

SHIRE OF LEONORA ANNUAL REPORT



**FOR THE YEAR ENDING
JUNE 2006**

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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 2006.

MEMBERSHIP

The year ended with no changes to the membership of your council.

Details of all the Councillors are:

	WARD	RETIREMENT YEAR	CONTACT NUMBER
<u>PRESIDENT</u>			
Mr GR Dawes Po Box 14 LEONORA WA 6438	South	2007	Wk: 08 9037 6110 Fax: 08 9037 7077 Mob: 0419 434 669 Email: leoroad1@bigpond.net.au
<u>DEPUTY PRESIDENT</u>			
Mr B S Taylor PO Box 278 LEINSTER WA 6437	North	2009	Hm: 08 9037 9310 Wk: 08 9037 4050 Fax: 08 9037 4450 Mob: 0417 985 312 Email: ben@northfieldcontracting.com.au
<u>COUNCILLORS</u>			
Mr NG Johnson Po Box 2 LEONORA WA 6438	South	2007	Hm: 08 9037 6131 Fax: 08 9037 6264 Mob: 0418 958 418
Mr T C Demasson Po Box 206 LEONORA WA 6438	South	2007	Hm: 08 9037 6559 Fax: 08 9037 6559 Mob: 0417 175 249
Mr J F Carter Po Box 85 LEONORA WA 6438	North	2009	Hm: 08 9037 6159 Fax: 08 9037 6159 Mob: 0417 981 016 Email: jcarter@bigpond.com
Mr G R Kemp Po Box 97 LEINSTER WA 6437	North	2007	Hm: 08 9037 9661 Fax: 08 90379663 Mob: 0409 379661 Email: minetrades@bigpond.com
Ms L R Petersen Po Box 69 LEONORA WA 6438	South	2009	Hm: 08 9037 6400 Fax: 08 9037 6404 Mob: 0419 177 232 Email: bustsonsbs@westnet.com.au
Mr P Craig PO Box 118 LEINSTER WA 6437	North	2007	Hm: 08 9037 9191 Wk: 08 9037 9054 Fax: 08 9037 9192 Mob: 0418 950 572 Email: lercont@wn.com.au

Mr D Grills
Po Box 53
LEONORA WA 6438

South 2005

Wk: 08 9037 6100
Fax: 08 9037 6264
Mob: 0417 888 868

STAFF

Your Council has once again been served by a most efficient and professional team led by CEO Jim Epis.

I would like to take this opportunity on behalf of councillors and electors to thank all staff both inside and the outside crews for their continued loyal support.

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 and Old Agnew Roads utilising both contractors and councils own workforce.

SWIMMING POOL

I am delighted to report that the Leonora Aquatic Centre was officially opened during the reporting period.

GOLDFIELDS ESPERANCE DEVELOPMENT COMMISSION

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

FINANCIAL MANAGEMENT

I am proud to once again report council retained its debt free status which allows imposition of very minimal rate increases.

2005/2006 financial year was one of consolidation after several years of large construction projects including airport runway sealing, the mainstreet beautification and of course the swimming pool. The next major project programmed is the construction of a Bowling Green and associated facilities.

CAPITAL PROJECTS

The financial year saw council purchase two staff Houses, complete the Child Minding Centre and completion of the Visitor Information Centre.

LEONORA GOLDEN GIFT

On the long weekend in June Council once again in conjunction with sponsors conducted a very successful celebration 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 2007 event. I must pass on Councils thanks to the local firm Hercules Crane Hire who relinquished major sponsorship of this event for 2007 after being the inaugural sponsor. Thank you to Greg Roberts and all at Hercules

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 2006/2007.

GRAHAM R DAWES JP
PRESIDENT

2.0 REPORT BY THE CHIEF EXECUTIVE OFFICER

FINANCE

The 2005/2006 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

No change occurred to the Council during the period as reported in the President's Report.

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

COUNCILLOR	MEETING CONVENED	ATTENDED	% ATTENDANCE
G R Dawes	13	13	100
N G Johnson	13	7	54
B Taylor	13	8	64
P J Craig	13	8	62
G R Kemp	13	9	69
J F Carter	13	10	77
T C Demasson	13	11	85
L R Petersen	13	12	92
D Grills	13	10	77

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, and Old Agnew Roads.

SWIMMING POOL

This project proceeded to completion during the reporting period at a cost of around \$3 million and was officially opened in November 2005.

CAPITAL PROJECTS

2005/2006 saw the completion for the Childminding Centre (total cost \$332,900.00), the Visitor Information Centre (\$545,000.00) and the purchase of two staff houses (\$128,000.00).

PLANT REPLACEMENT

Council's policy was maintained with two trucks, a rubbish compactor 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 2006/2007.

