

**SHIRE OF LEONORA
ANNUAL REPORT**



**FOR THE YEAR ENDING
JUNE 2008**

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1.0 REPORT BY THE PRESIDENT

I have the pleasure in presenting this report on the Operations of the Shire of Leonora for the twelve months ended 30th June 2008.

MEMBERSHIP

The year ended with major changes to the membership of your council, whereby Councillors Taylor, Demasson, Kemp and Grills all retired and were replaced by Councillors J.C. Kennedy, G.W. Baker, S.J. Heather and R.A. Norrie. Mr J.F. Carter was elected as my Deputy.

Details of all the Councillors are:

	WARD	RETIREMENT YEAR	CONTACT NUMBER
<u>PRESIDENT</u>			
Mr GR Dawes PO Box 14 LEONORA WA 6438	South	2011	Wk: 08 9037 6110 Hm: 08 9037 7077 Mob: 0419 434 669 Email: gdcde@msn.com
<u>DEPUTY PRESIDENT</u>			
Mr JF Carter Clover Downs Station PO Box 85 LEONORA WA 6438	North	2009	Hm: 08 9037 6159 Fax: 08 9037 4450 Mob: 0417 981 016 Email: jrcarter@bigpond.net.au
<u>COUNCILLORS</u>			
Mr NG Johnson PO Box 2 LEONORA WA 6438	North	2011	Hm: 08 9037 6131 Fax: 08 9037 6264 Mob: 0418 958 418
Mr P Craig PO Box 118 LEINSTER WA 6437	North	2011	Wk: 08 9037 9191 Hm: 08 9037 9054 Fax: 08 9037 9192 Mob: 0418 950 572 Email: lercont@wn.com.au
Ms L Petersen PO Box 69 LEONORA WA 6438	South	2009	Hm: 08 9037 6400 Fax: 08 9037 6404 Mob: 0419 177 232 Email: Butsonsbs@westnet.com.au
Mr S J Heather PO Box 223 LEONORA WA 6438	North	2009	Hm: 08 9037 6153 Fax: 08 9037 6153 Mob: 0408 996 373
Mr R A Norrie PO Box 397 LEONORA WA 6438	South	2011	Wk: 08 9037 6777 Hm: 08 9037 7389 Fax: 08 9037 6788 Mob: 0409 377 386 Email: rosscpa@bigpond.net.au
Mr J C Kennedy PO Box 246 LEINSTER WA 6437	North	2011	Wk: 08 9037 9051 Hm: 08 9037 0737 Fax: 08 9037 0897 Mob: 0439 680 404

Email: mariejoe@bigpond.com

Mr G W Baker
PO Box 90
LEONORA WA 6438

South 2009

Wk: 08 9037 6090
Hm: 08 9037 6090
Fax: 08 9037 6090
Email: sixmile6@bigpond.com

STAFF

Your Council has once again been served by a most efficient and professional team led by CEO Jim Epis and would take this opportunity on behalf of councillors and electors to thank all staff both inside and the outside crews for their continued loyal support.

Further on behalf of Councillors, Staff and Electors, I would like to wish our Deputy CEO Mr John Rowe all the very best in his intended retirement and thank you for a job well done over the past 13 years.

ROAD WORKS

Contract grader operators have been utilised once again and along with Councils own crew have maintained our road network in a very good condition. Major construction was carried out on the Leonora-Mount Ida, Leonora-Nambi, Old Agnew, Weebo, Agnew- Lake Miranda, Old Laverton, Malcolm-Kookynie, Albion Downs-Yeelirrie, Darlot and Glenorn-Yundmindra Roads utilising both contractors and councils own workforce.

SWIMMING POOL

I am delighted to report that the Leonora Aquatic Centre was patronised as expected by Council in its second year of operation and together with the Recreation Centre is proving a popular spot for residents and visitors alike. The Gym has been upgraded and is also most popular.

GOLDFIELDS ESPERANCE DEVELOPMENT COMMISSION

The North Eastern Goldfields Branch continues to operate from Council's offices and residents are encouraged to contact project officer.

FINANCIAL MANAGEMENT

I am proud to once again report council retained its debt free status which allows imposition of very minimal rate increases. 2007/2008 financial year was another consolidation period after several years of large construction projects including airport runway sealing, the main street beautification and of course the swimming pool. The next major project programmed is the construction of a Bowling Green and associated facilities and a new Golf Club House at the oval in 2008/09.

CAPITAL PROJECTS The financial year saw council purchase a house for the use of our resident Doctor, purchase of three blocks in Gwalia Street for our Bowling Club and commenced the Old Battery Project at the Information Bay.

LEONORA GOLDEN GIFT

On the long weekend in June Council once again in conjunction with sponsors conducted the most successful celebration yet culminating in the running of Australia's richest footraces. The weekend was considered a resounding success in the promotion of your town all over Australia and planning is already underway for the 2009 event. Five of our regular competitors gained selection in the 2008 Olympic Games Team.

CONCLUSION

In presenting this Report I wish to sincerely thank my fellow Councillors for their support and co-operation during the period of my presidency.

May I conclude by wishing all Electors, Councillors and Staff a happy, rewarding and successful 2008/2009.

GRAHAM R DAWES JP

PRESIDENT

2.0 REPORT BY THE CHIEF EXECUTIVE OFFICER

FINANCE

The 2007/2008 financial year has seen Council maintain a sound financial position and remain debt free. The policy to fund major items from available revenue has continued.

MEMBERSHIP

As reported in the President's Report major changes in Council took place in this year.

Councillor's attendance record at scheduled ordinary meetings during the period was:

COUNCILLOR	MEETING CONVENED	ATTENDED	% ATTENDANCE
G R Dawes	11	9	82
N G Johnson	11	9	82
B S D Taylor	3	0	0
P J Craig	11	10	91
G R Kemp	3	0	0
J F Carter	11	10	91
T C Demasson	3	3	100
L R Petersen	11	10	91
D Grills	8	5	62
R A Norrie	8	8	100
J C Kennedy	8	8	100
S J Heather	8	6	75
G W Baker	2	2	100

ROADWORKS

Maintenance of all gravel rural roads was continued utilising contract grader operators and Council's own workforce.

Major road works included improvements to the Golden Quest Trail roads as well as extensive construction work on Leonora-Mt Ida, Leonora-Nambi, Old Agnew, Weebo, Lake Miranda, Malcolm – Kookynie, Albion Downs-Yeelirrie, Darlot and Glenorn Yundamindra Roads.

CAPITAL PROJECTS

2007/2008 saw the purchase of a residence for the use of the town's Doctor (\$318,000.00). The purchase of three blocks in Gwalia Street (\$176,000.00) and the recommencement of the Old Battery Project (\$38,000.00).

