



Shire of Leonora

ANNUAL REPORT

**For the year ending
30th JUNE 2009**

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MESSAGE FROM THE SHIRE PRESIDENT

This financial year of 2008-2009 started out in great stead with a large Annual Budget focussing strongly on Social and Economic infrastructure to help encourage a cohesive community and reduce the impact of the economic downturn.

The large injection of nearly 1 million dollars in infrastructure spending in town has helped local business with this substantial commitment from Council in an effort to create local employment opportunity. This has flow on effects that benefit the entire community.

According to the Strategic Plan Council will continue to provide Recreation and Social infrastructure in this municipality, and continually strives to enhance the quality of living for all residents within the Shire of Leonora. In 2009-2010 a new 10 year Strategic Plan will be developed in conjunction with community consultation and expectations. This will set a dedicated path for Council to follow for many years to come.

Local Government Reform has been in the limelight in 2009 and will present further challenges to all Councils in Western Australia. This Council is committed to its existing status and will engage with full force to keeps its current identity. The Shire of Leonora has become a member of the Goldfields Voluntary Regional Organisation of Councils which aims to provide a more economically sustainable service to its constituents

through resource sharing on a regional basis.

One aspect of Councils responsibility is to try and enhance the local economy by patronage of local business. Council is heavily committed to this and has made extensive progress in developing tourist routes to attract the ever increasing visitors to this region. A large focus has been "to offer visitors more places to see" in a hope to keep them in the area for a longer period of time. The annual Golden Gift weekend also contributes to this.

Recreation facilities are an ongoing priority for Council with an extensive funding allocation and the continued building of infrastructure to keep up with community needs. Currently the construction of a Sporting Facility at the oval is in progress and will be followed by the construction of a Lawn Bowling Club facility on Gwalia Street.

Council is currently completing a new Industrial Area to provide encouragement for new business in town as well as expansion for current service providers. This has been a major undertaking and has required substantial infrastructure setup including new sealed roads and utility headworks.

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Road maintenance and improvements are an ever continuing focus for Council with over \$1 million being spent in 2008-2009. Several grants were received from Main Roads and the Federal Government's Roads to Recovery program to help offset Council's expenditure of its own funds.

I would like to express my sincere thanks to Cr Graham Dawes who retired from the Shire Presidents position. Graham has provided dedicated leadership to the Shire of Leonora for many years and worked tirelessly to improve and grow the Municipality.

I would also like to thank the Chief Executive Officer Mr Jim Epis for his

loyal service to the Shire of Leonora. Jim has once again undertaken Council priorities in 2008-2009 and delivered them to the community in an efficient and timely manner. I would also like to thank the Town Crew and the Roadworks/Outside Crew for the upkeep and exceptional presentation of Leonora and Leonora's road network.

As with previous years the Shire of Leonora has developed and grown in leaps and bounds in 2008-2009 and with Council commitment this attitude will be carried well into the future.

Finally I would like to wish my fellow Councillors, Staff and the entire community all the very best for the festive season and may you have a prosperous forthcoming year.

Cr Jeff Carter
President
Shire of Leonora

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The year 2008-2009 has seen some exciting progress made by the Shire of Leonora. Council I believe has withstood the pressures of the economic downturn and continued to grow in infrastructure and development. Further capital developments will be continuing into the years ahead as planned and Leonora will remain as the major centre in the Northern Goldfields.

Key initiatives have been the commencement of the Oval Sporting Facility, planning and development of the Lawn Bowling Facility, progress and near completion of the Industrial Area, purchase of a new Council house, Road maintenance and improvements and development of the new Northern Tourist Loops Trail. As per Council policy several items of plant were replaced in 2008-2009.

Council finished the financial year in a financially strong position setting itself up well for future years. Council finished in a surplus position achieved by operating efficiently, which has led to the unexpended funds being able to be allocated to reserve accounts for upcoming capital projects.

Council's support has remained steadfast and progressive throughout the year and is demonstrated by meeting attendances as highlighted below. Dedication of the membership ensures the Shire of Leonora operates as one complete team, being able to achieve anything. During the year Cr Dawes sought and was granted Leave of Absence for a number of months to attend to personal issues in the Eastern States.