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

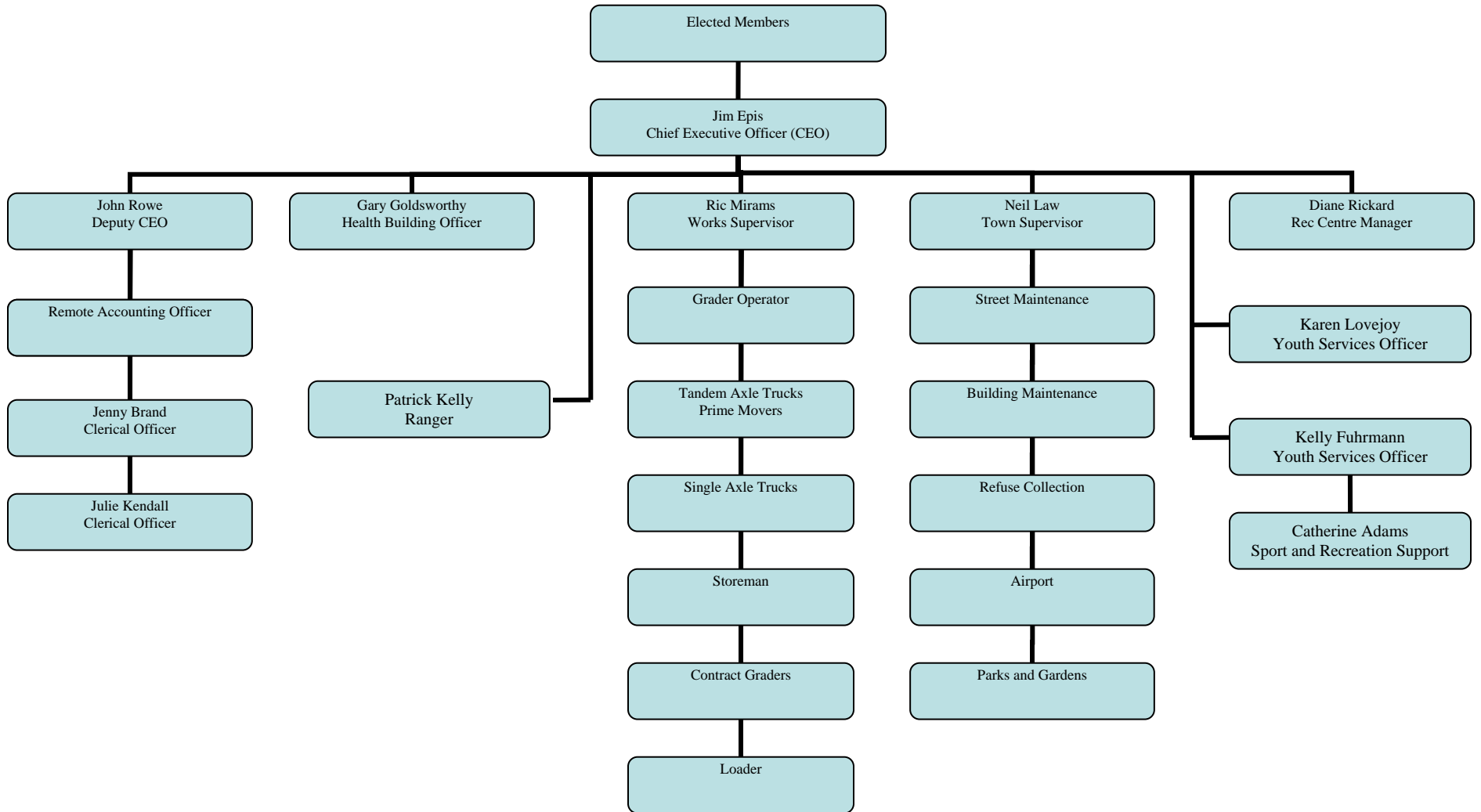
Current senior staff are:

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: 042 937 6044
Health / Building Officer	Gary Goldsworthy	A/h: 08 9037 7118 Mob: 042 837 6044
Works Foreman (Roads)	Ric Mirams	N/A
Town Foreman (Airport/Parks)	Neil Law	A/h: 08 9037 6601

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 2006/2007.

