

**SHIRE OF LEONORA
ANNUAL REPORT**



**FOR THE YEAR ENDING
JUNE 2007**

TABLE OF CONTENTS

| COLOUR CODING | SECTION | | PAGE |
|----------------------|----------------|---|--------------|
| <i>Purple</i> | 1.0 | Report by the President | 1-2 |
| <i>Green</i> | 2.0 | Report by the Chief Executive Officer | 3-4 |
| | 3.0 | Employees | |
| <i>Pink</i> | 3.1 | Staff Organisational Chart | 5 |
| | 4.0 | The Year in Review 2006/2007 | |
| <i>Grey</i> | 4.1 | Cash Flows Summary | 6 |
| <i>Yellow</i> | 4.2 | Financial Report | 7 |
| <i>Blue</i> | | Statement by Chief Executive Officer | 8 |
| | | Operating Statement | 9/10 |
| | | Statement of Financial Position | 11 |
| | | Statement of Changes in Equity | 12 |
| | | Statement of Cash Flows | 13 |
| | | Rate Setting Statement | 14 |
| | | Note 1 – Significant Accounting Policies | 15-20 |
| | | Note 2 – Revenues and Expenses | 21-27 |
| | | Note 3 – Cash and Equivalents | 28 |
| | | Note 4 – Receivables | 28 |
| | | Note 5 – Inventories | 28 |
| | | Note 6 – Property, Plant and Equipment | 29-30 |
| | | Note 7 – Infrastructure | 31-32 |
| | | Note 8 – Payables | 33 |
| | | Note 9 – Provisions | 33 |
| | | Note 10 – Reserves – Cash Backed | 34-35 |
| | | Note 11 – Reserves – Asset Revaluation | 35 |
| | | Note 12 – Notes to the Statement of Cash Flows | 36 |
| | | Note 13 – Capital & Leasing Commitments | 37 |
| | | Note 14 – Contingent Liabilities | 37 |
| | | Note 15 – Joint Venture | 38 |
| | | Note 16 – Total Assets Classified by Function & Activity | 38 |
| | | Note 17 – Financial Ratios | 39 |
| | | Note 18 – Trust Funds | 40 |
| | | Note 19 – Disposal of Assets | 40 |
| | | Note 20 – Information on Borrowings | 41 |
| | | Note 21 – Rating Information | 42 |
| | | Note 22 – Specified Area Rate | 43 |
| | | Note 23 – Service Charges | 43 |
| | | Note 24 – Discounts, Incentives, Concessions and Write Offs | 44 |
| | | Note 25 – Interest Charges and Instalments | 44 |
| | | Note 26 – Fees and Charges | 45 |
| | | Note 27 – Grant Revenue | 45 |
| | | Note 28 – Councillors Remuneration | 45 |
| | | Note 29 - Employee Remuneration | 46 |
| | | Note 30 – Employee Numbers | 46 |
| | | Note 31 – Major Land Transactions | 46 |
| | | Note 32 – Trading Undertakings and Major Trading Undertakings | 46 |
| | | Report of Independent Auditor | 47 |
| | | Future Activities Overview | 48 |
| | | National Competition Policy Statement | 49 |
| | | Competitive Neutrality | 49 |
| | | Structural Review of Public Monopolies | 49 |
| <i>Green</i> | 5.0 | Legislative Review | 50 |
| <i>Pink</i> | 6.0 | Principal Activities | 51-52 |
| | 6.1 | Disability Services Plan | 53 |
| | 6.2 | Record Keeping Plan | 54 |

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 2007.

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 HM: 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 ,Old Agnew ,Weebo,Agnew- Lake Miranda,Old Laverton,Leinster Downs,Leonora-Melita and Malcolm-Kookynie 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 first year of operation and together with the Recreation Centre is proving a popular spot for residents and visitors alike.

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.

2006/2007 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 and develop additional Industrial Zoned Land as well as complete Recreation Centre Improvements.

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 2008 event. This was the fifth and last appearance of our inaugural Patron in Mr Steve Moneghetti and councils sincere "Thank You" goes out to Steve and his family.

Whilst on this subject I am delighted to announce the 2008 Patron will be Mr John Bowler (Member for Murchison Eyre) and I welcome John to our 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 2007/2008.

GRAHAM R DAWES JP
PRESIDENT

2.0 REPORT BY THE CHIEF EXECUTIVE OFFICER

FINANCE

The 2006/2007 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 | 11 | 8 | 73 |
| N G Johnson | 11 | 7 | 64 |
| B Taylor | 11 | 5 | 45 |
| P J Craig | 11 | 11 | 100 |
| G R Kemp | 11 | 7 | 64 |
| J F Carter | 11 | 11 | 100 |
| T C Demasson | 11 | 4 | 36 |
| L R Petersen | 11 | 11 | 100 |
| D Grills | 11 | 9 | 82 |

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,Leinster Downs,Leonora- Melita and Malcolm – Kookynie Roads.

CAPITAL PROJECTS

2006/2007 saw the completion of Recreation Centre alterations(\$39000) Purchase and Development of Industrial Land (\$144000) and purchase of a Hanger at the Airport (\$10000)

A Community 22 seater bus(\$122000) was also purchased during the reporting period.

PLANT REPLACEMENT

Council's policy was maintained with a Grader, Street Sweeper, Fork Lift, Two Caravans 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 2007/2008.