PLANT REPLACEMENT

Council's policy was maintained with a Grader, Prime Mover Loader and various smaller vehicles replaced during the period.

STAFF

Staffing levels were maintained to a similar level to previous years and will continue at this level in 2008/2009.

I would take this opportunity to thank all my staff both inside and outside for their efforts during the past year.

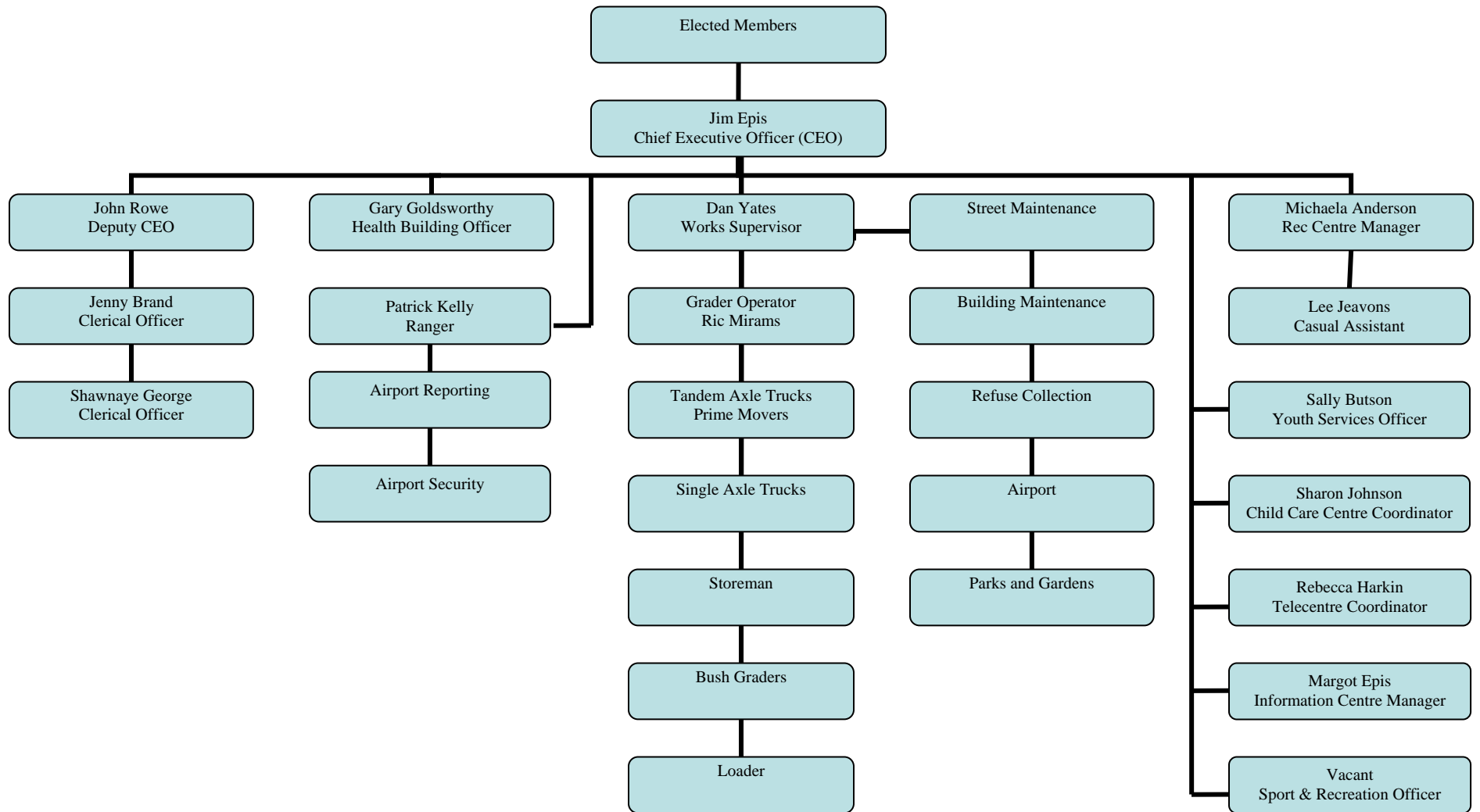
Current senior staff are:

Chief Executive Officer	Jim Epis	A/h: 08 9037 6195 Mob: 0418 118 220
Deputy Chief Executive Officer	John Rowe	A/h: 08 9037 6672 Mob: 0429 376 044
Health / Building Officer	Gary Goldsworthy	A/h: 08 9037 7118 Mob: 0428 376 044
Works Manager	Dan Yates	Mob: 0427 546 729
Ranger / Airport Officer	Patrick Kelly	Mob: 0408 376 040

I wish to also thank all Councillors for their continued support and close this report by wishing Ratepayers, Councillors and Staff a successful and rewarding 2008/2009.

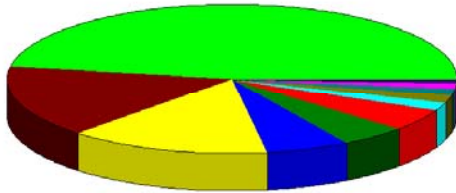
J G EPIS
CHIEF EXECUTIVE OFFICER

Staff Organisational Chart



Expense Summary
July 2006 through June 2007

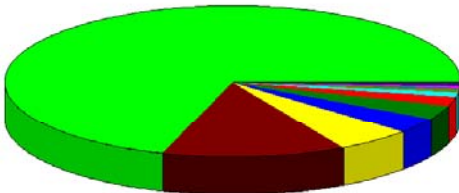
E12 · TRANSPORT.	%47.33
E11 · RECREATION & CULTURE.	15.85
E13 · ECONOMIC SERVICES.	14.62
E07 · HEALTH.	6.06
E10 · COMMUNITY AMENITIES.	4.83
E04 · GOVERNANCE.	4.82
E03 · GENERAL PURPOSE FUNDING.	1.87
E08 · EDUCATION AND WELFARE	1.79
E05 · LAW ORDER & PUBLIC SAFETY	1.57
E14 · OTHER PROPERTY & SERVICES	1.19
E09 · HOUSING.	0.06
Total	\$4,494,710.20



By Account

Income Summary
July 2006 through June 2007

I03 · GENERAL PURPOSE FUNDING	%70.18
I12 · TRANSPORT	13.06
I13 · ECONOMIC SERVICES	5.53
I08 · WELFARE AND EDUCATION	3.37
I11 · RECREATION & CULTURE	3.03
I14 · OTHER PROPERTY & SERVICES	2.18
I10 · COMMUNITY AMENITIES	1.11
I09 · HOUSING	0.69
I07 · HEALTH	0.48
I05 · LAW ORDER & PUBLIC SAFETY	0.36
I04 · GOVERNANCE	0.01
Total	\$5,195,179.99