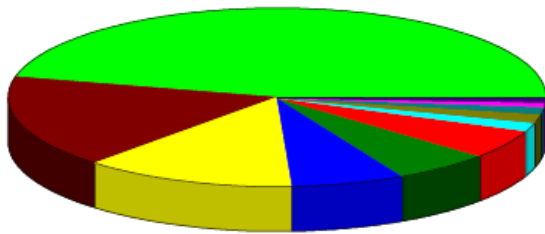
J G EPIS
CHIEF EXECUTIVE OFFICER

Staff Organisational Chart



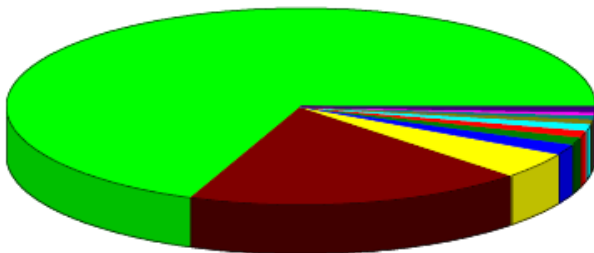
Cash Flows Summary

Expense Summary
July 2005 through June 2006



E12 · TRANSPORT.	%46.35
E11 · RECREATION & CULTURE.	16.94
E13 · ECONOMIC SERVICES.	12.81
E07 · HEALTH.	6.90
E10 · COMMUNITY AMENITIES.	5.95
E04 · GOVERNANCE.	5.37
E03 · GENERAL PURPOSE FUNDING.	1.72
E14 · OTHER PROPERTY & SERVICES.	1.60
E05 · LAW ORDER & PUBLIC SAFETY.	1.40
E08 · EDUCATION AND WELFARE	0.88
E09 · HOUSING.	0.06
Total	\$4,261,235.40

Income Summary
July 2005 through June 2006



I03 · GENERAL PURPOSE FUNDING	%69.00
I12 · TRANSPORT	18.93
I13 · ECONOMIC SERVICES	4.42
I11 · RECREATION & CULTURE	1.79
I14 · OTHER PROPERTY & SERVICES	1.35
I08 · WELFARE AND EDUCATION	1.26
I10 · COMMUNITY AMENITIES	1.17
I05 · LAW ORDER & PUBLIC SAFETY	0.92
I07 · HEALTH	0.65
I09 · HOUSING	0.50
I04 · GOVERNANCE	0.01
Total	\$5,148,403.75

SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996
STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Leonora being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 10th day of October 2006.

J G Epis
Chief executive Officer

SHIRE OF LEONORA
INCOME STATEMENT
BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	2,578,634	2,567,783	2,316,049
Grants and Subsidies	28	1,088,787	1,195,671	1,028,617
Contributions Reimbursements and Donations		162,995	113,781	150,239
Fees and Charges	27	403,323	253,593	248,963
Interest Earnings	2(a)	46,770	51,773	94,668
Other Revenue		9,184	320,497	31,933
		<u>4,289,693</u>	<u>4,503,098</u>	<u>3,870,469</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,265,870)	(797,839)	(1,016,988)
Materials and Contracts		(1,714,658)	(2,099,978)	(1,922,737)
Utilities		(166,708)	(14,608)	(119,149)
Depreciation	2(a)	(843,765)	(1,245,310)	(782,532)
Insurance		(56,943)	(104,142)	(54,581)
Other Expenditure		(114,778)	(522,358)	(50,044)
		<u>(4,162,722)</u>	<u>(4,784,235)</u>	<u>(3,946,031)</u>
Grants and Subsidies - non- operating	28	846,433	342,000	1,473,875
Profit on Asset Disposals	20	12,277	18,000	185,997
Loss on Asset Disposals	20	(98,513)	0	(53,591)
		<u>887,168</u>	<u>78,863</u>	<u>1,530,719</u>
NET RESULT		<u>887,168</u>	<u>78,863</u>	<u>1,530,719</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 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		63	3,195	991
General Purpose Funding		3,552,361	3,500,185	3,320,822
Law, Order, Public Safety		47,335	17,494	25,307
Health		33,336	13,420	15,689
Education and Welfare		64,912	84,446	94,912
Housing		25,920	37,421	26,743
Community Amenities		60,285	58,774	81,655
Recreation and Culture		92,068	137,830	1,078,845
Transport		974,821	720,604	664,957
Economic Services		227,656	271,658	143,368
Other Property and Services		69,647	18,071	77,052
	2 (a)	<u>5,148,404</u>	<u>4,863,098</u>	<u>5,530,341</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(229,015)	(210,119)	(211,856)
General Purpose Funding		(73,432)	(106,380)	(79,467)
Law, Order, Public Safety		(59,463)	(85,306)	(64,612)
Health		(294,030)	(375,489)	(386,707)
Education and Welfare		(37,700)	(108,252)	(4,699)
Housing		(2,749)	0	(3,456)
Community Amenities		(253,372)	(139,131)	(172,273)
Recreation & Culture		(721,955)	(826,759)	(415,965)
Transport		(1,975,288)	(2,469,016)	(2,137,274)
Economic Services		(545,980)	(452,821)	(463,759)
Other Property and Services		(68,252)	(10,962)	(59,554)
	2 (a)	<u>(4,261,236)</u>	<u>(4,784,235)</u>	<u>(3,999,622)</u>
BORROWING COSTS EXPENSE				
		0	0	0
	2 (a)	<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT				
		<u>887,168</u>	<u>78,863</u>	<u>1,530,719</u>

