510)	(69,000)	(297,414)
Non-operating grants, subsidies and contributions	2(a)	791,948	758,755	1,674,055
Profit on disposal of assets	10(a)	5,897	20,000	23,328
(Loss) on disposal of assets	10(a)	(80,373)	(82,839)	(96,624)
Fair value adjustments to financial assets at fair value through profit or loss		35,160	0	0
(Loss) on revaluation of land and buildings	8(a)	(40,000)	0	0
		712,632	695,916	1,600,759
Net result for the period		699,122	626,916	1,303,345
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	2,802,560	0	311,695
Total other comprehensive income for the period		2,802,560	0	311,695
Total comprehensive income for the period		3,501,682	626,916	1,615,040

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



SHIRE OF LEONORA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,545,391	2,841,424
Trade and other receivables	6	513,853	749,223
Other financial assets	5(a)	0	2,024,203
Inventories	7	89,353	63,167
TOTAL CURRENT ASSETS		8,148,597	5,678,017
NON-CURRENT ASSETS			
Inventories	7	411,345	511,926
Property, plant and equipment	8	24,449,233	23,373,272
Infrastructure	9	60,925,121	60,774,961
TOTAL NON-CURRENT ASSETS		85,785,699	84,660,159
TOTAL ASSETS		93,934,296	90,338,176
CURRENT LIABILITIES			
Trade and other payables	12	175,626	171,040
Contract liabilities	13	80,000	0
Employee related provisions	14	228,633	145,175
TOTAL CURRENT LIABILITIES		484,259	316,215
NON-CURRENT LIABILITIES			
Employee related provisions	14	52,900	57,506
TOTAL NON-CURRENT LIABILITIES		52,900	57,506
TOTAL LIABILITIES		537,159	373,721
NET ASSETS		93,397,137	89,964,455
EQUITY			
Retained surplus		45,766,398	47,121,161
Reserves - cash/financial asset backed	4	5,315,508	3,330,623
Revaluation surplus	11	42,315,231	39,512,671
TOTAL EQUITY		93,397,137	89,964,455

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



SHIRE OF LEONORA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
Balance as at 1 July 2018		46,606,494	2,541,945	39,200,976
Comprehensive income				
Net result for the period		1,303,345	0	0
Other comprehensive income	11	0	0	311,695
Total comprehensive income		1,303,345	0	311,695
Transfers to reserves	4	(788,678)	788,678	0
Balance as at 30 June 2019		47,121,161	3,330,623	39,512,671
Change in accounting policy	26	(69,000)	0	0
Restated balance at 1 July 2019		47,052,161	3,330,623	39,512,671
Comprehensive income				
Net result for the period		699,122	0	0
Other comprehensive income	11	0	0	2,802,560
Total comprehensive income		699,122	0	2,802,560
Transfers to reserves	4	(1,984,885)	1,984,885	0
Balance as at 30 June 2020		45,766,398	5,315,508	42,315,231

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

SHIRE OF LEONORA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,421,820	6,465,520	5,991,574
Operating grants, subsidies and contributions		2,270,095	2,084,776	1,624,004
Fees and charges		1,768,964	1,726,760	1,767,874
Interest received		47,359	34,000	35,863
Goods and services tax received		305,681	622,210	719,050
Other revenue		492,294	227,200	613,699
		11,306,213	11,160,466	10,752,064
Payments				
Employee costs		(3,158,452)	(1,998,009)	(3,048,804)
Materials and contracts		(3,332,842)	(5,616,187)	(4,267,140)
Utility charges		(501,628)	(363,789)	(327,764)
Insurance paid		(252,724)	(245,666)	(242,727)
Goods and services tax paid		(256,498)	(622,210)	(695,454)
Other expenditure		(177,885)	(142,568)	(70,547)
		(7,680,029)	(8,988,429)	(8,652,436)
Net cash provided by (used in) operating activities	15	3,626,184	2,172,037	2,099,628
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(2,024,203)
Payments for purchase of property, plant & equipment	8(a)	(641,447)	(894,491)	(1,854,996)
Payments for construction of infrastructure	9(a)	(1,509,438)	(2,052,670)	(1,351,959)
Non-operating grants, subsidies and contributions	2(a)	791,948	758,755	1,674,055
Proceeds from financial assets at amortised cost - term deposits		2,024,203	0	0
Proceeds from financial assets at fair values through profit and loss		35,160	0	0
Proceeds from sale of property, plant & equipment	10(a)	377,357	411,000	235,417
Net cash provided by (used in) investment activities		1,077,783	(1,777,406)	(3,321,686)
Net increase (decrease) in cash held		4,703,967	394,631	(1,222,058)
Cash at beginning of year		2,841,424	4,864,384	4,063,482
Cash and cash equivalents at the end of the year	15	7,545,391	5,259,015	2,841,424