By Account

SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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SHIRE OF LEONORA

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	21	2,931,070	2,723,368	2,641,569
Grants and Subsidies	27	1,296,009	1,359,555	1,300,031
Contributions Reimbursements and Donations		342,287	142,054	259,469
Fees and Charges	26	904,567	371,856	492,738
Interest Earnings	2(a)	104,554	61,831	72,036
Other Revenue		<u>27,148</u>	<u>12,046</u>	<u>2,497</u>
		5,605,635	4,670,710	4,768,340
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		-1,393,185	-1,163,052	-1,273,150
Materials and Contracts		-2,113,584	-2,736,075	-1,689,715
Utilities		-213,920	-96,658	-182,735
Depreciation	2(a)	-1,007,043	-1,254,904	-1,061,747
Insurance		-147,775	-198,179	-140,749
Other Expenditure		<u>-216,401</u>	<u>-98,800</u>	<u>-85,557</u>
		-5,091,908	-5,547,668	-4,433,653
		513,727	-876,958	334,687
Grants and Subsidies - non-operating	27	398,701	1,497,224	395,422
Contributions Reimbursements and Donations - non-operating		0	256,503	0
Profit on Asset Disposals	19	229,718	457,880	31,418
Loss on Asset Disposals	19	<u>-312,078</u>	<u>-76,000</u>	<u>-61,057</u>
NET RESULT		<u><u>830,068</u></u>	<u><u>1,258,649</u></u>	<u><u>700,470</u></u>

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

SHIRE OF LEONORA

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		1,411	2,106	214
General Purpose Funding		3,922,115	3,666,375	3,646,118
Law, Order, Public Safety		102,315	97,025	18,704
Health		55,984	85,740	24,795
Education and Welfare		152,183	156,376	175,206
Housing		127,490	41,057	35,806
Community Amenities		177,700	66,320	57,498
Recreation and Culture		161,678	917,169	157,266
Transport		897,003	709,084	678,677
Economic Services		482,966	1,072,973	287,497
Other Property and Services		153,209	68,092	113,399
	2 (a)	6,234,054	6,882,317	5,195,180
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		-252,420	-245,094	-216,801
General Purpose Funding		-122,034	-111,735	-84,128
Law, Order, Public Safety		-155,797	-210,928	-70,435
Health		-335,574	-271,270	-272,446
Education and Welfare		-119,264	-200,200	-80,395
Housing		-2,917	-2,990	-2,475
Community Amenities		-307,926	-219,154	-217,240
Recreation & Culture		-875,183	-890,092	-712,475
Transport		-2,416,568	-2,775,331	-2,127,405
Economic Services		-739,789	-690,874	-657,319
Other Property and Services		-76,514	-6,000	-53,591
	2 (a)	-5,403,986	-5,623,668	-4,494,710
NET RESULT		830,068	1,258,649	700,470

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

SHIRE OF LEONORA
BALANCE SHEET
AS AT 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,000,172	792,624
Trade and Other Receivables	4	323,799	154,597
Inventories	5	69,871	0
TOTAL CURRENT ASSETS		<u>1,393,842</u>	<u>947,221</u>
NON-CURRENT ASSETS			
Inventories	5	8,392	144,479
Property, Plant and Equipment	6	8,848,460	8,592,788
Infrastructure	7	46,326,516	44,941,581
TOTAL NON-CURRENT ASSETS		<u>55,183,368</u>	<u>53,678,848</u>
TOTAL ASSETS	16	<u>56,577,210</u>	<u>54,626,069</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	75,824	51,893
Provisions	9	196,327	161,835
TOTAL CURRENT LIABILITIES		<u>272,151</u>	<u>213,728</u>
NON-CURRENT LIABILITIES			
Provisions	9	9,687	83,947
TOTAL NON-CURRENT LIABILITIES		<u>9,687</u>	<u>83,947</u>
TOTAL LIABILITIES		<u>281,838</u>	<u>297,675</u>
NET ASSETS		<u>56,295,372</u>	<u>54,328,394</u>
EQUITY			
Retained Surplus		31,193,925	30,287,533
Reserves - Cash/Investment Backed	10	242,289	318,613
Reserves - Asset Revaluation	11	24,859,158	23,722,248
TOTAL EQUITY		<u>56,295,372</u>	<u>54,328,394</u>

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

SHIRE OF LEONORA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		30,287,533	29,835,080
Net Result		830,068	700,470
Transfer from/(to) Reserves		<u>76,324</u>	<u>-248,017</u>
Balance as at 30 June 2008		<u>31,193,925</u>	<u>30,287,533</u>
RESERVES - CASH/INVESTMENT BACKED			
Balance as at 1 July 2007		318,613	70,596
Amount Transferred (to)/from Retained Surplus		<u>-76,324</u>	<u>248,017</u>
Balance as at 30 June 2008	10	<u>242,289</u>	<u>318,613</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		23,722,248	23,722,248
Revaluation Increment		1,524,993	0
Revaluation Decrement		<u>-388,083</u>	<u>0</u>
Balance as at 30 June 2008	11	<u>24,859,158</u>	<u>23,722,248</u>
TOTAL EQUITY		<u><u>56,295,372</u></u>	<u><u>54,328,394</u></u>

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

**SHIRE OF LEONORA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,938,677	2,723,368	2,641,569
Grants and Subsidies - operating		1,296,009	1,359,555	1,300,031
Contributions, Reimbursements & Donations		342,287	398,557	259,469
Fees and Charges		814,953	446,453	533,469
Interest Earnings		104,554	61,831	72,036
Goods and Services Tax		308,825	340,000	320,762
Other		27,148	12,046	2,497
		<u>5,832,453</u>	<u>5,341,810</u>	<u>5,129,833</u>
Payments				
Employee Costs		(1,423,185)	-1,163,052	(1,256,626)
Materials and Contracts		(2,177,684)	-2,730,722	(1,687,496)
Utilities (gas, electricity, water, etc)		(213,920)	-96,658	(182,735)
Insurance		(147,775)	-198,179	(140,749)
Goods and Services Tax		(396,020)	-320,000	(361,493)
Other		(216,401)	-98,800	(85,557)
		<u>(4,574,985)</u>	<u>(4,607,411)</u>	<u>(3,714,656)</u>
Net Cash Provided By (Used In)				
Operating Activities	12(b)	<u>1,257,468</u>	<u>734,399</u>	<u>1,415,177</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(144,479)
Payments for Purchase of Property, Plant & Equipment		(1,423,931)	-2,491,000	(984,597)
Payments for Construction of Infrastructure		(744,761)	-1,110,203	(716,827)
Grants/Contributions for the Development of Assets		398,701	1,497,224	395,422
Proceeds from Sale of Plant & Equipment		720,071	1,110,000	296,181
		<u>720,071</u>	<u>1,110,000</u>	<u>296,181</u>
Net Cash Provided By (Used In)				
Investing Activities		(1,049,920)	(993,979)	(1,154,300)
Net Increase (Decrease) in Cash Held				
Cash at Beginning of Year		792,624	792,625	531,747
Cash and Cash Equivalents				
at the End of the Year	12(a)	<u>1,000,172</u>	<u>533,045</u>	<u>792,624</u>