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

SHIRE OF LEONORA**BALANCE SHEET****AS AT 30TH JUNE 2006**

	NOTE	2006	2005
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	3	531,747	68,795
Trade and Other Receivables	4	129,528	456,049
TOTAL CURRENT ASSETS		661,275	524,844
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	8,424,886	7,961,243
Infrastructure	7	44,795,626	41,967,326
TOTAL NON-CURRENT ASSETS		53,220,512	49,928,569
TOTAL ASSETS		53,881,787	50,453,413
CURRENT LIABILITIES			
Trade and Other Payables	8	24,605	53,621
Long Term Borrowings	9	0	0
Provisions	10	201,000	149,741
TOTAL CURRENT LIABILITIES		225,605	203,362
NON-CURRENT LIABILITIES			
Provisions	10	28,258	43,561
TOTAL NON-CURRENT LIABILITIES		28,258	43,561
TOTAL LIABILITIES		253,863	246,923
NET ASSETS		53,627,924	50,206,490
EQUITY			
Retained Surplus		29,835,080	28,950,913
Reserves - Cash Backed	11	70,596	67,595
Reserves - Asset Revaluation	12	23,722,248	20,900,131
TOTAL EQUITY		53,627,924	49,918,639

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 2006

	NOTE	2006 \$	2005 \$
RETAINED SURPLUS			
Balance as at 1 July 2005		28,950,913	26,534,282
Net Result		887,168	1,530,719
Transfer from/(to) Reserves		(3,001)	885,912
Balance as at 30 June 2006		<u>29,835,080</u>	<u>28,950,913</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2005		67,595	953,507
Amount Transferred (to)/from Retained Surplus		<u>3,001</u>	<u>(885,912)</u>
Balance as at 30 June 2006	11	<u>70,596</u>	<u>67,595</u>
 RESERVES - ASSET REVALUATION			
Balance as at 1 July 2005		20,900,131	20,842,241
Revaluation Increment		2,822,117	57,890
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2006	12	<u>23,722,248</u>	<u>20,900,131</u>
TOTAL EQUITY		<u><u>53,627,924</u></u>	<u><u>49,918,639</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 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,617,424	2,567,783	2,303,167
Grants and Subsidies - operating		1,510,177	1,195,671	728,617
Contributions, Reimbursements & Donations		162,995	113,781	150,239
Fees and Charges		423,667	624,382	228,739
Interest Earnings		46,770	51,773	94,668
Goods and Services Tax		597,804	300,000	599,185
Other		9,184	320,497	31,931
		<u>5,368,021</u>	<u>5,173,887</u>	<u>4,136,546</u>
Payments				
Employee Costs		(1,229,916)	(797,839)	(1,007,369)
Materials and Contracts		(1,743,674)	(2,014,341)	(1,927,842)
Utilities (gas, electricity, water, etc)		(166,708)	(14,608)	(119,149)
Insurance		(56,944)	(104,142)	(54,581)
Interest		0	(51,773)	0
Goods and Services Tax		(608,416)	(300,000)	(606,005)
Other		(114,778)	(470,585)	(50,045)
		<u>(3,920,436)</u>	<u>(3,753,288)</u>	<u>(3,764,991)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,447,585</u>	<u>1,420,599</u>	<u>371,555</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,216,005)	(1,445,311)	(4,000,949)
Payments for Construction of Infrastructure		(370,300)	(383,000)	(309,195)
Grants/Contributions for the Development of Assets		703,042	342,000	1,473,875
Proceeds from Sale of Plant & Equipment		186,481	351,363	447,313
		<u>186,481</u>	<u>351,363</u>	<u>447,313</u>
Net Cash Provided By (Used In) Investing Activities		(696,782)	(1,134,948)	(2,388,956)
Net Increase (Decrease) in Cash Held		750,803	285,651	(2,017,401)
Cash at Beginning of Year		(219,056)	(219,055)	1,798,345
Cash at End of Year	13(a)	<u>531,747</u>	<u>66,596</u>	<u>(219,056)</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 2006