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

SHIRE OF LEONORA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	2,270,579	2,314,349	1,593,263
		2,270,579	2,314,349	1,593,263
Revenue from operating activities (excluding rates)				
Governance		26,302	1,000	517
General purpose funding		1,300,488	661,907	1,296,803
Law, order, public safety		10,248	11,515	8,048
Health		38,259	43,157	58,072
Education and welfare		302,278	266,088	285,885
Housing		42,754	48,300	36,270
Community amenities		422,136	418,274	444,087
Recreation and culture		294,672	282,380	339,235
Transport		998,906	807,041	899,355
Economic services		656,303	1,092,332	758,007
Other property and services		231,224	142,170	234,228
		4,323,570	3,774,164	4,360,507
Expenditure from operating activities				
Governance		(573,402)	(676,501)	(608,209)
General purpose funding		(385,313)	(400,049)	(358,727)
Law, order, public safety		(170,174)	(177,065)	(164,675)
Health		(708,053)	(652,735)	(569,598)
Education and welfare		(725,542)	(672,988)	(708,642)
Community amenities		(297,911)	(331,120)	(281,736)
Recreation and culture		(1,283,995)	(1,369,873)	(1,233,864)
Transport		(4,559,620)	(3,211,198)	(4,614,040)
Economic services		(1,923,308)	(2,834,393)	(2,203,925)
Other property and services		(237,315)	(45,601)	(10,998)
		(10,864,633)	(10,371,523)	(10,754,414)
Non-cash amounts excluded from operating activities	22(a)	3,366,175	1,523,288	3,134,187
Amount attributable to operating activities		(904,309)	(2,759,722)	(1,666,457)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	791,948	758,755	1,674,055
Proceeds from disposal of assets	10(a)	377,357	411,000	235,417
Purchase of property, plant and equipment	8(a)	(641,447)	(894,491)	(1,854,996)
Purchase and construction of infrastructure	9(a)	(1,509,438)	(2,052,670)	(1,351,959)
Amount attributable to investing activities		(981,580)	(1,777,406)	(1,297,483)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(1,984,885)	(1,928,392)	(788,678)
Amount attributable to financing activities		(1,984,885)	(1,928,392)	(788,678)
Surplus/(deficit) before imposition of general rates		(3,870,774)	(6,465,520)	(3,752,618)
Total amount raised from general rates	21(a)	6,448,237	6,465,520	6,023,197
Surplus/(deficit) after imposition of general rates	22(b)	2,577,463	0	2,270,579

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

SHIRE OF LEONORA
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Note 1	Basis of Preparation	16
Note 2	Revenue and Expenses	17
Note 3	Cash and Cash Equivalents	21
Note 4	Reserves - Cash backed	22
Note 5	Other Financial Assets	23
Note 6	Trade and Other Receivables	24
Note 7	Inventories	25
Note 8	Property, Plant and Equipment	26
Note 9	Infrastructure	28
Note 10	Fixed Assets	30
Note 11	Revaluation Surplus	33
Note 12	Trade and Other Payables	34
Note 13	Contract Liabilities	35
Note 14	Employee Provisions	36
Note 15	Notes to the Statement of Cash Flows	37
Note 16	Total Assets Classified by Function and Activity	38
Note 17	Contingent Assets and Liabilities	39
Note 18	Commitments	40
Note 19	Related Party Transactions	41
Note 20	Investment in Associates	43
Note 21	Rating Information	44
Note 22	Rate Setting Statement Information	47
Note 23	Financial Risk Management	48
Note 24	Events occurring after the end of the Reporting Period	51
Note 25	Initial Application of Australian Accounting Standards	52
Note 26	Change in Accounting Policies	53
Note 27	Other Significant Accounting Policies	54
Note 28	Activities/Programs	55
Note 29	Financial Ratios	57

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.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. 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 pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

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.

All monies held in the Trust Fund are excluded from the financial statements.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,241,075	659,157	1,250,164
Law, order, public safety	2,031	4,163	849
Health	0	0	20,000
Education and welfare	154,703	155,822	170,720
Recreation and culture	112,507	110,420	111,218
Transport	157,291	143,700	146,749
Economic services	306,289	692,942	220,043
	1,973,896	1,766,204	1,919,743
Non-operating grants, subsidies and contributions			
Transport	791,948	758,755	1,282,055
Other property and services	0	0	392,000
	791,948	758,755	1,674,055
Total grants, subsidies and contributions	2,765,844	2,524,959	3,593,798
Fees and charges			
Governance	30	0	0
General purpose funding	12,054	10,750	10,776
Law, order, public safety	7,937	7,352	4,048
Health	34,602	38,157	38,072
Education and welfare	147,575	110,266	114,110
Housing	33,394	37,320	25,780
Community amenities	422,135	411,193	410,880
Recreation and culture	43,590	48,580	45,953
Transport	613,190	652,666	647,776
Economic services	330,030	373,276	400,615
Other property and services	124,427	37,200	69,864
	1,768,964	1,726,760	1,767,874