COUNCILLOR	MEETING CONVENED	ATTENDED	% ATTENDANCE
J F Carter	11	9	82%
P J Craig	11	10	91%
G R Dawes	11	6	55%
G W Baker	11	10	91%
S J Heather	11	11	100%
N G Johnson	11	7	64%
R A Norrie	11	11	100%
L R Petersen	11	11	100%
J C Kennedy	11	11	100%

As with any good team it's the dedication and commitment of its members that makes a winning combination, and I would like to thank all the staff and Councillors for their perseverance and loyalty over the year in review. 2009/10 is sure to be challenging but we are well placed to succeed.

Jim Epis
Chief Executive Officer
Shire of Leonora

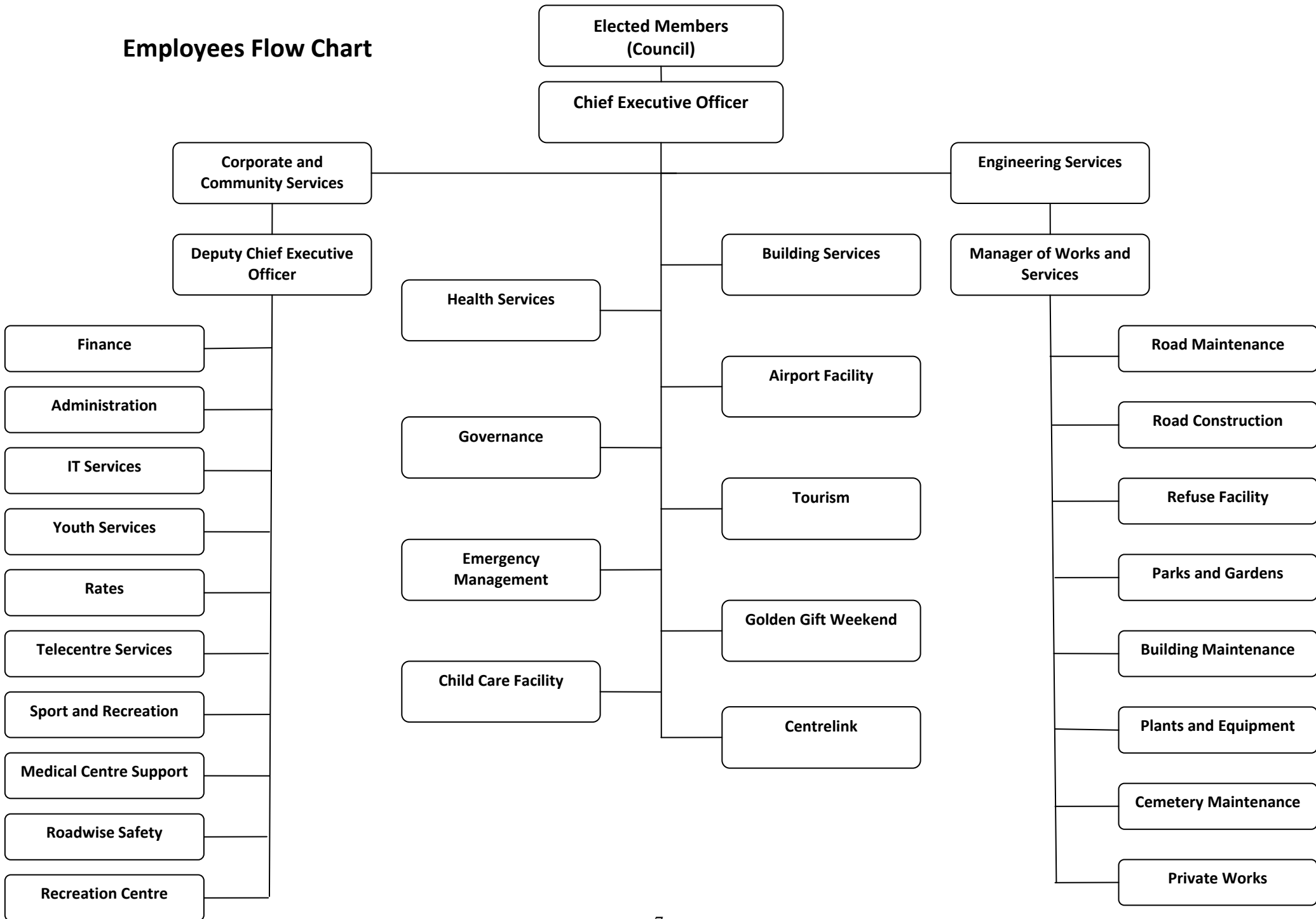
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COUNCILLOR DETAILS