	NOTE	2006 \$	2006 Budget \$
REVENUES			
Governance		63	3,195
General Purpose Funding		973,727	932,402
Law, Order, Public Safety		47,335	17,494
Health		33,336	13,420
Education and Welfare		64,912	84,446
Housing		25,920	37,421
Community Amenities		60,285	58,774
Recreation and Culture		92,068	137,830
Transport		974,821	720,604
Economic Services		227,656	271,658
Other Property and Services		69,647	18,071
		<u>2,569,770</u>	<u>2,295,315</u>
EXPENSES			
Governance		(229,015)	(210,119)
General Purpose Funding		(73,432)	(106,380)
Law, Order, Public Safety		(59,463)	(85,306)
Health		(294,030)	(375,489)
Education and Welfare		(37,700)	(108,252)
Housing		(2,749)	0
Community Amenities		(253,372)	(139,131)
Recreation & Culture		(721,955)	(826,759)
Transport		(1,975,288)	(2,469,016)
Economic Services		(545,980)	(452,821)
Other Property and Services		(68,252)	(10,962)
		<u>(4,261,236)</u>	<u>(4,784,235)</u>
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		86,236	(18,000)
Movement in Non-Current Employee Provisions		(15,300)	0
Depreciation on Assets		843,764	1,245,310
Capital Expenditure and Revenue			
Purchase Land and Buildings		(824,025)	(913,500)
Purchase Infrastructure Assets - Roads		(354,171)	(331,000)
Purchase Infrastructure Assets - Other		(16,129)	(52,000)
Purchase Plant and Equipment		(317,270)	(465,811)
Purchase Furniture and Equipment		(74,710)	(66,000)
Proceeds from Disposal of Assets		186,481	351,363
Transfers to Reserves (Restricted Assets)		(3,001)	0
Transfers from Reserves (Restricted Assets)		0	1,000
ADD	Estimated Surplus/(Deficit) July 1 B/Fwd	(33,966)	169,775
LESS	Estimated Surplus/(Deficit) June 30 C/Fwd	365,077	0
		<u>(2,578,634)</u>	<u>(2,567,783)</u>
Amount Req'd to be Raised from Rates	22	<u>(2,578,634)</u>	<u>(2,567,783)</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 2006

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 applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). He report has also been prepared on the accrual basis under the convention of historical cost accounting.

First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

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

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads are excluded from infrastructure in accordance with legislative requirements.

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.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories General

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

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.

(f) 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
Motor Vehicles	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 life periods are:

Road Seal - Aggregate	25 years
Roads (unsealed) - Gravel	15 years
Roads (unsealed) - unformed	100 years
Drains/Sewers	75 years
Airfield - Runways	12 years

(g) 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.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Impairment

In accordance with Australian Accounting Standards the Shire'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.

(j) 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 16.

(k) 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:

- a) 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) Annual Leave and Long Service Leave (Long-term Benefits) The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(l) 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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Superannuation

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

(n) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(o) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(p) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(q) Rounding Off Figures

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

(r) Comparative Figures

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES

	2006	2005
	\$	\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	4,610	4,598
- Other Services	0	0

Depreciation

Buildings	186,403	120,515
Furniture and Equipment	31,353	25,782
Plant and Equipment	261,891	265,239
Roads	253,797	261,742
Other Infrastructure	110,321	109,254
	843,765	782,532
	843,765	782,532

(ii) Crediting as Revenue:

	2006	2006	2005
	\$	Budget	\$
		\$	

Interest Earnings

Investments			
- Reserve Funds	3,001	6,773	40,060
- Other Funds	43,769	45,000	54,608
	46,770	51,773	94,668
	46,770	51,773	94,668

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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

a) 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.

LAW, ORDER, PUBLIC SAFETY

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

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

EDUCATION AND WELFARE

Provision of 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 2006

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 Goldfields/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 2006

2. REVENUES AND EXPENSES (Continued)

	2006	2005
	\$	\$
(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 Childminding Centre (Education and Welfare)	0	202,679
Grants for Visitor Information Centre (Recreation)	193,715	
	193,715	202,679
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 a Community Bus (Transport)	15,000	0
Grant for Visitor Information Centre (Recreation)	0	193,715
Grant for Northern Goldfields Recreation Officer (Recreation)	12,824	0
Grant for Northern Heritage Trail (Recreation)	15,000	0
Grant for Crime Prevention (Law, Order & Public Safety)	21,200	0
Grant for Roads to Recovery (Transport)	292,000	0
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.		
Grants for Visitor Information Centre (Recreation)	(193,715)	0
Grants for Childminding Centre (Education and Welfare)	0	(202,679)
Closing balances of unexpended grants	356,024	193,715
Comprises:		
Grants for Visitor Information Centre (Recreation)	0	193,715
Grant for a Community Bus (Transport)	15,000	0
Grant for Northern Goldfields Recreation Officer (Recreation)	12,824	0
Grant for Northern Heritage Trail (Recreation)	15,000	0
Grant for Crime Prevention (Law, Order & Public Safety)	21,200	0
Grant for Roads to Recovery (Transport)	292,000	0
	356,024	193,715

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	105,127	1,200
Restricted	426,620	67,595
	<u>531,747</u>	<u>68,795</u>

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

Long Service Leave Reserve	64,725	61,974
Fire Disaster Reserve	5,871	5,621
Unspent Grants(for 2005 refer Note 9)	356,024	0
	<u>426,620</u>	<u>67,595</u>

4. TRADE AND OTHER RECEIVABLES

Current		
Rates Outstanding	38,789	43,152
Sundry Debtors	80,127	406,077
GST Receivable	10,612	6,820
	<u>129,528</u>	<u>456,049</u>

5. INVENTORIES

The Shire of Leonora had no inventories on hand as at the 30th June 2006 and 30th June 2005