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	1,973,896	1,766,204	1,919,743
Fees and charges	1,768,964	1,726,760	1,767,874
Other revenue	492,294	227,200	613,699
Non-operating grants, subsidies and contributions	791,948	758,755	1,282,055
	5,027,102	4,478,919	5,583,371

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Other revenue from contracts with customers recognised during the year	2,261,258	1,953,960	2,381,573
Contracts from transfers intended for acquiring or constructing recognisable non financial assets recognised during the year.	791,948	758,755	1,282,055
Other revenue from performance obligations satisfied during the year	1,973,896	1,766,204	1,919,743
	5,027,102	4,478,919	5,583,371

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	275,500	0	0
Contract liabilities from contracts with customers	(80,000)	0	0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Interest on reserve funds

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	6,448,237	6,465,520	6,023,197
	6,448,237	6,465,520	6,023,197
Other revenue			
Reimbursements and recoveries	327,992	227,200	149,474
Other	164,302	0	464,225
	492,294	227,200	613,699
Interest earnings			
Interest on reserve funds	43,550	30,000	31,807
Other interest earnings	3,809	4,000	4,056
	47,359	34,000	35,863

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Disbursements

Other expenditure

Impairment loss on trade and other receivables

Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	21,740	36,000	7,235
- Disbursements	1,509	0	4,700
	23,249	36,000	11,935
Other expenditure			
Impairment loss on trade and other receivables	(6,030)	0	6,030
Sundry expenses	183,915	142,568	64,517
	177,885	142,568	70,547

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		7,545,391	2,841,424
Total cash and cash equivalents		7,545,391	2,841,424
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		5,395,508	1,306,420
- Financial assets at amortised cost		0	2,024,203
		5,395,508	3,330,623
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	5,315,508	3,330,623
Contract liabilities from contracts with customers	13	80,000	0
Total restricted assets		5,395,508	3,330,623

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 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.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Annual leave reserve	163,629	1,715	0	165,344	163,629	942	0	164,571	161,974	1,655	0	163,629
(b) Long service leave reserve	133,500	1,061	0	134,561	133,500	769	0	134,269	132,366	1,134	0	133,500
(c) Building reserve	975,352	13,419	0	988,771	975,352	5,616	0	980,968	963,453	11,899	0	975,352
(d) Fire Disaster reserve	39,424	498	0	39,922	39,424	227	0	39,651	34,993	4,431	0	39,424
(e) Plant purchase reserve	906,540	8,653	0	915,193	906,540	5,220	0	911,760	624,013	282,527	0	906,540
(f) Gwalia Precinct reserve	485,627	3,023	0	488,650	485,627	2,796	0	488,423	183,234	302,393	0	485,627
(g) Waste management reserve	313,828	2,163	0	315,991	313,828	1,807	0	315,635	176,912	136,916	0	313,828
(h) Aerodrome reserve	252,723	33,720	0	286,443	252,723	1,455	0	254,178	250,000	2,723	0	252,723
(i) IT reserve	15,000	0	0	15,000	15,000	86	0	15,086	15,000	0	0	15,000
(j) Pool reserve	45,000	41	0	45,041	45,000	259	0	45,259	0	45,000	0	45,000
(k) Aged care reserve	0	1,920,592	0	1,920,592	0	1,909,215	0	1,909,215	0	0	0	0
	3,330,623	1,984,885	0	5,315,508	3,330,623	1,928,392	0	5,259,015	2,541,945	788,678	0	3,330,623

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget 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 its employees
(b) Long service leave reserve	Ongoing	This reserve is to offset Council's long service leave liabilities to its 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 Gwalia 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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

2020	2019
\$	\$
0	2,024,203
0	2,024,203
0	2,024,203
0	2,024,203

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.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

2020	2019
\$	\$
195,415	165,403
275,500	497,729
42,938	92,121
0	(6,030)
513,853	749,223

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 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

7. INVENTORIES

Current

Fuel 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 beginning of period

Inventories expensed during the year

Write down of inventories to net realisable value

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	89,353	63,167
	89,353	63,167
	1,719	1,719
	409,626	510,207
	411,345	511,926
	575,093	555,787
	(235,644)	(215,243)
	(100,581)	0
	261,830	234,549
	500,698	575,093