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

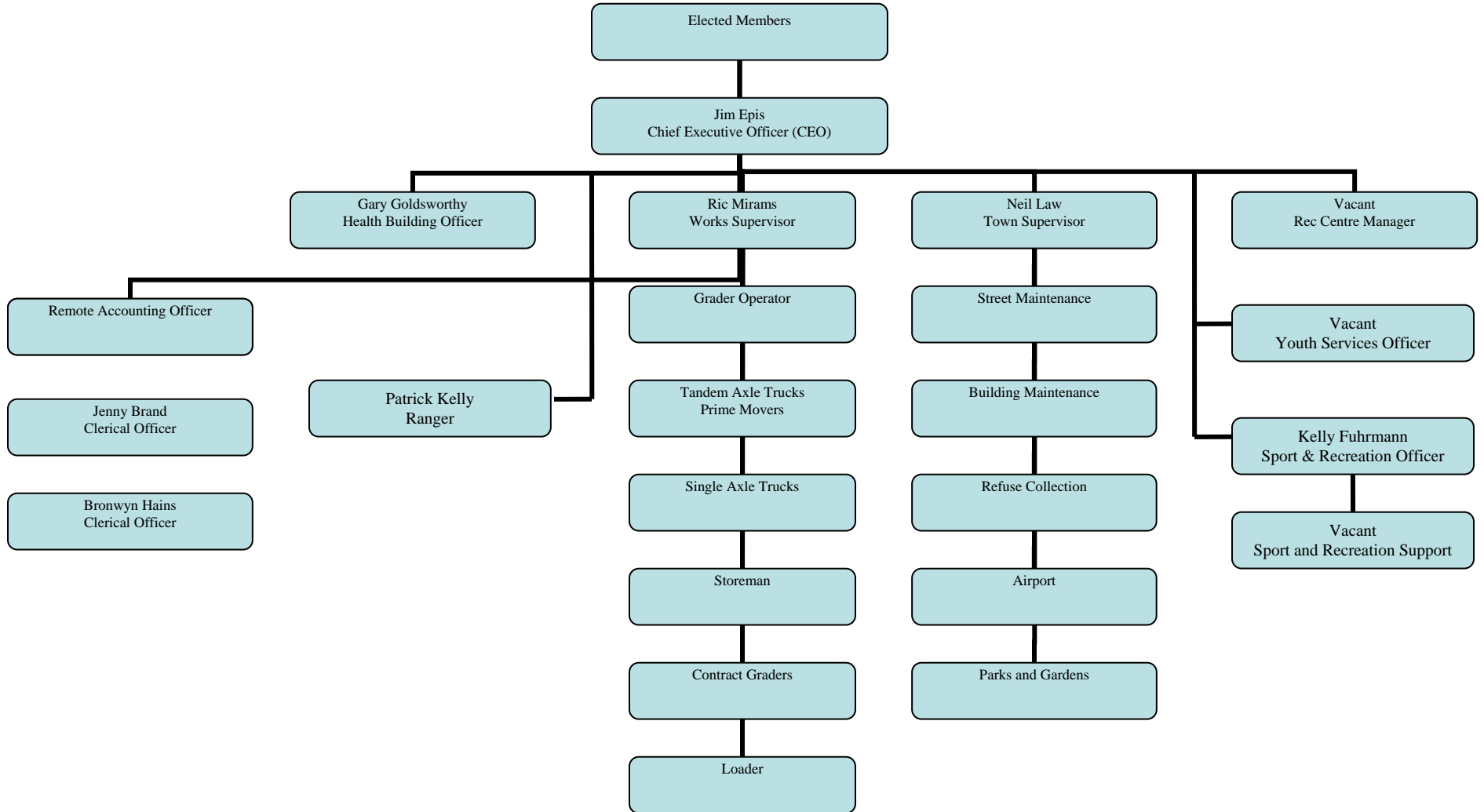
Current senior staff are:

| | | |
|--------------------------------|------------------|--|
| 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 | Mob:0418942674 |
| Ranger / Airport Officer | Patrick Kelly | Mob 0408376040 |

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 2007/2008.

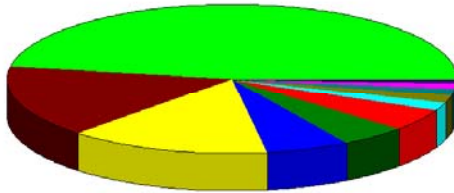
J G EPIS
CHIEF EXECUTIVE OFFICER

Staff Organisational Chart



Expense Summary
July 2006 through June 2007

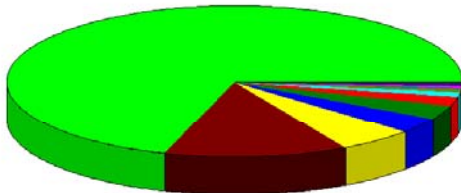
| | |
|---------------------------------|----------------|
| E12 · TRANSPORT. | %47.33 |
| E11 · RECREATION & CULTURE. | 15.85 |
| E13 · ECONOMIC SERVICES. | 14.62 |
| E07 · HEALTH. | 6.06 |
| E10 · COMMUNITY AMENITIES. | 4.83 |
| E04 · GOVERNANCE. | 4.82 |
| E03 · GENERAL PURPOSE FUNDING. | 1.87 |
| 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 2007

TABLE OF CONTENTS

| | |
|---|---------|
| Statement by Chief Executive Officer | 2 |
| Income Statement by Nature or Type | 3 |
| Income Statement by Program | 4 |
| Balance Sheet | 5 |
| Statement of Changes in Equity | 6 |
| Cash Flow Statement | 7 |
| Rate Setting Statement | 8 |
| Notes to and Forming Part of the Financial Report | 9 to 36 |
| Independent Audit Report | 37 & 38 |

**SHIRE OF LEONORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

**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 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2007 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 day of 2007.