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	8,157,449	7,333,424
Less Accumulated Depreciation	<u>(1,404,897)</u>	<u>(1,218,494)</u>
	6,752,552	6,114,930
Furniture and Equipment - Cost	307,439	232,729
Less Accumulated Depreciation	<u>(199,650)</u>	<u>(168,297)</u>
	107,789	64,432
Plant and Equipment - Cost	2,978,235	3,042,925
Less Accumulated Depreciation	<u>(1,413,690)</u>	<u>(1,261,044)</u>
	1,564,545	1,781,881
	<u>8,424,886</u>	<u>7,961,243</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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 2005	6,114,930	64,432	1,781,881	7,961,243
Additions	824,025	74,710	317,273	1,216,008
(Disposals)	0	0	(272,718)	(272,718)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(186,403)	(31,353)	(261,891)	(479,647)
Other Movements	0			0
Balance as at 30 June 2006	<u>6,752,552</u>	<u>107,789</u>	<u>1,564,545</u>	<u>8,424,886</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2006	49,632,087	0
Roads - management valuation 2005	0	59,552,633
Less Accumulated Depreciation	<u>(8,963,770)</u>	<u>(21,806,807)</u>
	40,668,317	37,745,826
Other Infrastructure - Cost	4,745,717	4,729,588
Less Accumulated Depreciation	<u>(618,408)</u>	<u>(508,088)</u>
	4,127,309	4,221,500
	<u>44,795,626</u>	<u>41,967,326</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 2006

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
	\$	\$	\$
Balance as at 1 July 2005	37,745,826	4,221,500	41,967,326
Additions	354,171	16,130	370,301
(Disposals)	0	0	0
Revaluation - Increments	2,822,117	0	2,822,117
- (Decrements)		0	0
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	(253,797)	(110,321)	(364,118)
Other Movements	0	0	0
Balance as at 30 June 2006	<u>40,668,317</u>	<u>4,127,309</u>	<u>44,795,626</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	297	53,621
Accrued Salaries and Wages	24,308	0
	24,605	53,621
	24,605	53,621
9. LONG-TERM BORROWINGS		
Current		
Unsecured		
Bank overdraft	0	287,851
Represented by :		
Unrestricted - Municipal bank overdraft	0	481,566
Restricted funds held	0	(193,715)
	0	287,851
	0	287,851
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Unspent Grants(refer Note 2((e)))	356,024	193,715
	356,024	193,715
10. PROVISIONS		
Current		
Provision for Annual Leave	114,829	102,201
Provision for Long Service Leave	86,171	47,540
	201,000	149,741
	201,000	149,741
Non-Current		
Provision for Annual Leave	3,986	0
Provision for Long Service Leave	24,272	43,561
	28,258	43,561
	28,258	43,561

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
11. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	61,975	61,975	58,693
Amount Set Aside / Transfer to Reserve	2,750	0	3,281
Amount Used / Transfer from Reserve	0	0	0
	<u>64,725</u>	<u>61,975</u>	<u>61,974</u>
(b) Fire Disaster Reserve			
Opening Balance	5,621	4,621	4,372
Amount Set Aside / Transfer to Reserve	250	0	1,249
Amount Used / Transfer from Reserve	0	(1,000)	0
	<u>5,871</u>	<u>3,621</u>	<u>5,621</u>
(c) Community Reserve			
Opening Balance	0	0	890,442
Amount Set Aside / Transfer to Reserve	0	0	36,530
Amount Used / Transfer from Reserve	0	0	(926,972)
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>70,596</u>	<u>65,596</u>	<u>67,595</u>

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

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

- to be used to fund annual and long service leave requirements

Community Reserve

- to be used to fund community programmes.

Fire Disaster Reserve

- to be used for the provision of emergency contingencies in the case of fire disaster.

The Long Service Leave and Fire Disaster Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

12. RESERVES - ASSET REVALUATION	2006	2005
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Property, Plant and Equipment		
Balance as at 1 July 2005	223,721	223,721
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	<u>223,721</u>	<u>223,721</u>
(b) Roads		
Balance as at 1 July 2005	20,676,410	20,618,520
Revaluation Increment	2,822,117	57,890
Revaluation Decrement		0
Balance as at 30 June 2006	<u>23,498,527</u>	<u>20,676,410</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>23,722,248</u></u>	<u><u>20,900,131</u></u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	531,747	66,596	(219,056)
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	887,168	78,863	1,530,719
Depreciation	843,765	1,245,310	782,532
(Increase)/Decrease in Receivables	326,520	370,789	(339,929)
(Profit)/Loss on Sale of Asset	86,236	(18,000)	(132,406)
Increase/(Decrease) in Inventories	0	(4,181)	0
Increase/(Decrease) in Payables	(29,016)	89,818	(5,105)
Increase/(Decrease) in Employee Provisions	35,954	0	9,619
Grants/Contributions for the Development of Assets	(703,042)	(342,000)	(1,473,875)
Net Cash from Operating Activities	<u>1,447,585</u>	<u>1,420,599</u>	<u>371,555</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		(287,851)
Credit Card limit	7,500		7,500
Credit Card Balance at Balance Date	0		(1,624)
Total Amount of Credit Unused	<u>7,500</u>		<u>(281,975)</u>
Loan Facilities			
Loan Facilities - Current	0		287,851
Loan Facilities - Non-Current	0		0
Total Facilities in Use at Balance Date	<u>0</u>		<u>287,851</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
Minimum Lease Payments	0	0
Less Future Finance Charges	0	0
Total Lease Liability	0	0
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	0
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	92,348
The capital expenditure project outstanding at the end of the current reporting period represents		
Donovan Payne Architects		
Design and Contract Admin - Swimming Pool	0	92,348