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	854,000	0	854,000	19,068,279	19,068,279	19,922,279	303,913	1,995,505	22,221,697
Additions	0		0	591,628	591,628	591,628	0	1,263,368	1,854,996
(Disposals)	0	0	0	(4,800)	(4,800)	(4,800)	(303,913)	0	(308,713)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	346,854	346,854
Correction of classification	(69,000)	69,000	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(388,735)	(388,735)	(388,735)	0	(352,827)	(741,562)
Carrying amount at 30 June 2019	785,000	69,000	854,000	19,266,372	19,266,372	20,120,372	0	3,252,900	23,373,272
Comprises:									
Gross carrying amount at 30 June 2019	785,000	69,000	854,000	20,023,373	20,023,373	20,877,373	0	3,252,900	24,130,273
Accumulated depreciation at 30 June 2019	0	0	0	(757,001)	(757,001)	(757,001)	0	0	(757,001)
Carrying amount at 30 June 2019	785,000	69,000	854,000	19,266,372	19,266,372	20,120,372	0	3,252,900	23,373,272
Change in accounting policy	0	(69,000)	(69,000)	0	0	(69,000)	0	0	(69,000)
Restated carrying amount at 1 July 2019	785,000	0	785,000	19,266,372	19,266,372	20,051,372	0	3,252,900	23,304,272
Additions	0	0	0	8,720	8,720	8,720	0	632,727	641,447
(Disposals)	0	0	0	0	0	0	0	(451,833)	(451,833)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	1,766,995	1,766,995	1,766,995	0	0	1,766,995
Revaluation (loss) / reversals transferred to profit or loss	(40,000)	0	(40,000)	0	0	(40,000)	0	0	(40,000)
Depreciation (expense)	0	0	0	(400,467)	(400,467)	(400,467)	0	(371,181)	(771,648)
Carrying amount at 30 June 2020	745,000	0	745,000	20,641,620	20,641,620	21,386,620	0	3,062,613	24,449,233
Comprises:									
Gross carrying amount at 30 June 2020	745,000	0	745,000	20,641,620	20,641,620	21,386,620	0	3,408,126	24,794,746
Accumulated depreciation at 30 June 2020	0	0	0	0	0	0	0	(345,513)	(345,513)
Carrying amount at 30 June 2020	745,000	0	745,000	20,641,620	20,641,620	21,386,620	0	3,062,613	24,449,233

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
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2020	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 2020	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments.
Furniture and equipment	3	Cost approach using depreciated replacement cost.	Independent valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments.
Plant and equipment	2	Market approach using recent observable market data for similar assets.	Independent registered valuer	June 2019	Market price per item

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.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

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	Infrastructure - other	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2018	53,028,700	8,809,299	61,837,999
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)
Carrying amount at 30 June 2019	51,927,635	8,847,326	60,774,961
Comprises:			
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)
Carrying amount at 30 June 2019	51,927,635	8,847,326	60,774,961
Additions	1,384,969	124,469	1,509,438
Revaluation increments / (decrements) transferred to revaluation surplus	1,035,565	0	1,035,565
Depreciation (expense)	(1,857,852)	(536,991)	(2,394,843)
Carrying amount at 30 June 2020	52,490,317	8,434,804	60,925,121
Comprises:			
Gross carrying amount at 30 June 2020	68,324,188	9,497,011	77,821,199
Accumulated depreciation at 30 June 2020	(15,833,871)	(1,062,207)	(16,896,078)
Carrying amount at 30 June 2020	52,490,317	8,434,804	60,925,121

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2020	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Infrastructure - other	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.

10. FIXED ASSETS

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

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

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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.

Items of plant and equipment are subsequently measured using the cost model.

Individual assets that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

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 land, buildings, infrastructure, investment properties and vested improvements 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 prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	4,800	0	0	(4,800)
Furniture and equipment	0	0	0	0	0	0	0	0	303,913	235,417	23,328	(91,824)
Plant and equipment	451,833	377,357	5,897	(80,373)	473,839	411,000	20,000	(82,839)	0	0	0	0
	451,833	377,357	5,897	(80,373)	473,839	411,000	20,000	(82,839)	308,713	235,417	23,328	(96,624)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Health				
2017 Subaru Forrester Wagon	20,888	24,546	3,658	0
2017 Mitsubishi Triton GLX	28,908	21,818	0	(7,090)
Education and welfare				
2017 Nissan X Trail ST	20,515	17,273	0	(3,242)
Transport				
Case IH 2012 Maxxfarm 60 Tractor	24,178	7,899	0	(16,279)
International Eagle 9900i	99,385	83,716	0	(15,669)
International Eagle 9900i Prime Mover	88,288	72,105	0	(16,183)
Model S30 Rider Sweeper	21,401	13,636	0	(7,765)
2017 Mitsubishi Triton GLX	26,110	22,727	0	(3,383)
2017 Ford Ranger XL	33,231	28,182	0	(5,049)
Economic services				
2013 Ford Ranger Utility	8,670	10,909	2,239	0
Other property and services				
2018 Nissan Patrol Wagon	45,220	44,546	0	(674)
2017 Ford Everest Trend 4WD 3.2L	35,039	30,000	0	(5,039)
	451,833	377,357	5,897	(80,373)
	451,833	377,357	5,897	(80,373)