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

**SHIRE OF LEONORA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$
REVENUES			
Governance		1,411	2,106
General Purpose Funding		991,045	943,007
Law, Order, Public Safety		102,315	97,025
Health		55,984	85,740
Education and Welfare		152,183	156,376
Housing		127,490	41,057
Community Amenities		177,700	66,320
Recreation and Culture		161,678	917,169
Transport		897,003	709,084
Economic Services		482,966	1,072,973
Other Property and Services		153,209	68,092
		<u>3,302,984</u>	<u>4,158,949</u>
EXPENSES			
Governance		-252,420	-245,094
General Purpose Funding		-122,034	-111,735
Law, Order, Public Safety		-155,797	-210,928
Health		-335,574	-271,270
Education and Welfare		-119,264	-200,200
Housing		-2,917	-2,990
Community Amenities		-307,926	-219,154
Recreation & Culture		-875,183	-890,092
Transport		-2,416,568	-2,775,331
Economic Services		-739,789	-690,874
Other Property and Services		-76,514	-6,000
		<u>-5,403,986</u>	<u>-5,623,668</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	19	82,360	-381,880
Movement in Accrued Salaries and Wages	8	9,768	0
Movement in Employee Benefit Provisions	9	-39,768	0
Depreciation and Amortisation on Assets	2(a)	1,007,043	1,254,904
Capital Expenditure and Revenue			
Purchase Land and Buildings	6	-557,138	-1,152,000
Purchase Infrastructure Assets - Roads	7	-416,475	-292,078
Purchase Infrastructure Assets - Other	7	-328,286	-818,125
Purchase Plant and Equipment	6	-1,011,272	-1,317,000
Purchase Furniture and Equipment	6	0	-22,000
Proceeds from Disposal of Assets	19	720,071	1,110,000
Transfers to Reserves (Restricted Assets)	10	-72,865	-461,431
Transfers from Reserves (Restricted Assets)	10	149,189	247,000
ADD	Estimated Surplus/(Deficit) July 1 B/Fwd	748,718	573,961
LESS	Estimated Surplus/(Deficit) June 30 C/Fwd	1,121,413	0
	Amount Required to be Raised from Rates	<u><u>-2,931,070</u></u>	<u><u>-2,723,368</u></u>

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

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

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

Any monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

(f) Inventories

General

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

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

Council does not consider trees, gardens, street signs and street lighting as significant enough to warrant recognition as infrastructure assets. Infrastructure assets over \$5,000 that have been capitalised are depreciated over a straight line basis over the useful life of the asset.

Major infrastructure useful periods are:

Road Seal - Aggregate	25 years
Roads (Unsealed) - Aggregate	15 years
Roads (Unsealed) - Unformed	100 years
Drains/Sewers	75 years
Airfield - Runways	12 years

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(l) Trade and Other Payables

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

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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 company, are classified as finance

leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 15.

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

The Shire of Leonora contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Current and Non-Current Classification

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

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – The Shire is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Shire as the Shire already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – The Shire has no Customer Loyalty Programmes.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. The Shire does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If the Shire has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii)	AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(viii)	AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 1050 is only applicable to Government departments and will have no impact on the Shire. • AASB 1051 will allow the Shire to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. The Shire already provides this information so there will be no additional impact on the financial statements. • This Standard will have a significant impact on the the Shire's financial statements. • AASB 1004 requires contributions made to the Shire to be recognised at fair value when they are controlled and to be appropriately disclosed. The Shire already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+) - Applicable to not-for-profit and/or public sector entities only.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES	2008	2007
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	5,480	4,730
- Other Services	150	0
Depreciation		
Buildings	118,276	187,229
Furniture and Equipment	29,206	34,168
Plant and Equipment	283,525	269,478
Roads	457,388	460,666
Other Infrastructure	118,648	110,206
	<u>1,007,043</u>	<u>1,061,747</u>
(ii) Crediting as Revenue:		
	2008	2008
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	17,105	11,831
- Other Funds	87,449	65,019
	<u>104,554</u>	<u>61,831</u>
	<u>104,554</u>	<u>61,831</u>
		<u>72,036</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Leonora is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

1 Rates

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

2 Grants

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

3 Interest from Investments

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Provision of Youth Support Services and provision of Childcare facilities.

HOUSING

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

Accommodation units include 5 houses, 2 duplexes and a single persons quarters.
Provision of housing for the resident doctor,

COMMUNITY AMENITIES

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

Costs associated with review and administration of Council's Town Planning Scheme.
Costs and revenues associated with the provision of Industrial Land within the Leonora Townsite.
Operation of the Leonora Cemetery.

RECREATION AND CULTURE

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

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

Revenues and costs associated with the employment of North Eastern Goldfields Recreation Officers.

Costs of maintenance of Council owned and provided television and radio re-transmission service which includes GWN, WIN and SBS Television and WAFM and ABC Triple J and racing radio. Costs and revenues associated with the operation and maintenance of library facilities at Leonora in conjunction with the Library Board of Western Australia.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

TRANSPORT

Maintenance and improvements of 1300 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 steel 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 Doctor Service, lease/renting of building to all users of facilities and charges for fuel supplied to aircraft.

ECONOMIC SERVICES

Costs associated with Tourism promotion throughout the Shire including the Gwalia precinct..

Costs and revenues associated with the Leonora Rural Transaction/Visitor Centre.

Provision of Christmas decorations in Leonora Townsite.

Contribution to employment of a Goldfileds/Esperance Development Commission officer operating from the Shire.

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

Costs of the provision of an ATM (automatic teller machine) in Leonora.

Costs and revenues associated with the running of the annual Leonora Golden Gift.