J.G.Epis
Chief Executive Officer

SHIRE OF LEONORA

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2007

| | NOTE | 2007 | 2007 | 2006 |
|---|-------------|--------------------|--------------------|--------------------|
| | | \$ | Budget | \$ |
| | | | \$ | |
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Rates | 21 | 2,641,569 | 2,629,875 | 2,578,634 |
| Grants and Subsidies | 27 | 1,300,031 | 1,169,245 | 1,088,787 |
| Contributions Reimbursements and Donations | | 259,469 | 228,939 | 162,995 |
| Fees and Charges | 26 | 492,738 | 353,719 | 403,323 |
| Interest Earnings | 2(a) | 72,036 | 25,000 | 46,770 |
| Other Revenue | | 2,499 | 13,535 | 9,184 |
| | | <u>4,768,342</u> | <u>4,420,313</u> | <u>4,289,693</u> |
| EXPENSES FROM ORDINARY ACTIVITIES | | | | |
| Employee Costs | | (1,273,150) | (1,254,930) | (1,265,870) |
| Materials and Contracts | | (1,689,715) | (2,445,819) | (1,714,658) |
| Utilities | | (182,735) | (78,674) | (166,708) |
| Depreciation | 2(a) | (1,061,747) | (1,238,297) | (843,765) |
| Insurance | | (140,749) | (160,906) | (56,943) |
| Other Expenditure | | (85,559) | (54,612) | (114,778) |
| | | <u>(4,433,655)</u> | <u>(5,233,238)</u> | <u>(4,162,722)</u> |
| Grants and Subsidies - non-operating | 27 | 395,422 | 696,761 | 846,433 |
| Profit on Asset Disposals | 19 | 31,418 | 115,763 | 12,277 |
| Loss on Asset Disposals | 19 | (61,057) | (32,559) | (98,513) |
| NET RESULT | | <u>700,470</u> | <u>(32,960)</u> | <u>887,168</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 2007

| | NOTE | 2007 \$ | 2007 Budget \$ | 2006 \$ |
|--|-------|-------------|----------------------|-------------|
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Governance | | 214 | 2,095 | 63 |
| General Purpose Funding | | 3,646,118 | 3,583,704 | 3,552,361 |
| Law, Order, Public Safety | | 18,704 | 42,494 | 47,335 |
| Health | | 24,795 | 94,425 | 33,336 |
| Education and Welfare | | 175,206 | 260,718 | 64,912 |
| Housing | | 35,806 | 39,490 | 25,920 |
| Community Amenities | | 57,498 | 60,211 | 60,285 |
| Recreation and Culture | | 157,266 | 146,513 | 92,068 |
| Transport | | 678,677 | 604,645 | 974,821 |
| Economic Services | | 287,497 | 308,167 | 227,656 |
| Other Property and Services | | 113,399 | 63,933 | 69,647 |
| | 2 (a) | 5,195,180 | 5,206,395 | 5,148,404 |
| EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE | | | | |
| Governance | | (216,801) | (241,607) | (229,015) |
| General Purpose Funding | | (84,128) | (117,877) | (73,432) |
| Law, Order, Public Safety | | (70,435) | (139,234) | (59,463) |
| Health | | (272,446) | (275,122) | (294,030) |
| Education and Welfare | | (80,395) | (172,200) | (37,700) |
| Housing | | (2,475) | 0 | (2,749) |
| Community Amenities | | (217,240) | (176,867) | (253,372) |
| Recreation & Culture | | (712,475) | (973,409) | (721,955) |
| Transport | | (2,127,405) | (2,587,229) | (1,975,288) |
| Economic Services | | (657,319) | (546,015) | (545,980) |
| Other Property and Services | | (53,591) | (9,795) | (68,252) |
| | 2 (a) | (4,494,710) | (5,239,355) | (4,261,236) |
| BORROWING COSTS EXPENSE | | | | |
| | | 0 | 0 | 0 |
| | 2 (a) | 0 | 0 | 0 |
| NET RESULT | | 700,470 | (32,960) | 887,168 |

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

SHIRE OF LEONORA

BALANCE SHEET

AS AT 30TH JUNE 2007

| | NOTE | 2007 \$ | 2006 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 792,624 | 531,747 |
| Trade and Other Receivables | 4 | 154,597 | 129,528 |
| Inventories | 5 | 0 | 0 |
| TOTAL CURRENT ASSETS | | <u>947,221</u> | <u>661,275</u> |
| NON-CURRENT ASSETS | | | |
| Inventories | 5 | 144,479 | 0 |
| Property, Plant and Equipment | 6 | 8,592,788 | 8,424,886 |
| Infrastructure | 7 | 44,941,581 | 44,795,626 |
| TOTAL NON-CURRENT ASSETS | | <u>53,678,848</u> | <u>53,220,512</u> |
| TOTAL ASSETS | | <u>54,626,069</u> | <u>53,881,787</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 51,893 | 24,605 |
| Provisions | 9 | 161,835 | 201,000 |
| TOTAL CURRENT LIABILITIES | | <u>213,728</u> | <u>225,605</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 9 | 83,947 | 28,258 |
| TOTAL NON-CURRENT LIABILITIES | | <u>83,947</u> | <u>28,258</u> |
| TOTAL LIABILITIES | | <u>297,675</u> | <u>253,863</u> |
| NET ASSETS | | <u>54,328,394</u> | <u>53,627,924</u> |
| EQUITY | | | |
| Retained Surplus | | 30,287,533 | 29,835,080 |
| Reserves - Cash Backed | 10 | 318,613 | 70,596 |
| Reserves - Asset Revaluation | 11 | 23,722,248 | 23,722,248 |
| TOTAL EQUITY | | <u>54,328,394</u> | <u>53,627,924</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 2007

| | NOTE | 2007 \$ | 2006 \$ |
|--|------|--------------------------|--------------------------|
| RETAINED SURPLUS | | | |
| Balance as at 1 July 2006 | | 29,835,080 | 28,950,913 |
| Net Result | | 700,470 | 887,168 |
| Transfer from/(to) Reserves | | <u>(248,017)</u> | <u>(3,001)</u> |
| Balance as at 30 June 2007 | | <u>30,287,533</u> | <u>29,835,080</u> |
| RESERVES - CASH BACKED | | | |
| Balance as at 1 July 2006 | | 70,596 | 67,595 |
| Amount Transferred (to)/from Retained Surplus | | <u>248,017</u> | <u>3,001</u> |
| Balance as at 30 June 2007 | 10 | <u>318,613</u> | <u>70,596</u> |
| RESERVES - ASSET REVALUATION | | | |
| Balance as at 1 July 2006 | | 23,722,248 | 20,900,131 |
| Revaluation Increment | | 0 | 2,822,117 |
| Revaluation Decrement | | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2007 | 11 | <u>23,722,248</u> | <u>23,722,248</u> |
| TOTAL EQUITY | | <u><u>54,328,394</u></u> | <u><u>53,627,924</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 2007**