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	400,467	305,434	388,735
Furniture and equipment	0	16,509	0
Plant and equipment	371,181	550,882	352,827
Infrastructure - roads	1,857,852	583,294	1,849,875
Infrastructure - other	536,991	4,330	529,963
	3,166,491	1,460,449	3,121,400

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 on revaluation

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.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	0	0	1,766,995	0	1,766,995	1,766,995	0	0	0	0	0
Revaluation surplus - Plant and equipment	688,288	0	0	0	0	688,288	341,434	346,854	0	346,854	688,288
Revaluation surplus - Infrastructure - roads	33,294,239	0	1,035,565	0	1,035,565	34,329,804	33,294,239	0	0	0	33,294,239
Revaluation surplus - Infrastructure - other	5,530,144	0	0	0	0	5,530,144	5,565,303	0	(35,159)	(35,159)	5,530,144
	39,512,671	0	2,802,560	0	2,802,560	42,315,231	39,200,976	346,854	(35,159)	311,695	39,512,671

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 payables
Prepaid rates
Accrued salaries and wages
ATO liabilities
Credit cards

2020	2019
\$	\$
10,095	4,943
3,595	0
87,574	94,225
64,643	63,840
9,719	8,032
175,626	171,040

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 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

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

13. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
80,000	0
80,000	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

80,000

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

14. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2020

Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	97,678	47,497	145,175
Non-current provisions	0	57,506	57,506
	97,678	105,003	202,681
Additional provision	75,015	34,946	109,961
Amounts used	(18,307)	(12,802)	(31,109)
Balance at 30 June 2020	154,386	127,147	281,533
Comprises			
Current	154,386	74,247	228,633
Non-current	0	52,900	52,900
	154,386	127,147	281,533

Amounts are expected to be settled on the following basis:

More than 12 months from reporting date

	2020 \$	2019 \$
More than 12 months from reporting date	281,533	202,681
	281,533	202,681

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.

15. 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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	7,545,391	5,259,015	2,841,424
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	699,122	626,916	1,303,345
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(35,160)	0	0
Depreciation on non-current assets	3,166,491	1,460,449	3,121,400
(Profit)/loss on sale of asset	74,476	62,839	73,296
Decrease in net realisable value of inventory	100,581	0	0
Loss on revaluation of land and buildings	40,000	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	235,370	318,572	(303,766)
(Increase)/decrease in inventories	(26,186)	462,016	(19,306)
Increase/(decrease) in payables	4,586	0	(334,389)
Increase/(decrease) in provisions	78,852	0	(66,897)
Increase/(decrease) in contract liabilities	80,000	0	0
Non-operating grants, subsidies and contributions	(791,948)	(758,755)	(1,674,055)
Net cash from operating activities	3,626,184	2,172,037	2,099,628

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
General purpose funding	195,415	159,373
Law, order, public safety	110,352	115,629
Health	233,429	220,997
Education and welfare	56,756	19,036
Housing	1,441,730	1,491,957
Community amenities	5,537,807	3,741,541
Recreation and culture	7,598,264	7,015,234
Transport	61,849,835	61,464,834
Economic services	11,795,799	11,553,596
Other property and services	2,992,026	2,928,853
Unallocated	2,122,883	1,627,126
	93,934,296	90,338,176

17. CONTINGENT ASSETS AND LIABILITIES

The Shire is not aware of any contingent assets or liabilities at the reporting date.

18. LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:
- not later than one year

2020	2019
\$	\$
12,500	12,500
12,500	12,500

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	45,100	47,949	34,922
President's allowance	20,891	20,891	16,713
Deputy President's allowance	5,223	5,223	4,178
Travelling expenses	11,030	12,000	11,311
Telecommunications allowance	24,500	24,500	24,500
	106,744	110,563	91,624

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	619,244	556,026
Post-employment benefits	68,889	75,591
Other long-term benefits	62,403	64,748
	750,536	696,365

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 long service benefits accruing during the year.

19. 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.

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	16,636	195,294
Amounts outstanding from related parties:		
Trade and other receivables	2,620	1,310
Amounts payable to related parties:		
Trade and other payables	0	180

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).

The associate person of KMP was 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.

20. JOINT ARRANGEMENTS

Share of joint operations

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

Non current assets

Land and buildings

Plant and equipment

Furniture and equipment

Light vehicles

Total assets

[illegible]

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

21. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

GRV Rate

Unimproved valuations

UV Rate

Sub-Total

Minimum payment

Gross rental valuations

GRV Rate

Unimproved valuations

UV Rate

Sub-Total

Total amount raised from general rate

	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
GRV Rate	0.0706	587	15,237,674	1,076,294	55,480	0	1,131,774	1,076,294	4,000	0	1,080,294	1,061,477
UV Rate	0.155	1,386	33,004,671	5,097,809	(28,764)	0	5,069,045	5,097,808	40,000	0	5,137,808	4,676,304
Sub-Total		1,973	48,242,345	6,174,103	26,716	0	6,200,819	6,174,102	44,000	0	6,218,102	5,737,781
Minimum payment												
GRV Rate	323	89	119,439	28,747	0	0	28,747	28,747	0	0	28,747	27,984
UV Rate	323	677	746,537	218,671	0	0	218,671	218,671	0	0	218,671	257,432
Sub-Total		766	865,976	247,418	0	0	247,418	247,418	0	0	247,418	285,416
Total amount raised from general rate		2,739	49,108,321	6,421,521	26,716	0	6,448,237	6,421,520	44,000	0	6,465,520	6,023,197