OTHER PROPERTY & SERVICES

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

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

	2008	2007
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Grants for Community Bus (Transport)	0	15,000
Grants for Youth Support (Welfare & Education)	26648	0
Grant for Roads to Recovery (Transport)	0	292,000
Grant for Northern Goldfields Recreation Officer (Recreation)	10108	12,824
Grant for Crime Prevention (Law, Order & Public Safety)	16172	21,200
Grant for Northern Heritage Trail (Recreation)	0	15,000
	52,928	356,024
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Grant for Northern Goldfields Recreation Officer (Recreation)	54,000	10,108
Grant for Crime Prevention (Law, Order & Public Safety)	1,320	2,800
Grant for Youth Support (Welfare & Education)	45,692	26,648
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Grant for Youth Support (Welfare & Education)	-16,053	0
Grants for Community Bus (Transport)	0	-15,000
Grant for Roads to Recovery (Transport)	0	-292,000
Grant for Northern Goldfields Recreation Officer (Recreation)	-61,608	-12,824
Grant for Crime Prevention (Law, Order & Public Safety)	-12,397	-7,828
Grant for Northern Heritage Trail (Recreation)	0	-15,000
Closing balances of unexpended grants	63,882	52,928
Comprises:		
Grant for Youth Support (Welfare & Education)	56,287	26,648
Grant for Northern Goldfields Recreation Officer (Recreation)	2,500	10,108
Grant for Crime Prevention (Law, Order & Public Safety)	5,095	16,172
	63,882	52,928

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	694,001	421,083
Restricted	<u>306,171</u>	<u>371,541</u>
	<u><u>1,000,172</u></u>	<u><u>792,624</u></u>
<p>The following restrictions have been imposed by regulations or other externally imposed requirements:</p>		
Long Service Leave Reserve	71,275	67,693
Fire Disaster Reserve	8,539	7,156
Sports Club Reserve	107,475	101,569
Airport Runway Reserve	0	142,195
Plant Replacement Reserve	55,000	0
Unspent Grants	<u>63,882</u>	<u>52,928</u>
	<u><u>306,171</u></u>	<u><u>371,541</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	41,931	49,538
Sundry Debtors	153,942	64,328
GST Receivable	<u>127,926</u>	<u>40,731</u>
	<u><u>323,799</u></u>	<u><u>154,597</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	<u>69,871</u>	<u>0</u>
	<u><u>69,871</u></u>	<u><u>0</u></u>
Non-Current		
Work In Progress	8,392	0
Land Held for Resale - Cost		
Development Costs	<u>0</u>	<u>144,479</u>
	<u><u>8,392</u></u>	<u><u>144,479</u></u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT	2008 \$	2007 \$
Land and Buildings - Cost	330,821	8,240,989
Land and Buildings - Management Valuation 2008	6,351,000	0
Less Accumulated Depreciation	<u>-115,416</u>	<u>-1,592,126</u>
	6,566,405	6,648,863
Furniture and Equipment - Cost	324,238	324,238
Less Accumulated Depreciation	<u>-263,024</u>	<u>-233,818</u>
	61,214	90,420
Plant and Equipment - Cost	3,468,235	3,272,708
Less Accumulated Depreciation	<u>-1,247,394</u>	<u>-1,419,203</u>
	2,220,841	1,853,505
	<u><u>8,848,460</u></u>	<u><u>8,592,788</u></u>

Whilst the above assets are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 '*Impairment of Assets*'.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the 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 & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2007	6,648,863	90,420	1,853,505	8,592,788
Additions	557,638	0	1,011,272	1,568,910
(Disposals)	-425,130	0	-360,411	-785,541
Revaluation - Increments	0	0	0	0
- (Decrements)	-96,190	0	0	-96,190
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	-118,276	-29,206	-283,525	-431,007
Other Movements	-500	0	0	-500
Balance as at 30 June 2008	<u>6,566,405</u>	<u>61,214</u>	<u>2,220,841</u>	<u>8,848,460</u>

Please Note: Other movements in Land & Buildings represents Land Held for Resale that that had been incorrectly capitalised in prior years. This has been sold in 07/08 year.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2006	49,632,087	49,632,087
Roads - at cost	1,133,302	716,827
Less Accumulated Depreciation	<u>-9,881,824</u>	<u>-9,424,436</u>
	40,883,565	40,924,478
Other Infrastructure - Cost	5,891,481	4,745,717
Less Accumulated Depreciation	<u>-448,530</u>	<u>-728,614</u>
	5,442,951	4,017,103
	<u>46,326,516</u>	<u>44,941,581</u>

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Other	Total
	\$	\$	\$
	<hr/>	<hr/>	<hr/>
Balance as at 1 July 2007	40,924,478	4,017,103	44,941,581
Additions	416,475	328,286	744,761
(Disposals)	0	-16,890	-16,890
Revaluation - Increments	0	1,233,100	1,233,100
- (Decrements)	0	0	0
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	-457,388	-118,648	-576,036
Other Movements	0	0	0
Balance as at 30 June 2008	<u>40,883,565</u>	<u>5,442,951</u>	<u>46,326,516</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	17,371	2,440
PAYG Payable	21,160	21,928
Accrued Salaries and Wages	<u>37,293</u>	<u>27,525</u>
	<u><u>75,824</u></u>	<u><u>51,893</u></u>
9. PROVISIONS		
Current		
Provision for Annual Leave	102,103	74,012
Provision for Long Service Leave	<u>94,224</u>	<u>87,823</u>
	<u><u>196,327</u></u>	<u><u>161,835</u></u>
Non-Current		
Provision for Annual Leave	0	47,625
Provision for Long Service Leave	<u>9,687</u>	<u>36,322</u>
	<u><u>9,687</u></u>	<u><u>83,947</u></u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
10. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	67,693	67,693	64,725
Amount Set Aside / Transfer to Reserve	3,582	0	2,968
Amount Used / Transfer from Reserve	0	0	0
	<u>71,275</u>	<u>67,693</u>	<u>67,693</u>
(b) Fire Disaster Reserve			
Opening Balance	7,156	7,156	5,871
Amount Set Aside / Transfer to Reserve	1,383	1,000	1,285
Amount Used / Transfer from Reserve	0	0	0
	<u>8,539</u>	<u>8,156</u>	<u>7,156</u>
(c) Runway Seal Reserve			
Opening Balance	142,196	142,196	0
Amount Set Aside / Transfer to Reserve	6,993	0	142,196
Amount Used / Transfer from Reserve	-149,189	-140,000	0
	<u>0</u>	<u>2,196</u>	<u>142,196</u>
(d) Combined Sporting Club Reserve			
Opening Balance	101,568	101,569	0
Amount Set Aside / Transfer to Reserve	5,907	5,431	101,568
Amount Used / Transfer from Reserve	0	-107,000	0
	<u>107,475</u>	<u>0</u>	<u>101,568</u>
(e) Plant Replacement Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	55,000	55,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>55,000</u>	<u>55,000</u>	<u>0</u>
(f) Building Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	400,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>400,000</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>242,289</u>	<u>533,045</u>	<u>318,613</u>

All of the cash backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Note 3 to this report.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

10. RESERVES - CASH/INVESTMENT BACKED (Continued)

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

Long Service Leave Reserve

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

Fire Disaster Reserve

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

Runway Seal Reserve

- To set aside money for resealing works at the Leonora Airport.

Combined Sporting Club Reserve

- To set aside money for the building of a combined sporting club facility within the Shire.