| | NOTE | 2007 \$ | 2007 Budget \$ | 2006 \$ |
|---|-------|-----------------------|-----------------------|-----------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 2,641,569 | 2,629,875 | 2,617,424 |
| Grants and Subsidies - operating | | 1,300,031 | 1,169,245 | 1,366,786 |
| Contributions, Reimbursements & Donations | | 259,469 | 228,939 | 162,995 |
| Fees and Charges | | 533,469 | 364,725 | 423,667 |
| Interest Earnings | | 72,036 | 25,000 | 46,770 |
| Goods and Services Tax | | 320,762 | 320,000 | 597,804 |
| Other | | 2,499 | 13,535 | 9,184 |
| | | <u>5,129,835</u> | <u>4,751,319</u> | <u>5,224,630</u> |
| Payments | | | | |
| Employee Costs | | (1,256,626) | (1,254,930) | (1,229,916) |
| Materials and Contracts | | (1,687,496) | (2,306,144) | (1,743,674) |
| Utilities (gas, electricity, water, etc) | | (182,735) | (78,674) | (166,708) |
| Insurance | | (140,749) | (160,906) | (56,944) |
| Goods and Services Tax | | (361,493) | (320,000) | (608,416) |
| Other | | (85,559) | (54,612) | (114,778) |
| | | <u>(3,714,658)</u> | <u>(4,175,266)</u> | <u>(3,920,436)</u> |
| Net Cash Provided By (Used In) | | | | |
| Operating Activities | 12(b) | <u>1,415,177</u> | <u>576,053</u> | <u>1,304,194</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | (144,479) | 0 | 0 |
| Payments for Purchase of Property, Plant & Equipment | | (984,597) | (1,208,950) | (1,216,005) |
| Payments for Construction of Infrastructure | | (716,827) | (851,000) | (370,300) |
| Grants/Contributions for the Development of Assets | | 395,422 | 696,761 | 846,433 |
| Proceeds from Sale of Plant & Equipment | | 296,181 | 587,000 | 186,481 |
| | | <u>296,181</u> | <u>587,000</u> | <u>186,481</u> |
| Net Cash Provided By (Used In) | | | | |
| Investing Activities | | (1,154,300) | (776,189) | (553,391) |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | 0 | 0 | 0 |
| Net Cash Provided By (Used In) | | | | |
| Financing Activities | | 0 | 0 | 0 |
| Net Increase (Decrease) in Cash Held | | 260,877 | (200,136) | 750,803 |
| Cash at Beginning of Year | | 531,747 | 528,731 | (219,056) |
| Cash and Cash Equivalents | | | | |
| at the End of the Year | 12(a) | <u><u>792,624</u></u> | <u><u>328,595</u></u> | <u><u>531,747</u></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 2007

| | NOTE | 2007 \$ | 2007 Budget \$ |
|--|------|--------------------|----------------------|
| REVENUES | | | |
| Governance | | 214 | 2,095 |
| General Purpose Funding | | 1,004,549 | 953,829 |
| Law, Order, Public Safety | | 18,704 | 42,494 |
| Health | | 24,795 | 94,425 |
| Education and Welfare | | 175,206 | 260,718 |
| Housing | | 35,806 | 39,490 |
| Community Amenities | | 57,498 | 60,211 |
| Recreation and Culture | | 157,266 | 146,513 |
| Transport | | 678,677 | 631,087 |
| Economic Services | | 287,497 | 308,167 |
| Other Property and Services | | 113,399 | 63,933 |
| | | <u>2,553,611</u> | <u>2,602,962</u> |
| EXPENSES | | | |
| Governance | | (216,801) | (241,607) |
| General Purpose Funding | | (84,128) | (117,877) |
| Law, Order, Public Safety | | (70,435) | (139,234) |
| Health | | (272,446) | (275,122) |
| Education and Welfare | | (80,395) | (172,200) |
| Housing | | (2,475) | 0 |
| Community Amenities | | (217,240) | (176,867) |
| Recreation & Culture | | (712,475) | (973,409) |
| Transport | | (2,127,405) | (2,613,671) |
| Economic Services | | (657,319) | (546,015) |
| Other Property and Services | | (53,591) | (9,795) |
| | | <u>(4,494,710)</u> | <u>(5,265,797)</u> |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | 29,639 | (83,204) |
| Movement in Accrued Salaries and Wages | | 3,217 | 0 |
| Movement in Employee Benefit Provisions | | 16,524 | 0 |
| Depreciation and Amortisation on Assets | | 1,061,747 | 1,238,297 |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | (144,479) | 0 |
| Purchase Land and Buildings | | (83,540) | (178,500) |
| Purchase Infrastructure Assets - Roads | | (716,827) | (584,000) |
| Purchase Infrastructure Assets - Other | | 0 | (267,000) |
| Purchase Plant and Equipment | | (884,258) | (987,450) |
| Purchase Furniture and Equipment | | (16,799) | (43,000) |
| Proceeds from Disposal of Assets | | 296,181 | 587,000 |
| Transfers to Reserves (Restricted Assets) | | (248,017) | (241,000) |
| Transfers from Reserves (Restricted Assets) | | 0 | 0 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 365,074 | 591,817 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 378,932 | 0 |
| | | <u>(2,641,569)</u> | <u>(2,629,875)</u> |
| Amount Required to be Raised from Rates | 21 | <u>(2,641,569)</u> | <u>(2,629,875)</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 2007

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)). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

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.

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 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) 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.

(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.

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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Financial Assets in the scope of AASB 139 *'Financial Instruments: Recognition and Measurement'* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(j) 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.

(k) 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.

(l) 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) 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.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the 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.

(o) 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.

(p) Rates, Grants, Donations and Other Contributions

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

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

(q) Superannuation

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

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Interest Rate Risk

Information on interest rate risk as it applies to financial instruments is disclosed in Note 33.