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

21. 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 \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Landing fees	Waiver	100.00%		12,312	3,000	3,639
Housing rental	Waiver	100.00%		5,200	5,200	5,200
				17,512	8,200	8,839
Total discounts/concessions (Note 21(a))				17,512	8,200	8,839

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 the Leonora airport.	To assist with the operation and work of the RFDS.	Recognition of valuable community service the RFDA provides to the district.
Housing rental	Doctor servicing Leonora has a house provided by Council at no charge.	To support the retention of a doctor to provide medical services to the Shire of Leonora.	Rent is waived as per agreement with council.

21. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Pay in full	30/08/2019	0.00	0.00%	0.00%
Option Two				
First instalment	30/08/2019	24.00	0.00%	0.00%
Second instalment	3/11/2019	0.00	0.00%	0.00%
Third instalment	3/01/2020	0.00	0.00%	0.00%
Fourth instalment	3/03/2020	0.00	0.00%	0.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Charges on instalment plan	11,544	10,000	10,016
	11,544	10,000	10,016

22. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget (30 June 2020 Carried Forward)	2018/19 (30 June 2019 Carried Forward)
Note		\$	\$
(a) Non-cash amounts excluded from operating activities			
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> .			
Adjustments to operating activities			
	Less: Profit on asset disposals	10(a) (5,897)	(20,000) (23,328)
	Less: Movement in liabilities associated with restricted cash	(10,767)	0
	Movement in employee benefit provisions (non-current)	(4,606)	0 (66,897)
	Movement in other provisions (non-current)	0	0 12,099
	Change in accounting policy	0	0 (5,711)
	Add: Loss on disposal of assets	10(a) 80,373	82,839 96,624
	Add: Loss on revaluation of fixed assets	9(a) 40,000	0
	Add: Decrease in net realisable value of inventory	100,581	0
	Add: Depreciation on non-current assets	10(b) 3,166,491	1,460,449 3,121,400
	Non cash amounts excluded from operating activities	3,366,175	1,523,288 3,134,187
(b) Surplus/(deficit) after imposition of general rates			
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.			
Adjustments to net current assets			
	Less: Reserves - cash/financial asset backed	4 (5,315,508)	(5,259,015) (3,330,623)
	Add: Current liabilities not expected to be cleared at end of year		
	- Employee benefit provisions	228,633	292,257 239,400
	Total adjustments to net current assets	(5,086,875)	(4,966,758) (3,091,223)
Net current assets used in the Rate Setting Statement			
	Total current assets	8,148,597	5,790,439 5,678,017
	Less: Total current liabilities	(484,259)	(823,681) (316,215)
	Less: Total adjustments to net current assets	(5,086,875)	(4,966,758) (3,091,223)
	Net current assets used in the Rate Setting Statement	2,577,463	0 2,270,579

23. 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
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Interest rate risk

Cash and cash equivalents

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 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 \$
2020					
Cash and cash equivalents	0.025%	7,545,391	0	7,544,121	1,270
2019					
Cash and cash equivalents	0.59%	2,841,424	0	2,840,154	1,270
Financial assets at amortised cost	2.15%	2,024,203	2,024,203	0	0

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	75,441	28,402

* 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.

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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 2019 or 1 July 2020 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. No expected credit loss was forecast on 30 June 2019 or 30 June 2020 for rates receivable as properties associated with unpaid rates may be disposed of to recover debts.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	121,024	50,704	18,573	5,114	195,415
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	110,454	40,518	12,789	1,642	165,403

No expected credit loss was determined for trade receivables as at 30 June 2020 and 30 June 2019 was determined as follows.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	164,173	83,237	465	27,624	275,499
Loss allowance	0	0	0	0	0
30 June 2019					
Trade and other receivables					
Expected credit loss	1.10%	2.90%	2.68%	5.04%	
Gross carrying amount	435,217	23,235	14,658	24,619	497,729
Loss allowance	694	3,702	393	1,241	6,030

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

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
	\$	\$	\$	\$	\$
2020					
Payables	110,983	0	0	110,983	110,983
Contract liabilities	80,000	0	0	80,000	80,000
	190,983	0	0	190,983	190,983
2019					
Payables	107,200	0	0	107,200	107,200
	107,200	0	0	107,200	107,200

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Apart from the LG FM reg changes effective 6 November 2020 (disclosed in Note 26), there were no other events occurring after balance sheet date that have a significant effect on the financial statements.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

25. 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.