15. CONTINGENT LIABILITIES

There were no known contingent liabilities at balance date.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

16. JOINT VENTURE

The Shire of Leonora together with the Shire 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.

	2006	2005
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	\$	\$
General Purpose Funding	60,789	45,628
Law, Order, Public Safety	3,508	0
Health	27,844	45,816
Housing	828,124	595,825
Community Amenities	3,919,157	3,351,590
Recreation and Culture	1,503,454	1,541,058
Transport	45,416,793	42,044,852
Economic Services	389,305	283,798
Other Property and Services	1,182,965	1,993,555
Unallocated	549,848	551,291
	<u>53,881,787</u>	<u>50,453,413</u>

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005	2004
18. FINANCIAL RATIOS			
Current Ratio	3.67	0.54	4.66
Untied Cash to Trade Creditors Ratio	18.74	0.02	39.02
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.10	0.05
Gross Debt to Economically Realisable Assets Ratio	0.00	0.06	0.04
Rate Coverage Ratio	0.60	0.42	0.47
Outstanding Rates Ratio	0.01	0.02	0.03

The above rates 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 2006

19. TRUST FUNDS

Council does not hold any money in trust on behalf of third parties.

20. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities						
Rubbish Compactor	35,241	21,363	21,363	21,363	(13,878)	0
Street Sweeper	24,191	0	0	0	(24,191)	0
Health						
Ford Falcon XT Sedan	23,767	30,000	17,727	30,000	(6,040)	0
Ford Falcon Sedan	20,519	60,000	18,213	60,000	(2,306)	0
					0	0
Transport						
Isuzu Truck	31,452	62,000	25,455	80,000	(5,997)	18,000
Isuzu NPR 300	42,032	0	21,818	0	(20,214)	0
Dozer	21,775	0	0	0	(21,775)	0
Toyota Hilux	13,919	0	26,064	0	12,145	0
Economic Services						
Industrial Land	0	80,000	0	80,000	0	0
Other Property & Services						
Ford Fairlane	36,840	50,000	32,727	50,000	(4,113)	0
Executive Vehicle 3L	22,981	30,000	23,114	30,000	133	0
	272,717	333,363	186,481	351,363	(86,236)	18,000

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Council has no loans outstanding and therefore has no loan repayments.

(b) New Debentures - 2005/06

Council has no new borrowings in the current financial year.

(c) Unspent Debentures

Not applicable

(d) Overdraft

Council has no overdraft facility. However, a temporary facility did exist as at 30 June 2005.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings is negligible as they do not have any borrowings. Council's exposure to interest rate risk as a result of the bank overdraft was negligible as the bank account was only physically overdrawn for a very short period of time after year end as explained in note 21(d) above.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 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	0.070	597	9,285,182	670,261	0	0	670,261	649,963	0	0	649,963
UV	0.098	839	17,710,723	1,726,434	0	0	1,726,434	1,726,795	40,000	0	1,766,795
Sub-Totals		1,436	26,995,905	2,396,695	0	0	2,396,695	2,376,758	40,000	0	2,416,758
Minimum Rates	Minimum \$										
GRV	175	54	27,414	9,275	0	0	9,275	9,450	0	0	9,450
UV	175	809	823,174	144,025	63,885	0	207,910	141,575	0	0	141,575
Sub-Totals		863	850,588	153,300	63,885	0	217,185	151,025	0	0	151,025
Rates Written Off							2,613,880				2,567,783
Totals							(35,246)				0
							2,578,634				2,567,783

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

Council did not impose a specified area rate.

24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

Council does not levy a service charge.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2005/06 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Waiver	100	2,500	2,500
Housing Rental	Waiver	100	5,200	5,200
			7,700	7,700
Rate Assessment	Write-Off		35,246	0

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.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

26. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan	0	30	2,190	3,842
			2,190	3,842

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2005, 3rd November 2005, 3rd January 2006 and 3rd March 2006. Administration charges applied for all the instalments.