Plant Replacement Reserve

- to be used for the purchase of major plant.

Building Reserve

- to be used for the renovation or construction of new or existing Council buildings.

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

11. RESERVES - ASSET REVALUATION

2008

2007

\$

\$

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

(a) Property, Plant and Equipment

Balance as at 1 July 2007	223,721	223,721
Revaluation Increment	291,893	0
Revaluation Decrement	-388,083	0
Balance as at 30 June 2008	127,531	223,721

(b) Roads and Other Infrastructure

Balance as at 1 July 2007	23,498,527	23,498,527
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	23,498,527	23,498,527

(c) Other Infrastructure

Balance as at 1 July 2007	0	0
Revaluation Increment	1,233,100	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	1,233,100	0

TOTAL ASSET REVALUATION RESERVES

24,859,158

23,722,248

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

12. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2008	2008	2007
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>1,000,172</u>	<u>533,045</u>	<u>792,624</u>

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

Net Result	830,068	1,258,649	700,470
Depreciation	1,007,043	1,254,904	1,061,747
(Profit)/Loss on Sale of Asset	82,360	-381,880	29,639
(Increase)/Decrease in Receivables	-169,202	104,597	-3,141
(Increase)/Decrease in Inventories	-78,263	-10,000	0
Increase/(Decrease) in Payables	23,931	5,353	5,360
Increase/(Decrease) in Employee Provisions	-39,768	0	16,524
Grants/Contributions for the Development of Assets	<u>-398,701</u>	<u>-1,497,224</u>	<u>-395,422</u>
Net Cash from Operating Activities	<u><u>1,257,468</u></u>	<u><u>734,399</u></u>	<u><u>1,415,177</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	5,000		7,500
Credit Card Balance at Balance Date	<u>1,838</u>		<u>0</u>
Total Amount of Credit Unused	<u><u>6,838</u></u>		<u><u>7,500</u></u>

Loan Facilities

Loan Facilities - Current	0		0
Loan Facilities - Non-Current	<u>0</u>		<u>0</u>
Total Facilities in Use at Balance Date	<u><u>0</u></u>		<u><u>0</u></u>

Unused Loan Facilities at Balance Date	<u><u>Nil</u></u>		<u><u>Nil</u></u>
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SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

13. CONTINGENT LIABILITIES

There were no known contingent liabilities at balance date.

14. CAPITAL AND LEASING COMMITMENTS

	2008	2007
	\$	\$

(a) Finance Lease Commitments

There were no finance lease commitments entered into during the year.

(b) Operating Lease Commitments

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

Payable:

- not later than one year	20,652	35,073
- later than one year but not later than five years	28,842	35,073
- later than five years	0	0
	49,494	70,146

(c) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases	0	46,187
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Payable:

- not later than one year	0	46,187
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15. JOINT VENTURE

The Shire of Leonora together with the Shires of Laverton have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. There are no joint assets involved with the arrangement and the Shire of Leonora on charges all of the Shire of Laverton's share of the costs.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2008	2007
	\$	\$
General Purpose Funding	347,325	44,514
Law, Order, Public Safety	7,520	5,050
Health	0	52,378
Education and Welfare	361,106	0
Housing	1,149,825	946,753
Community Amenities	728,997	3,452,449
Recreation and Culture	3,414,454	1,242,520
Transport	47,776,841	46,045,590
Economic Services	217,762	711,832
Other Property and Services	1,751,453	1,291,628
Unallocated	821,927	833,355
	<u>56,577,210</u>	<u>54,626,069</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007	2006
17. FINANCIAL RATIOS			
Current Ratio	5.415	4.57	3.67
Untied Cash to Trade Creditors Ratio	39.952	172.58	353.96
Debt Ratio	0.005	0.01	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets Ratio	0.00	0.00	0.00
Rate Coverage Ratio	0.47	0.51	0.60
Outstanding Rates Ratio	0.014	0.02	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

18. TRUST FUNDS

Council does not hold any monies in trust.

19. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health						
Vehicle (2L) DR -Sept	0	22,000	0	30,000	0	8,000
Vehicle (2L) DR -Jun	0	29,700	0	30,000	0	300
Vehicle (4L)	0	20,000	0	30,000	0	10,000
Housing						
Lot 53 Gwalia St	15,307	0	0	0	-15,307	0
Lot 52 Gwalia St	16,846	0	0	0	-16,846	0
Lot 456 Rochester St	15,296	0	0	0	-15,296	0
Lot 930 Rochester St	22,253	0	0	0	-22,253	0
Community Amenities						
Rubbish Truck	0	70,000	0	30,000	0	-40,000
Sale of Industrial land	0	72,500	0	75,000	0	2,500
Leonora Sewerage Modifications	4,954	0	0	0	-4,954	0
Hearse Cenotaph	14,611	0	0	0	-14,611	0
Sewerage Re-use Facility	16,890	0	0	0	-16,890	0
Recreation and Culture						
Leinster Tennis Courts	14,498	0	0	0	-14,498	0
Leinster Community Hall	96,892	0	0	0	-96,892	0
Lot 19 (48) Gwalia St	41,612	0	24,150	0	-17,462	0
Transport						
Grader	237,640	216,000	170,000	180,000	-67,640	-36,000
Toyota Landcruiser	44,883	0	35,454	0	-9,429	0
Utility - Foreman	0	42,000	0	45,000	0	3,000
Mack Prime Mover	0	0	66,000	60,000	66,000	60,000
Cat Loader	77,888	115,920	150,000	150,000	72,112	34,080
Economic Services						
Sale SPQ - Lots 112/11	182,861	80,000	274,467	400,000	91,606	320,000
Other Propety and Services						
Executive Vehicle (1L)	0	39,000	0	50,000	0	11,000
Executive Vehicle (3L)	0	21,000	0	30,000	0	9,000
	802,431	728,120	720,071	1,110,000	-82,360	381,880

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

19. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR (Continued)

<u>By Class</u>	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	360,411	575,620	421,454	635,000	61,043	59,380
Infrastructure - Other	16,890	0	0	0	-16,890	0
Land & Buildings	425,130	152,500	298,617	475,000	-126,513	322,500
	802,431	728,120	720,071	1,110,000	-82,360	381,880

Summary

Profit on Asset Disposals
Loss on Asset Disposals

229,718
(312,078)
(82,360)

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

20. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Council had no loans outstanding and therefore has no loan repayments for the financial year 2007/08.

(b) New Debentures - 2007/08

No new debentures were raised during the financial year 2007/08.

(c) Unspent Debentures

Council had no unspent debentures for the financial year 2007/08.