(s) 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 one major concentration of credit risk within the municipality is in relation to its cash and cash equivalent deposits which are all with the one financial institution.

(t) Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

(u) Fair Value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Rounding Off Figures

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

(w) 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 2007**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. REVENUES AND EXPENSES

2007
\$

2006
\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

| | | |
|------------------|-------|-------|
| - Audit | 4,730 | 4,610 |
| - Other Services | 0 | 0 |

Depreciation

| | | |
|-------------------------|------------------|----------------|
| Buildings | 187,229 | 186,403 |
| Furniture and Equipment | 34,168 | 31,353 |
| Plant and Equipment | 269,478 | 261,891 |
| Roads | 460,666 | 253,797 |
| Other Infrastructure | 110,206 | 110,321 |
| | <u>1,061,747</u> | <u>843,765</u> |

(ii) Crediting as Revenue:

2007
\$

2007
Budget
\$

2006
\$

Interest Earnings

| | | | |
|-----------------|---------------|---------------|---------------|
| Investments | | | |
| - Reserve Funds | 7,017 | 5,000 | 3,001 |
| - Other Funds | <u>65,019</u> | <u>20,000</u> | <u>43,769</u> |
| | <u>72,036</u> | <u>25,000</u> | <u>46,770</u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

LAW, ORDER, PUBLIC SAFETY

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

Accomodation 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.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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.

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.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

| | 2007 | 2006 |
|---|-------------|-------------|
| | \$ | \$ |
| (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) | 15,000 | 0 |
| Grants for Visitor Information Centre (Recreation) | 0 | 193,715 |
| Grant for Roads to Recovery (Transport) | 292,000 | 0 |
| Grant for Northern Goldfields Recreation Officer (Recreation) | 12,824 | 0 |
| Grant for Crime Prevention (Law, Order & Public Safety) | 21,200 | 0 |
| Grant for Northern Heritage Trail (Recreation) | 15,000 | 0 |
| | 356,024 | 193,715 |
| 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) | 0 | 15,000 |
| Grant for Northern Goldfields Recreation Officer (Recreation) | 10,108 | 12,824 |
| Grant for Northern Heritage Trail (Recreation) | 0 | 15,000 |
| Grant for Crime Prevention (Law, Order & Public Safety) | 2,800 | 21,200 |
| Grant for Roads to Recovery (Transport) | 0 | 292,000 |
| Grant for Youth Support (Welfare & Education) | 26,648 | 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) | 0 | (193,715) |
| Grants for Community Bus (Transport) | (15,000) | 0 |
| Grant for Roads to Recovery (Transport) | (292,000) | 0 |
| Grant for Northern Goldfields Recreation Officer (Recreation) | (12,824) | 0 |
| Grant for Crime Prevention (Law, Order & Public Safety) | (7,828) | 0 |
| Grant for Northern Heritage Trail (Recreation) | (15,000) | 0 |
| Closing balances of unexpended grants | 52,928 | 356,024 |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

| | 2007 | 2006 |
|---|---------------|----------------|
| | \$ | \$ |
| (c) Conditions Over Contributions (continued) | | |
| Comprises: | | |
| Grant for Youth Support (Welfare & Education) | 26,648 | 0 |
| Grant for a Community Bus (Transport) | 0 | 15,000 |
| Grant for Northern Goldfields Recreation Officer (Recreation) | 10,108 | 12,824 |
| Grant for Northern Heritage Trail (Recreation) | 0 | 15,000 |
| Grant for Crime Prevention (Law, Order & Public Safety) | 16,172 | 21,200 |
| Grant for Roads to Recovery (Transport) | 0 | 292,000 |
| | <u>52,928</u> | <u>356,024</u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2006 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| 3. CASH AND CASH EQUIVALENTS | | |
| Unrestricted | 421,083 | 105,127 |
| Restricted | <u>371,541</u> | <u>426,620</u> |
| | <u><u>792,624</u></u> | <u><u>531,747</u></u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Long Service Leave Reserve | 67,693 | 64,725 |
| Fire Disaster Reserve | 7,156 | 5,871 |
| Sports Club Reserve | 101,569 | 0 |
| Airport Runway Reserve | <u>142,195</u> | <u>0</u> |
| | 318,613 | 70,596 |
| Unspent Grants | <u>52,928</u> | <u>356,024</u> |
| | <u><u>371,541</u></u> | <u><u>426,620</u></u> |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 49,538 | 38,789 |
| Sundry Debtors | 64,328 | 80,127 |
| GST Receivable | <u>40,731</u> | <u>10,612</u> |
| | <u><u>154,597</u></u> | <u><u>129,528</u></u> |
| 5. INVENTORIES | | |
| Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 0 | 0 |
| Development Costs | <u>0</u> | <u>0</u> |
| | <u><u>0</u></u> | <u><u>0</u></u> |
| Non - Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 0 | 0 |
| Development Costs | <u>144,479</u> | <u>0</u> |
| | <u><u>144,479</u></u> | <u><u>0</u></u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2006 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 8,240,989 | 8,157,449 |
| Less Accumulated Depreciation | <u>(1,592,126)</u> | <u>(1,404,897)</u> |
| | 6,648,863 | 6,752,552 |
| | | |
| Furniture and Equipment - Cost | 324,238 | 307,439 |
| Less Accumulated Depreciation | <u>(233,818)</u> | <u>(199,650)</u> |
| | 90,420 | 107,789 |
| | | |
| Plant and Equipment - Cost | 3,272,708 | 2,978,235 |
| Less Accumulated Depreciation | <u>(1,419,203)</u> | <u>(1,413,690)</u> |
| | 1,853,505 | 1,564,545 |
| | | |
| | <u><u>8,592,788</u></u> | <u><u>8,424,886</u></u> |