27. FEES & CHARGES	2006 \$	2005 \$
Governance	0	400
General Purpose Funding	2,659	1,560
Law, Order, Public Safety	12,922	12,736
Health	18,773	340
Education and Welfare	47,912	2,000
Housing	21,825	21,515
Community Amenities	60,285	57,655
Recreation & Culture	44,015	6,928
Transport	106,528	108,769
Economic Services	57,242	19,689
Other Property & Services	31,162	17,371
	<u>403,323</u>	<u>248,963</u>

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

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

28. GRANT REVENUE		2006	2005
		\$	\$
By Nature and Type:			
Grants and Subsidies - operating		1,088,787	1,028,617
Grants and Subsidies - non-operating		846,433	1,473,875
		1,935,220	2,502,492
By Program:			
General Purpose Funding		924,297	908,544
Law, Order, Public Sector		21,200	11,200
Education and Welfare		17,000	92,762
Community Amenities		0	4,000
Recreation and Culture		46,000	1,071,917
Transport		866,232	388,069
Economic Services		60,491	26,000
		1,935,220	2,502,492

29. COUNCILLORS' REMUNERATION		2006	2006	2005
		\$	Budget	\$
			\$	
The following fees, expenses and allowances were paid to council members and/or the president.				
Meeting Fees		12,600	13,019	8,450
President's Allowance		7,000	7,000	7,000
Deputy President's Allowance		1,000	1,000	1,000
Travelling Expenses		3,987	6,000	6,161
Telecommunications Allowance		4,200	2,737	2,540
		28,787	29,756	25,151

30. 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	2006	2005
	\$		
	100,000 - 109,999	0	1
	110,000 - 119,999	1	0
		1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

	2006	2005
	19	19
	19	19

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

33. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the 2005/06 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

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 2006. 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 2006 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

20 October 2006
PERTH WA

6.2 Principal Activity Summary - Forward Projection to 30th June 2008

Principal Activity		
	2006-07	2007-08
Estimated Expenditure		
Approvals and Inspections	(319,684)	(288,659)
Sanitation Facilities & Collection	(113,090)	(121,206)
Road Management	(2,688,510)	(2,837,288)
Other Asset Acquisition and Replacement	(1,102,450)	(873,000)
Aerodrome Maintenance	(345,322)	(178,349)
Staff Housing	(106,947)	(78,486)
Recreation/Aquatic Centre	(487,861)	(458,317)
Assistance in Provision of General Practitioner	(456,397)	(331,742)
Tourism Initiatives	(437,173)	(385,773)
Sports Club	(60,000)	(1,000,000)
Total Estimated Expenditure	(6,117,434)	(6,552,821)
Estimated Funding (Excluding General Subsidy)		
Approvals and Inspections	140,361	110,442
Sanitation Facilities & Collection	59,136	59,244
Road Management	434,015	387,056
Other Asset Acquisition and Replacement	598,000	420,000
Aerodrome Seal and Maintenance	261,850	92,810
Staff Housing	38,388	38,772
Recreation/ Aquatic Centre	20,347	20,347
Assistance in Provision of General Practitioner	0	0
Tourism Initiatives	101,000	81,000
Sports Club	0	857,000
Estimated Subsidy from General Revenue	4,344,337	4,396,148
Total Estimated Funding	5,997,434	6,462,820

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 2005/2006.

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 PRINCIPAL ACTIVITIES

(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 – 2 Houses Purchased

(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 \$246.00 in 2002/2003,\$242.00 in 2003/2004 and \$215.00 in 2004/2005 and \$285.00 in 2005/2006. 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:

2003/2004	\$ 1,699,587.00
2004/2005	\$ 1,951,412.00
2005/2006	\$ 1,796,067.00

Comparisons of Road Construction Projects show the following results:

2003/2004	\$	356,664.00
2004/2005	\$	239,472.00
2005/2006	\$	354,171.00

(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:

2003/2004	COSTS	\$192,447	INCOME	\$190,997
2003/2004	COSTS	\$185,862	INCOME	\$108,769
2005/2006	COSTS	\$179,221	INCOME	\$106,529

(C) Overview of Principal Activities proposed to commence or continue in 2005/2006 financial year.

- (i) All activities that were continued in 2005/2006 (as in (7) (A) i to v above) will be continued in 2006/2007. with the addition of Recreation Centre/ Aquatic Centre, Tourism and Sports Club.

8.0 DISABILITY SERVICES PLAN

- (A) The Shire of Leonora is required to comply with the State Government imposed Disability Services Act (1993).
- (B) A Disability Services Plan has been adopted 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 3years to the 30th June, 2007.
- (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.



10.0 ANNUAL SALARIES

In accordance with Regulation 19B of the Local Government (Administration) Regulation 1996 the following information is disclosed:

- a) The number of employees entitled to an annual salary of \$100,000 or more is one (1).
- b) The annual salary entitlement for this employee is between \$120,000 and \$130,000.