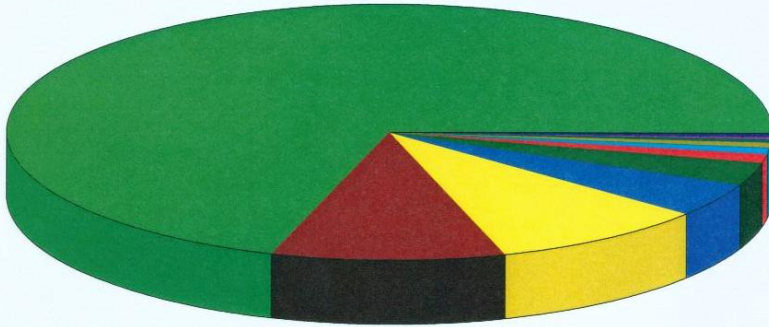
POSITION	WARD	RETIREMENT YEAR	CONTACT	NUMBER
PRESIDENT Mr J F CARTER Clover Downs Station (PO Box 85) LEONORA WA 6438	NORTH	2009	WK HM FAX MOB EMAIL	08 9037 6159 08 9037 6159 0417 981 016 jeff@cloverdowns.com.au
DEPUTY PRESIDENT Mr P CRAIG 9B North Road (PO Box 118) LEINSTER WA 6437	NORTH	2011	WK HM FAX MOB EMAIL	08 9037 9191 08 9037 9054 08 9037 9192 0418 950 572 peter.craig@bagden.com.au
Mr G R DAWES Lot 501 Gwalia Street (PO Box 14) LEONORA WA 6438	SOUTH	2011	WK HM FAX MOB EMAIL	08 9037 6110 08 9037 7077 0419 434 669 gdcdc@msn.com
Mr N G JOHNSON Lot 146 Gwalia Street (PO Box 2) LEONORA WA 6438	SOUTH	2011	WK HM FAX MOB EMAIL	08 9037 6131 08 9037 6264 0418 958 418 ngpjohno@bigpond.com
Ms L R PETERSEN Lot 1114 Gwalia Street (PO Box 69) LEONORA WA 6438	SOUTH	2009	WK HM FAX MOB EMAIL	08 9037 6400 08 9037 6404 0419 177 232 Butsonsbs@westnet.com.au
Mr S J HEATHER Lot 8 Gwalia Street (PO Box 223) LEONORA WA 6438	NORTH	2009	WK HM FAX MOB EMAIL	08 9037 6153 08 9037 6153 0408 996 373 jjheather@bigpond.com
Mr R A NORRIE Lot 260 Queen Victoria (PO Box 397) LEONORA WA 6438	SOUTH	2011	WK HM FAX MOB EMAIL	08 9037 6777 08 9037 7389 08 9037 6788 0409 377 386 rossepa@bigpond.net.au
Mr J C KENNEDY 5 Wildara Way (PO Box 246) LEINSTER WA 6437	NORTH	2011	WK HM FAX MOB EMAIL	08 9037 0737 08 9037 0737 0439 680 404 mariejoe@bigpond.com
Mr GW BAKER "Waarnba" LOC 51 Laverton Road (PO Box 90) LEONORA WA 6438	SOUTH	2009	WK HM FAX MOB EMAIL	08 9037 6090 08 9037 6090 08 9037 6090 sixmile6@bigpond.com