Whilst they 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 2007

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 2006 | 6,752,552 | 107,789 | 1,564,545 | 8,424,886 |
| Additions | 83,540 | 16,799 | 884,258 | 984,597 |
| (Disposals) | 0 | 0 | (325,820) | (325,820) |
| Revaluation - Increments | 0 | 0 | 0 | 0 |
| - (Decrements) | 0 | 0 | 0 | 0 |
| Impairment - (losses) | 0 | 0 | 0 | 0 |
| - reversals | 0 | 0 | 0 | 0 |
| Depreciation (Expense) | (187,229) | (34,168) | (269,478) | (490,875) |
| Other Movements | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2007 | <u>6,648,863</u> | <u>90,420</u> | <u>1,853,505</u> | <u>8,592,788</u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2006 |
|--------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads - management valuation 2006 | 49,632,087 | 49,632,087 |
| Roads - Cost | 716,827 | 0 |
| Less Accumulated Depreciation | <u>(9,424,436)</u> | <u>(8,963,770)</u> |
| | 40,924,478 | 40,668,317 |
| | | |
| Other Infrastructure - Cost | 4,745,717 | 4,745,717 |
| Less Accumulated Depreciation | <u>(728,614)</u> | <u>(618,408)</u> |
| | 4,017,103 | 4,127,309 |
| | <u>44,941,581</u> | <u>44,795,626</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 2007

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 2006 | 40,668,317 | 4,127,309 | 44,795,626 |
| Additions | 716,827 | 0 | 716,827 |
| (Disposals) | 0 | 0 | 0 |
| Revaluation - Increments | 0 | 0 | 0 |
| - (Decrements) | 0 | 0 | 0 |
| Impairment - (losses) | 0 | 0 | 0 |
| - reversals | 0 | 0 | 0 |
| Depreciation (Expense) | (460,666) | (110,206) | (570,872) |
| Other Movements | 0 | 0 | 0 |
| Balance as at 30 June 2007 | <u>40,924,478</u> | <u>4,017,103</u> | <u>44,941,581</u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2006 |
|------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 2,440 | 297 |
| PAYG Payable | 21,928 | 0 |
| Accrued Salaries and Wages | <u>27,525</u> | <u>24,308</u> |
| | <u><u>51,893</u></u> | <u><u>24,605</u></u> |
| 9. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 74,012 | 114,829 |
| Provision for Long Service Leave | <u>87,823</u> | <u>86,171</u> |
| | <u><u>161,835</u></u> | <u><u>201,000</u></u> |
| Non-Current | | |
| Provision for Annual Leave | 47,625 | 3,986 |
| Provision for Long Service Leave | <u>36,322</u> | <u>24,272</u> |
| | <u><u>83,947</u></u> | <u><u>28,258</u></u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2007 | 2006 |
|---|-----------------------|-----------------------|----------------------|
| | \$ | Budget | \$ |
| | | \$ | |
| 10. RESERVES - CASH BACKED | | | |
| (a) Long Service Leave Reserve | | | |
| Opening Balance | 64,725 | 61,974 | 61,975 |
| Amount Set Aside / Transfer to Reserve | 2,968 | 0 | 2,750 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>67,693</u> | <u>61,974</u> | <u>64,725</u> |
| (b) Fire Disaster Reserve | | | |
| Opening Balance | 5,871 | 5,621 | 5,621 |
| Amount Set Aside / Transfer to Reserve | 1,285 | 1,000 | 250 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>7,156</u> | <u>6,621</u> | <u>5,871</u> |
| (c) Runway Seal Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 142,196 | 140,000 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>142,196</u> | <u>140,000</u> | <u>0</u> |
| (d) Combined Sporting Club Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 101,568 | 100,000 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>101,568</u> | <u>100,000</u> | <u>0</u> |
| TOTAL CASH BACKED RESERVES | <u><u>318,613</u></u> | <u><u>308,595</u></u> | <u><u>70,596</u></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:

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

10. RESERVES - CASH BACKED (continued)

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant

Runway Seal Reserve

- to set aside money for resealing works at the Leonora Airport

Combined Sports Club Reserve

- to set aside money for the rebuilding of a combined sporting facility within the Shire.

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

11. RESERVES - ASSET REVALUATION

2007
\$

2006
\$

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

(a) Property, Plant and Equipment

| | | |
|----------------------------|---------|---------|
| Balance as at 1 July 2006 | 223,721 | 223,721 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2007 | 223,721 | 223,721 |

(b) Roads

| | | |
|----------------------------|------------|------------|
| Balance as at 1 July 2006 | 23,498,527 | 20,676,410 |
| Revaluation Increment | 0 | 2,822,117 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2007 | 23,498,527 | 23,498,527 |

| | | |
|----------------------------------|------------|------------|
| TOTAL ASSET REVALUATION RESERVES | 23,722,248 | 23,722,248 |
|----------------------------------|------------|------------|

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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:

| | 2007 \$ | 2007 Budget \$ | 2006 \$ |
|---------------------------|--------------------------|---|--------------------------|
| Cash and Cash Equivalents | <u>792,624</u> | <u>328,595</u> | <u>531,747</u> |

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

| | | | |
|---|-------------------------|-----------------------|-------------------------|
| Net Result | 700,470 | (32,960) | 887,168 |
| Depreciation | 1,061,747 | 1,238,297 | 843,765 |
| (Increase)/Decrease in Receivables | (3,141) | 11,006 | 326,520 |
| (Profit)/Loss on Sale of Asset | 29,639 | (83,204) | 86,236 |
| Increase/(Decrease) in Payables | 5,360 | 139,675 | (29,016) |
| Increase/(Decrease) in Employee Provisions | 16,524 | 0 | 35,954 |
| Grants/Contributions for the Development of Assets | <u>(395,422)</u> | <u>(696,761)</u> | <u>(846,433)</u> |
| Net Cash from Operating Activities | <u><u>1,415,177</u></u> | <u><u>576,053</u></u> | <u><u>1,304,194</u></u> |

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

| | | |
|--------------------------------------|---------------------|---------------------|
| Bank Overdraft limit | 0 | 0 |
| Bank Overdraft at Balance Date | 0 | 0 |
| Credit Card limit | 7,500 | 7,500 |
| Credit Card Balance at Balance Date | <u>0</u> | <u>0</u> |
| Total Amount of Credit Unused | <u><u>7,500</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>0</u></u> | <u><u>0</u></u> |
|---|-----------------|-----------------|