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted 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 of AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. There were no amounts required to be recognised in the statement of financial report at the date of initial application (1 July 2019).

(b) AASB 1058: Income For Not-For-Profit Entities

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

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 gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were 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 occurred, the financial liability was extinguished and the Shire recognised 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.

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
	Note	As reported under AASB 15 and AASB 1058		Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	21(a)	6,448,237	0	6,448,237
Operating grants, subsidies and contributions	2(a)	1,973,896	0	1,973,896
Fees and charges	2(a)	1,768,964	0	1,768,964
Non-operating grants, subsidies and contributions	2(a)	791,948	80,000	871,948
Net result		699,122	80,000	779,122
Statement of Financial Position				
Contract assets	2(a)	0	0	0
Trade and other payables	12	175,626	0	175,626
Contract liabilities	13	80,000	0	80,000
Net assets		93,397,137	0	93,397,137
Statement of Changes in Equity				
Net result		699,122	80,000	779,122
Retained surplus		45,766,398	80,000	45,846,398

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: 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 AASB 16, under the specific transition provisions chosen, the Shire has not restated comparatives for prior reporting periods. The Shire has no lease agreements requiring the recognition of right of use assets.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ended on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 10.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Adjustment \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	23,373,272	(69,000)	23,304,272
Retained surplus		47,121,161	(69,000)	47,052,161

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the deletion of *Local Government (Financial Management) Regulation 16* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			47,121,161
Adjustment to retained surplus from deletion of FM Reg 16	8	(69,000)	(69,000)
Retained surplus - 1 July 2019			47,052,161

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. 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.

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.

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.

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 regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Includes costs and revenues associated with the President and Councillors in the exercise of their obligations as a governing body. Items of expenditure include conference, travel, meeting attendance fees, presidential 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.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	1. Rates. (a) GRV (gross rental value) refers to property rates for Leonora, Gwalia, Leinster and Agnew town sites and operational mines and associated infrastructure. (b) UV (Unimproved value) refers to mining properties and tenements (other than mines and other associated infrastructure) and prospecting licenses, exploration licenses and mining leases. It also refers to broad acre rural pastoral properties. (c) Additional rates and rates written back refer mainly to mining rates where tenements are granted or surrendered following the adoption of the budget. (d) Administration charge refers to the charge levied on ratepayers electing to make payment of rates on the offered instalment plan and is based on the actual cost involved in administering this process. (e) Administration costs allocated are the costs of maintaining records, levying and collecting all rates. 2. Grants (a) Grants Commission - a general purpose grant allocated annually by the Federal Government to all local governments. The amount is determined by various formulae devised by the Grants Commission, with a significant component being based on population. (b) Roads Grant - An united road grant allocated by the Federal Government and again distributed by the Grants Commission utilising a pre-determined formula. (c) Administration costs allocated to grants refers to the costs associated in the collection of Federal Government grants including provision and updating of data used in grants commission formula.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Costs and revenues associated with animal control within the Shire and also include fire insurance, dog control and registration.
HEALTH To provide an operational framework for environmental and community health.	Costs and revenues associated with compliance with the Health Act including inspections and approvals, food quality control, mosquito control, septic tank inspection/control, food hygiene inspection/control, notification and management of disease, contribution to doctor's expenses, Royal Flying Doctor donation and an ageing in place facility.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	To provide services to disadvantaged persons, the elderly, children and youth.
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.

28. ACTIVITIES/PROGRAMS

COMMUNITY AMENITIES

To provide service required by the community.

Costs of collection and disposal of domestic and commercial refuse for the town site of Leonora and Gwalia and maintenance of the landfill refuse site. Revenue collection 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. Provisions of Christmas decorations in Leonora townsite. Operation of the Leonora Cemetery.

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 and associated facilities and revenues collected from the public for use of these facilities.

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/Gwalia townsites and maintenance of Council's works depot and associated infrastructure. Operation, maintenance and management of Leonora Aerodrome including runways, runway lighting, tarmac and terminal building and gardens. Purchase of aviation fuel for resale to aircraft operators. Revenues by way of landing fees and Head Tax charges charged to all aircraft with the exception of the Royal Flying Doctors Service, lease/renting of building to all users of facilities and charges for fuel supplied to aircraft.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

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

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.

29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	8.63	13.72	3.68
Asset consumption ratio	0.83	0.83	0.78
Asset renewal funding ratio	0.97	0.98	0.80
Asset sustainability ratio	0.56	0.76	1.84
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.01)	(0.04)	(0.11)
Own source revenue coverage ratio	0.81	0.75	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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

6.0 INDEPENDENT AUDIT REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Leonora

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Leonora which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Leonora:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio as reported in Note 29 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the past two financial years and the current year is below last year; and
 - b. The Operating Surplus Ratio as reported in Note 29 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the past three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 and 2019 in Note 29 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Leonora for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the annual audited financial report to confirm the information contained in this website version of the annual financial report.