(d) Overdraft

Council has no overdraft facility.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

21. RATING INFORMATION - 2007/08 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	7.0000	623	9,856,488	660,426	288	0	660,714	659,826	0	0	659,826
UV-Mining	10.2500	896	24,889,552	1,809,200	241,373	0	2,050,573	1,812,888	49,485	0	1,862,373
UV-Pastoral	6.5000	33	709,311	46,244	0	0	46,244	45,854	0	0	45,854
Sub-Totals		1,552	35,455,351	2,515,870	241,661	0	2,757,531	2,518,568	49,485	0	2,568,053
Minimum Rates	Minimum \$										
GRV	200	58	2,267	11,600	0	0	11,600	11,400	0	0	11,400
UV	200	956	940,064	191,200	0	0	191,200	193,400	0	0	193,400
Sub-Totals		1,014	942,331	202,800	0	0	202,800	204,800	0	0	204,800
Specified Area Rate (<i>refer note 22</i>)							2,960,331				2,772,853
							0				0
							2,960,331				2,772,853
Rates Written Back							-29,261				-49,485
Totals							2,931,070				2,723,368

All land except exempt land in the Shire of Leonora is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2007/08 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

22. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR

Council did not impose a specified area rate.

23. SERVICE CHARGES - 2007/08 FINANCIAL YEAR

Council did not levy a service charge.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2007/08 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Discount	100	3,000	3,000
Housing Rentals	Discount	100	5,200	5,200
			8,200	8,200
Rate Assessment	Write-Off		29,261	49,485

Landing Fees

The Royal Flying Doctor Service (RFDS) has been granted a continuous waiver on landing fees at the airport. This waiver is in recognition of the valuable community service provided by the RFDS to the district.

Housing Rental

The Shire of Leonora provides housing to the local Doctor who resides in Leonora for a period of approximately two months in the financial year when the Doctor is on leave and is replaced by a locum.

Mining Tenements

Numerous mining tenements are raised by Council throughout the financial year. On occasions rates are raised for the whole year, but the tenement is surrendered within the year. This results in the necessity to write off tenement rates for the period when the tenement is surrendered to the end of the financial year.

Council does not offer discount for the early payment of rates.

25. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan	0	30	758	2,220
			758	2,220

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2007, 3rd November 2007, 3rd January 2008 and 3rd March 2008. Administration charges are applied for the final three instalments.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

26. FEES & CHARGES	2008	2007
	\$	\$
Governance	720	0
General Purpose Funding	2,189	3,035
Law, Order, Public Safety	1,540	15,266
Health	3,676	720
Education and Welfare	75,716	40,478
Housing	17,729	30,540
Community Amenities	177,700	57,498
Recreation & Culture	34,684	38,301
Transport	327,060	218,108
Economic Services	193,354	60,022
Other Property & Services	70,199	28,770
	<u>904,567</u>	<u>492,738</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

27. GRANT REVENUE	2008	2007
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	1,296,009	1,300,031
Grants and Subsidies - non-operating	398,701	395,422
	<u>1,694,710</u>	<u>1,695,453</u>
By Program:		
General Purpose Funding	884,302	929,478
Law, Order, Public Sector	89,775	1,200
Health	40,623	0
Education and Welfare	72,188	134,728
Recreation and Culture	85,532	116,325
Transport	429,261	427,222
Economic Services	93,029	86,500
	<u>1,694,710</u>	<u>1,695,453</u>

28. COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	11,760	16,800	11,480
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	1,000	1,000	1,000
Travelling Expenses	4,609	6,500	4,269
Telecommunications Allowance	4,083	4,200	4,454
	<u>29,452</u>	<u>36,500</u>	<u>29,203</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

29. EMPLOYEES' REMUNERATION

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 \$	2008	2007
110,000 - 119,999	0	1
120,000 - 129,999	1	0

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2008	2007
<u>18</u>	<u>23</u>

31. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the 2007/08 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**FINANCIAL RISK
33. MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,000,172	792,624	1,000,172	792,624
Receivables	323,799	154,597	323,799	154,597
	<u>1,323,971</u>	<u>947,221</u>	<u>1,323,971</u>	<u>947,221</u>
Financial Liabilities				
Payables	<u>75,824</u>	<u>51,893</u>	<u>75,824</u>	<u>51,893</u>
	<u>75,824</u>	<u>51,893</u>	<u>75,824</u>	<u>51,893</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-08		30-Jun-07
	\$		\$
Impact of a 10% (*) movement in price of investments:			
- Equity	212,299		160,461
- Income Statement	212,299	(+)	160,461 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:			
- Equity	2,123		1,605
- Income Statement	2,123		1,605

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	12.45%	5.00%
- Overdue	87.55%	95.00%
Percentage of Other Receivables		
- Current	61.79%	77.04%
- Overdue	38.21%	22.96%

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2008</u>					
Payables	75,824	0	0	75,824	75,824
	<u>75,824</u>	<u>0</u>	<u>0</u>	<u>75,824</u>	<u>75,824</u>
<u>2007</u>					
Payables	51,893	0	0	51,893	51,893
	<u>51,893</u>	<u>0</u>	<u>0</u>	<u>51,893</u>	<u>51,893</u>

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

SCOPE

We have audited the financial report of the **Shire of Leonora** for the year ended **30 June 2008**. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Leonora.

Our audit has been conducted in accordance with Australian Auditing Standards to provide a reasonable level of assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of Local Government Act, the Local Government Financial Management Regulations and Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the Council which is consistent with our understanding of its financial position and the results of its operations and cashflows.

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

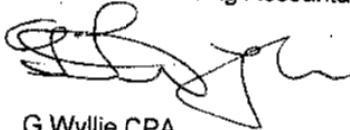
AUDIT OPINION

In our opinion, the financial report presents fairly the financial position of the **Shire of Leonora** as at **30 June 2008** and the results of its operations and cashflows for the year then ended in accordance with the requirements of the Local Government Act, the Local Government Financial Management Regulations, applicable Accounting Standards and other mandatory professional reporting requirements.

STATUTORY COMPLIANCE

We did not, during the course of our audit, become aware of any instances where the Council did not comply with the requirements of the Local Government Act and the Local Government Financial Management Regulations.