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| | 2007 | 2006 |
|--|--------|------|
| | \$ | \$ |
| 13. CAPITAL AND LEASING COMMITMENTS | | |
| (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 | 35,073 | 0 |
| - later than one year but not later than five years | 35,073 | 0 |
| - later than five years | 0 | 0 |
| | 70,146 | 0 |
| (c) Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | 0 | 0 |
| - plant & equipment purchases | 46,187 | 0 |
| Payable: | | |
| - not later than one year | 46,187 | 0 |
| 14. 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 2007

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.

| 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY | 2007 | 2006 |
|---|-------------------|-------------------|
| | \$ | \$ |
| General Purpose Funding | 44,514 | 60,789 |
| Law, Order, Public Safety | 5,050 | 3,508 |
| Health | 52,378 | 27,844 |
| Housing | 946,753 | 828,124 |
| Community Amenities | 3,452,449 | 3,919,157 |
| Recreation and Culture | 1,242,520 | 1,503,454 |
| Transport | 46,045,590 | 45,416,793 |
| Economic Services | 711,832 | 389,305 |
| Other Property and Services | 1,291,628 | 1,182,965 |
| Unallocated | 833,355 | 549,848 |
| | <u>54,626,069</u> | <u>53,881,787</u> |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

| 17. FINANCIAL RATIOS | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|
| Current Ratio | 3.94 | 3.67 | 0.54 |
| Untied Cash to Trade Creditors Ratio | 172.58 | 353.96 | 0.02 |
| Debt Ratio | 0.01 | 0.01 | 0.01 |
| Debt Service Ratio | 0.00 | 0.00 | 0.00 |
| Gross Debt to Revenue Ratio | 0.00 | 0.00 | 0.10 |
| Gross Debt to Economically Realisable Assets Ratio | 0.00 | 0.00 | 0.06 |
| Rate Coverage Ratio | 0.51 | 0.60 | 0.42 |
| Outstanding Rates Ratio | 0.02 | 0.01 | 0.02 |

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 2007

18. TRUST FUNDS

Council does not hold any trust funds

19. DISPOSALS OF ASSETS - 2006/07 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) | 20,658 | 20,180 | 17,272 | 30,000 | (3,386) | 9,820 |
| Vehicle (2L) | 22,257 | 11,998 | 16,818 | 30,000 | (5,439) | 18,002 |
| Vehicle (4L) | 0 | 11,997 | 0 | 30,000 | 0 | 18,003 |
| Community Amenities | | | | | | |
| Industrial Land | 0 | 173,859 | 0 | 150,000 | 0 | (23,859) |
| Recreation and Culture | | | | | | |
| Utility - Parks Foreman | 22,663 | 25,117 | 15,000 | 19,000 | (7,663) | (6,117) |
| Transport | | | | | | |
| Grader | 104,491 | 120,017 | 129,000 | 170,000 | 24,509 | 49,983 |
| Utility - Foreman | 39,950 | 45,583 | 27,274 | 43,000 | (12,676) | (2,583) |
| Caravan | 0 | 0 | 272 | 0 | 272 | 0 |
| Caravan | 0 | 0 | 1,636 | 0 | 1,636 | 0 |
| Caravan | 0 | 0 | 2,500 | 2,500 | 2,500 | 2,500 |
| Caravan | 0 | 0 | 2,500 | 2,500 | 2,500 | 2,500 |
| Street Sweeper | 48,958 | 26,907 | 33,000 | 30,000 | (15,958) | 3,093 |
| Other Properties | | | | | | |
| Executive Vehicle (1L) | 41,363 | 42,957 | 33,636 | 50,000 | (7,727) | 7,043 |
| Executive Vehicle (2L) | 25,480 | 25,181 | 17,273 | 30,000 | (8,207) | 4,819 |
| | 325,820 | 503,796 | 296,181 | 587,000 | (29,639) | 83,204 |

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

20. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

(b) New Debentures - 2006/07

Council has no new borrowings in the current financial year.

(c) Unspent Debentures

Not applicable

(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 2007

21. RATING INFORMATION - 2006/07 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 | 600 | 9,486,171 | 664,032 | (8,798) | 0 | 655,234 | 664,032 | (480) | 0 | 663,552 |
| UV-Mining | 10.2500 | 854 | 17,211,688 | 1,764,198 | 21,671 | 0 | 1,785,869 | 1,764,197 | 1,485 | 0 | 1,765,682 |
| UV-Pastoral | 6.5000 | 33 | 702,900 | 48,566 | 0 | 0 | 48,566 | 48,566 | 0 | 0 | 48,566 |
| Sub-Totals | | 1,487 | 27,400,759 | 2,476,796 | 12,873 | 0 | 2,489,669 | 2,476,795 | 1,005 | 0 | 2,477,800 |
| Minimum Rates | Minimum \$ | | | | | | | | | | |
| GRV | 175 | 57 | 24,524 | 9,975 | 0 | 0 | 9,975 | 9,975 | 0 | 0 | 9,975 |
| UV | 175 | 812 | 768,441 | 141,925 | 0 | 0 | 141,925 | 142,100 | 0 | 0 | 142,100 |
| Sub-Totals | | 869 | 792,965 | 151,900 | 0 | 0 | 151,900 | 152,075 | 0 | 0 | 152,075 |
| Specified Area Rate (<i>refer note 23</i>) | | | | | | | 2,641,569 | | | | 2,629,875 |
| | | | | | | | 0 | | | | 0 |
| | | | | | | | 2,641,569 | | | | 2,629,875 |
| Discounts (<i>refer note 24</i>) | | | | | | | 0 | | | | 0 |
| Totals | | | | | | | 2,641,569 | | | | 2,629,875 |

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR

Council did not impose a specified area rate.

23. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

Council does not levy a service fee.