Aloha Morrissey.

ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 February 2021



ANNUAL REPORT

2019/2020



7.0 NATIONAL COMPETITION POLICY STATEMENT

The Competition Principles 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 2019/2020.

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.



ANNUAL REPORT

2019/2020



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. It should be noted that the Strategic Community Plan was reviewed 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.

The table below sets out to provide an overview of achievements to date made during the 2019/2020 reporting period, as well as initiatives that are proposed to commence and/or continue into the next financial year.

PLAN FOR THE FUTURE STRATEGIC PERFORMANCE INDICATORS	2019/2020 ACHIEVED / CONTINUING 2020/21	PLANNED / COMMENCING 2020/21
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 th 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>) Mandatory closure of facilities due to COVID-19 impacted participation levels.	New initiatives introduced with an Organised Sport program continued during 2019/20 and have been well received. The participation figures are; <ul style="list-style-type: none"> ü Indoor Cricket – 223 ü Adult Sports – 562 ü Kids Sport – 354 ü Aus Day Cricket – 22 ü Pool – 5083 ü Gym – 1533 ü Soccer Clinics – 63 	Increased linkage with all youth agencies to promote an organised sport program



ANNUAL REPORT

2019/2020



PLAN FOR THE FUTURE STRATEGIC PERFORMANCE INDICATORS	2019/2020 ACHIEVED / CONTINUING 2020/21	PLANNED / COMMENCING 2020/21
Population statistics (<i>stable / increasing population base</i>)	Australian Bureau of Statistics (ABS) 2016 Census shows the population of Leonora as 831 which does not consider Leinster or people living on pastoral or mining leases. Population of mining camps are still excluded despite impact on service delivery. ABS 2018 shows an estimated resident population of 1,529	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 2020/21 to address the housing crisis, continued implementation of the Aged Care Village and staff accommodation
No. of development approvals (<i>increase</i>)	Three development approvals were processed in the 19/20 period	N/A
Assessed vacancy rates (business and residential) (<i>decrease</i>)	Anecdotal evidence suggests that vacancy rates (particularly residential) are low. Limited housing available for rent or purchase on real estate websites	Consideration to how these rates can be measured and reported/Meetings with relevant agencies re improved housing/Increased Shire housing
No. of building approvals (<i>increase</i>)	Nine building approvals were processed in the 19/20 period which equated to collection of \$3,657.13 in building permit fees with a total value of construction work being \$1,662,542	N/A
Visitor statistics (<i>increase</i>) <i>Visitor Centre Numbers: 3,282</i> <i>Gwalia Precinct Numbers: 7,995</i> <i>Hoover House Accommodation Numbers: 543</i>	Visitor statistics are captured by the Information Centre, and Gwalia Historic Precinct. These figures have been impacted by the COVID-19 pandemic, resulting in reduction of numbers by; Visitor Centre: 5,190 Gwalia Precinct: 2,826 Hoover House Accommodation increase: 9	Visitors were restricted due to the pandemic up till the regional intrastate borders were lifted in May. The last two months of the 2019/20 resulted in full occupancy at Hoover House and over 1200 visitors to the Gwalia Historic Museum a week and increased numbers at the Information Centre



ANNUAL REPORT

2019/2020



PLAN FOR THE FUTURE STRATEGIC PERFORMANCE INDICATORS	2019/2020 ACHIEVED / CONTINUING 2020/21	PLANNED / COMMENCING 2020/21
Statutory asset management ratios (<i>maintain healthy ratios</i>)	The Asset Sustainability Ratio has not met the benchmark. This ratio indicates that to what degree the Shire is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.	Emphasis during 20/21 on “renewal” as opposed to “new or upgrade” as these ratios which should be read in conjunction with the ASR are above the benchmark
Compliance with statutory reviews required by the Local Planning Framework (<i>maintain compliance</i>)	No instances of non-compliance noted	N/A
Statutory financial and asset management ratios (<i>maintain healthy ratios</i>)	Healthy ratios maintained, except for Operating Surplus Ratio, although a gradual improvement has been shown over the last three years of reporting	Correction of the negative trend in the Operating Surplus Ratio will occur in 2020/21
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>)	Re-activation of Sporting Clubs, e.g. Leonora Bowling Club has been successful in response to community needs.	Consideration to how these rates can be measured and reported

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*.



ANNUAL REPORT

2019/2020



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.

In order to progress the Shire of Leonora's document control practices, in 2019/20 an Electronic Information Management System was implemented.

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	0
110,000 – 119,000	0
140,000 – 149,999	2
160,000 – 169,000	0
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 30th June 2020, no complaints were recorded, therefore no action was required to deal with complaints.