Employees Flow Chart



Income Summary

Income Summary
July 2008 through June 2009

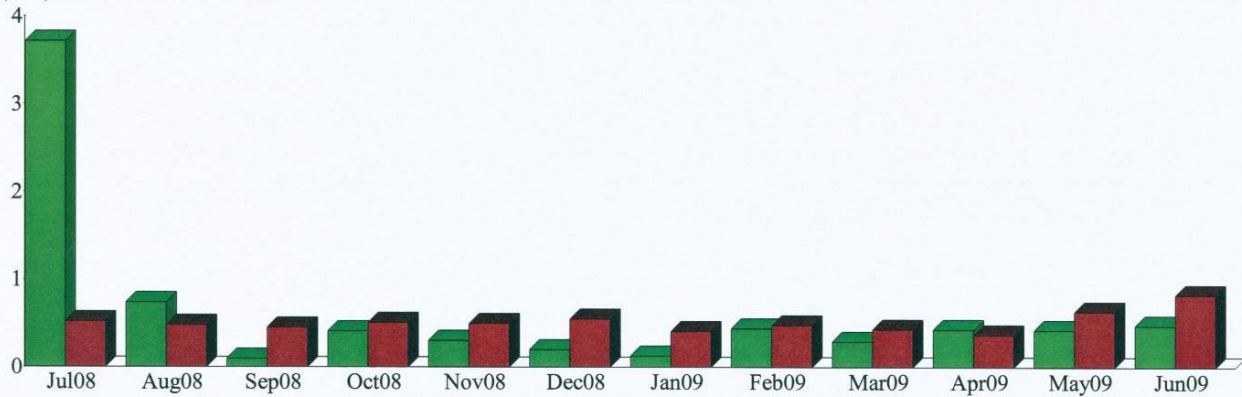


I03 · GENERAL PURPOSE FUNDING	%70.07
I12 · TRANSPORT	9.89
I13 · ECONOMIC SERVICES	9.32
I11 · RECREATION & CULTURE	4.33
I08 · WELFARE AND EDUCATION	2.94
I14 · OTHER PROPERTY & SERVICES	1.17
I10 · COMMUNITY AMENITIES	0.85
I05 · LAW ORDER & PUBLIC SAFETY	0.71
I09 · HOUSING	0.48
I07 · HEALTH	0.22
I04 · GOVERNANCE	0.02
Total	\$7,653,277.10

By Account

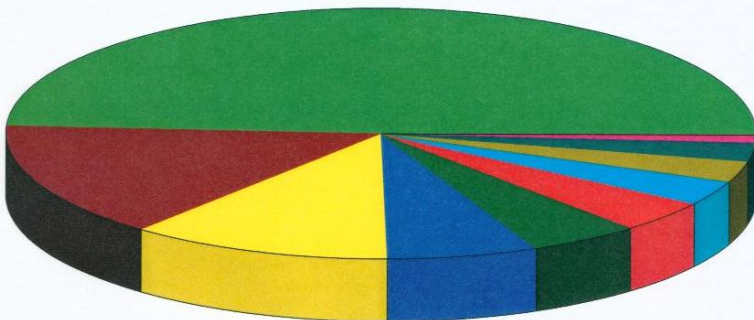
Income and Expense by Month
July 2008 through June 2009

\$ in 1,000,000's



Income
Expense

Expense Summary
July 2008 through June 2009



E12 · TRANSPORT.	%49.32
E11 · RECREATION & CULTURE.	14.84
E13 · ECONOMIC SERVICES.	11.39
E07 · HEALTH.	6.62
E04 · GOVERNANCE.	4.85
E10 · COMMUNITY AMENITIES.	4.22
E08 · EDUCATION AND WELFARE	3.28
E03 · GENERAL PURPOSE FUNDING.	2.79
E05 · LAW ORDER & PUBLIC SAFETY.	2.53
E14 · OTHER PROPERTY & SERVICES.	0.16
Total	\$6,141,482.74

By Account

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GREGORY FROOMES WYLLIE

CERTIFIED PRACTISING ACCOUNTANT

37 APPLEBERRY STREET CHURCHLANDS WA 6018
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FACSIMILE: 08 9427 6289
EMAIL: wyllie@dodo.com.au

10 September 2009

Mr Jim Epis
Chief Executive Officer
Shire of Leonora
PO Box 56
Leonora WA 6438

Dear Jim,

We report having completed our audit for the year end 30 June 2009 and enclose two signed audit reports.

Management Letter

There are no matters we wish to raise in a management letter.