SHIRE OF LEONORA

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2006/07 FINANCIAL YEAR**

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-----------------|------------|--------|----------------------------|-----------------------------|
| Landing Fees | Discount | 100 | 2,500 | 2,500 |
| Housing Rentals | Discount | 100 | 5,200 | 5,200 |
| | | | 7,700 | 7,700 |
| Rate Assessment | Write Offs | | 60,527 | 48,995 |

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 - 2006/07 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|----------------------------|--------------------|---------------------|---------------|------------------------|
| Charges on Instalment Plan | 0 | 30 | 2,235 | 3,842 |
| | | | 2,235 | 3,842 |

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2006, 3rd November 2006, 3rd January 2007 and 3rd March 2007. Administration charges and interest applied for the final three instalments.

SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

| 26. FEES & CHARGES | 2007 | 2006 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| General Purpose Funding | 3,035 | 2,659 |
| Law, Order, Public Safety | 15,266 | 12,922 |
| Health | 720 | 18,773 |
| Education and Welfare | 40,478 | 47,912 |
| Housing | 30,540 | 21,825 |
| Community Amenities | 57,498 | 60,285 |
| Recreation & Culture | 38,301 | 44,015 |
| Transport | 218,108 | 106,528 |
| Economic Services | 60,022 | 57,242 |
| Other Property & Services | 28,770 | 31,162 |
| | <u>492,738</u> | <u>403,323</u> |

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

| 27. GRANT REVENUE | 2007 | 2006 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Grants and Subsidies - operating | 1,300,031 | 1,088,787 |
| Grants and Subsidies - non-operating | 395,422 | 846,433 |
| | <u>1,695,453</u> | <u>1,935,220</u> |
| By Program: | | |
| General Purpose Funding | 929,478 | 924,297 |
| Law, Order, Public Sector | 1,200 | 21,200 |
| Education and Welfare | 134,728 | 17,000 |
| Community Amenities | 0 | 0 |
| Recreation and Culture | 116,325 | 46,000 |
| Transport | 427,222 | 866,232 |
| Economic Services | 86,500 | 60,491 |
| | <u>1,695,453</u> | <u>1,935,220</u> |

| 28. COUNCILLORS' REMUNERATION | 2007 | 2007 | 2006 |
|--|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the president. | | | |
| Meeting Fees | 11,480 | 16,800 | 12,600 |
| President's Allowance | 8,000 | 8,000 | 7,000 |
| Deputy President's Allowance | 1,000 | 1,000 | 1,000 |
| Travelling Expenses | 4,269 | 6,560 | 3,987 |
| Telecommunications Allowance | 4,454 | 4,200 | 4,200 |
| | <u>29,203</u> | <u>36,560</u> | <u>28,787</u> |

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007**

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 \$ | 2007 | 2006 |
|----------------------|----------|----------|
| 130,000 - 139,999 | <u>1</u> | <u>1</u> |

30. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

| 2007 | 2006 |
|-----------|-----------|
| <u>23</u> | <u>19</u> |

31. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the 2006/07 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

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 2007**. 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 2007** 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

Greg Wyllie

G Wyllie CPA
Partner

27 September 2007
PERTH WA

6.2 Principal Activity Summary - Forward Projection to 30th June 2009

| Principal Activity | | |
|--|--------------------|--------------------|
| | 2007-08 | 2008-09 |
| Estimated Expenditure | | |
| Approvals and Inspections | (290,114) | (289,800) |
| Sanitation Facilities & Collection | (122,901) | (125,000) |
| Road Management | (2,692,288) | (2,823,000) |
| Other Asset Acquisition and Replacement | (1,918,000) | (1,008,598) |
| Aerodrome Maintenance | (407,733) | (208,860) |
| Staff Housing | (78,486) | (77,600) |
| Recreation/Aquatic Centre | (407,755) | (406,337) |
| Recreation & Culture | (336,788) | (410,100) |
| Tourism Initiatives | (1,006,469) | (397,000) |
| Sports Club | (1,000,000) | 0 |
| North Leonora Trail | (571,938) | 0 |
| Sale of Single Persons Quarters Otterburn St | (400,000) | 0 |
| Total Estimated Expenditure | (9,232,473) | (5,746,295) |
| Estimated Funding (Excluding General Subsidy) | | |
| Approvals and Inspections | 102,802 | 104,840 |
| Sanitation Facilities & Collection | 59,244 | 59,500 |
| Road Management | 523,183 | 499,000 |
| Other Asset Acquisition and Replacement | 1,410,000 | 403,000 |
| Aerodrome Seal and Maintenance | 266,810 | 137,850 |
| Staff Housing | 39,557 | 39,560 |
| Recreation/ Aquatic Centre | 22,000 | 22,000 |
| Recreation & Culture | 60,000 | 103,000 |
| Tourism Initiatives | 144,800 | 145,000 |
| Sports Club | 850,000 | 0 |
| North Leonora Trail | 338,150 | 0 |
| Sale of Single Persons Quarters Otterburn St | 400,000 | 0 |
| Estimated Subsidy from General Revenue | 5,015,927 | 4,232,545 |
| Total Estimated Funding | 9,232,473 | 5,746,295 |

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 2006/2007.

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 – 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 and 2006/2007 \$314.00. 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:

| | |
|-----------|-----------------|
| 2004/2005 | \$ 1,951,412.00 |
| 2005/2006 | \$ 1,796,067.00 |
| 2006/2007 | \$ 2,346,384.00 |

Comparisons of Road Construction Projects show the following results:

| | | |
|-----------|----|------------|
| 2004/2005 | \$ | 239,472.00 |
| 2005/2006 | \$ | 354,171.00 |
| 2006/2007 | \$ | 592,217.00 |

(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 | \$185,862 | INCOME | \$108,769 |
| 2005/2006 | COSTS | \$179,221 | INCOME | \$106,529 |
| 2006/2007 | COSTS | \$178,948 | INCOME | \$135,387 |

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

- (i) All activities that were continued in 2006/2007 (as in (7) (A) i to v above) will be continued in 2007/2008.

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.