Gregory Froomes Wyllie
Certified Practising Accountants



G Wyllie CPA
Partner

5 September 2008
PERTH WA

5.0 Principal Activity Summary - Forward Projection to 30th June 2010

Principal Activity		
	2008-09	2009-10
Estimated Expenditure		
Approvals and Inspections	(243,869)	(262,011)
Sanitation Facilities & Collection	(141,800)	(146,800)
Road Management	(2,570,000)	(2,860,000)
Other Asset Acquisition and Replacement	(442,000)	(1,737,066)
Aerodrome Maintenance	(210,173)	(211,380)
Staff Housing	(95,000)	(72,000)
Recreation/Aquatic Centre	(411,567)	(411,626)
Recreation & Culture	(346,473)	(472,680)
Tourism Initiatives	(1,018,360)	(462,000)
Golf Clubhouse	(700,000)	
Bowling Club	(1,050,000)	0
North Leonora Trail	(563,779)	0
Industrial Land Development	(957,000)	
Total Estimated Expenditure	(8,750,020)	(6,635,564)
Estimated Funding (Excluding General Subsidy)		
Approvals and Inspections	104,840	94,840
Sanitation Facilities & Collection	59,500	66,500
Road Management	514,000	464,000
Other Asset Acquisition and Replacement	185,000	643,000
Aerodrome Maintenance	217,850	217,850
Staff Housing	39,560	38,260
Recreation/ Aquatic Centre	18,000	18,000
Recreation & Culture	36,000	103,000
Tourism Initiatives	498,650	149,500
Golf Clubhouse	495,000	
Bowling Club	955,000	0
North Leonora Trail	349,150	0
Industrial Land Sales	592,000	
Estimated Subsidy from General Revenue	4,635,470	4,840,614
Total Estimated Funding	8,700,020	6,635,564

6.0 NATIONAL COMPETITION POLICY STATEMENT

The Competition Principals Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principle to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement which forms part of the Competition Principles Agreement. The clause 7 policy document sets out nominated principles from the Agreement that now apply to Local Government. The provisions of Clause 7 of the Competition Principles Agreement require local government to report annually as to the implementation, application and effects of the Competition Policy.

The Competition Principles Agreement, under Clause 7, specifies three broad areas of reporting, they are:

- Competitive Neutrality
- Structural Review of Public Monopolies; and
- Legislative Review

In accordance with the requirements of the National Competition Policy the Shire of Leonora makes the following disclosure for 2007/2008.

6.1 COMPETITIVE NEUTRALITY

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

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

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

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

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

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

6.2 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.

6.3 LEGISLATIVE REVIEW

Parties to the National Competition Policy package agreed that legislation should not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Accordingly, the Shire of Leonora has to implement a systematic review of all its existing legislation to determine whether there are any direct or indirect effects on competition.

In relation to a Legislative Review the Shire of Leonora discloses that:

As at the reporting date the number of By-laws and Local Laws which have been reviewed and reformed as a result of any legislative review is: NIL.

As at the reporting date the number of By-laws and Local Laws which the application of any legislative review principles were considered but not applied is: NIL.

In accordance with the Shire's review and reform strategy it is intended to comply with all the legislative review principles in Clause 7 of the Competition Policy Statement.

The Shire of Leonora's review and reform strategy to comply with principle LR.6 of the statement is summarised below:

Legislative review and reform strategy;

- The Shire of Leonora has commenced with its review plans and has made solid progress. Although no Local Laws were reformed during the reporting period a review was undertaken which was completed in 1998/99. The following Local Laws have been repealed or replaced by a single Local Law relating to "General Provisions" which was adopted by Council during 1998/99.

Local Law relating to:-

- (i) "Long Service Leave" GG 20/08/54
- (ii) "Prevention of damage to Streets" GG 04/10/62
- (iii) "Old Refrigerators and Cabinets" GG 29/08/63
- (iv) "Removal and Disposal of Obstructing Vehicles" GG 29/04/63
- (v) "Signs Hoardings and Bill Posting" GG 18/08/71
- (vi) "Sick Leave" GG 19/02/69
- (vii) "Street Lawns and Gardens" GG30/10/63
- (viii) "Caravan Parks and Camping Grounds" GG12/09/80

- The Shire of Leonora Local Law "Standing Orders" was reviewed and adopted during the 1999/2000 year.
- The Shire of Leonora Local Laws "Dogs" and "Parking" were reviewed and adopted during the 1999/2000 year.

7.0 PLAN FOR THE FUTURE

(A) Principal Activities commenced or continued during the reporting period were:

- (i) Approvals and Inspections – Continued
- (ii) Sanitation Facilities and Collection – Continued
- (iii) Road Management – Continued
- (iv) Aerodrome Maintenance – Continued
- (v) Asset Replacement – Continued as per policy
- (vi) Staff housing – Continued

(B) Assessment of performance in relation to Principal Activities during the reporting period:

- (i) Approvals and Inspections

Activity objectives were considered adequate with Local Governments participating in the Group Scheme indicating satisfaction with minimal valid complaints from customers being received.

- (ii) Sanitation Facilities and Collection

The average cost of this collection service was \$285.00 in 2005/2006, 2006/2007 \$314.00 and 2007/08 \$310.50. The increases are entirely attributable to rubbish site maintenance costs increasing. Council now has to spend considerably more time in maintaining its tip facility due to stringent requirements imposed by the Environmental Protection Authority.

No complaints were received during the reporting period.

The Rubbish Collection Vehicle was replaced in early 2005/2006.

- (iii) Recreation Facilities

A full survey of customers was conducted as part of Council's strategic planning process resulting in a generally satisfactory result. Inspection and review of the adequacy and quality of the services provided were carried out.

- (iv) Road Management

Regular surveys of elected members to establish the extent of complaints or comments on the quality of road surfaces were carried out with results being considered excellent. The annual inspection by the CEO and elected members also confirmed this rating.

Comparisons of costing of this activity show the following results for Road Maintenance Projects:

2005/2006	\$ 1,796,067.00
2006/2007	\$ 2,346,384.00
2007/2008	\$ 2,120,206.00

Comparisons of Road Construction Projects show the following results:

2005/2006	\$	354,171.00
2006/2007	\$	592,217.00
2007/2008	\$	416,475.00

(v) Aerodrome Maintenance

The Civil Aviation Audit on safety and facilities inspection resulted in the continuance of a CAA licence to operate as an aerodrome remaining current. An independent consultant's report on the safety and operation also proved extremely satisfactory.

Comparisons of operating costs and income show the following:

2005/2006	COSTS	\$179,221	INCOME	\$106,529
2006/2007	COSTS	\$178,948	INCOME	\$135,387
2007/2008	COSTS	\$296,367	INCOME	\$327,509

(C) Overview of Principal Activities proposed to commence or continue in 2008/2009 financial year.

- (i) All activities that were continued in 2007/2008 (as in (7) (A) i to v above) will be continued in 2008/2009.

8.0 DISABILITY ACCESS INCLUSION PLAN (DIAP)

- (A) The Shire of Leonora is required to comply with the State Government imposed Disability Services Act (1993).
- (B) A Disability Access Inclusion Plan 2006-2010 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

9.0 RECORD KEEPING PLAN

STATE RECORDS ACT 2000

- (A) The Shire of Leonora is required to comply with the abovementioned State Government imposed Legislation.
- (B) A Record Keeping Plan has been produced and approved by the State Records Commission for a period of 5 years to the 30th June, 2012. This plan must be reviewed prior to 8th October, 2012.
- (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.