Please let us know if you require further information.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Gregory Froomes Wyllie".

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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 2009**. 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 2009** 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

10 September 2009
PERTH WA

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SHIRE OF LEONORA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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SHIRE OF LEONORA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

**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 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Leonora at 30th June 2009 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 the regulations under that Act.

Signed on the day of 2009.

Jim Epis
Chief Executive Officer

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**SHIRE OF LEONORA
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	21	3,774,562	3,508,399	2,931,070
Operating Grants, Subsidies and Contributions	27	2,396,445	1,572,041	1,638,296
Fees and Charges	26	684,387	453,630	904,567
Interest Earnings	2(a)	85,320	78,400	104,554
Other Revenue		3,394	11,500	27,148
		<u>6,944,108</u>	<u>5,623,970</u>	<u>5,605,635</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(2,026,323)	(2,798,756)	(1,393,185)
Materials and Contracts		(2,497,684)	(1,856,296)	(2,113,584)
Utility Charges		(234,537)	(57,658)	(213,920)
Depreciation on Non-Current Assets	2(a)	(1,078,384)	(1,245,896)	(1,007,043)
Insurance Expenses		(164,724)	(211,500)	(147,775)
Other Expenditure		(86,101)	(33,123)	(216,401)
		<u>(6,087,753)</u>	<u>(6,203,229)</u>	<u>(5,091,908)</u>
		856,355	(579,259)	513,727
Non-Operating Grants, Subsidies and Contributions				
	27	709,167	2,136,293	398,701
Profit on Asset Disposals	19	0	90,000	229,718
Loss on Asset Disposal	19	<u>(53,728)</u>	<u>(21,807)</u>	<u>(312,078)</u>
NET RESULT		<u><u>1,511,794</u></u>	<u><u>1,625,227</u></u>	<u><u>830,068</u></u>

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

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**SHIRE OF LEONORA
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		1,214	1,580	1,411
General Purpose Funding		5,362,287	4,526,572	3,922,115
Law, Order, Public Safety		54,088	34,700	102,315
Health		16,833	17,040	55,984
Education and Welfare		225,341	160,686	152,183
Housing		36,806	37,220	127,490
Community Amenities		65,384	151,000	177,700
Recreation and Culture		331,317	1,439,919	161,678
Transport		757,270	654,531	897,003
Economic Services		713,468	791,015	482,966
Other Property and Services		89,267	36,000	153,209
	2 (a)	7,653,275	7,850,263	6,234,054
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(297,811)	(258,217)	(252,420)
General Purpose Funding		(171,305)	(129,173)	(122,034)
Law, Order, Public Safety		(155,589)	(149,153)	(155,797)
Health		(406,482)	(359,093)	(335,574)
Education and Welfare		(201,648)	(216,973)	(119,264)
Housing		0	0	(2,917)
Community Amenities		(259,079)	(283,222)	(307,926)
Recreation & Culture		(911,695)	(846,046)	(875,183)
Transport		(3,028,699)	(3,113,906)	(2,416,568)
Economic Services		(699,447)	(861,253)	(739,789)
Other Property and Services		(9,726)	(8,000)	(76,514)
	2 (a)	(6,141,481)	(6,225,036)	(5,403,986)
NET RESULT		1,511,794	1,625,227	830,068

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

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SHIRE OF LEONORA BALANCE SHEET AS AT 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,223,895	1,000,172
Trade and Other Receivables	4	262,656	323,799
Inventories	5	32,448	69,871
TOTAL CURRENT ASSETS		<u>2,518,999</u>	<u>1,393,842</u>
NON-CURRENT ASSETS			
Inventories	5	64,258	8,392
Property, Plant and Equipment	6	9,125,259	8,848,460
Infrastructures	7	39,410,764	46,326,516
TOTAL NON-CURRENT ASSETS		<u>48,600,281</u>	<u>55,183,368</u>
TOTAL ASSETS	15	<u>51,119,280</u>	<u>56,577,210</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	107,778	75,824
Provisions	9	169,154	196,327
TOTAL CURRENT LIABILITIES		<u>276,932</u>	<u>272,151</u>
NON-CURRENT LIABILITIES			
Provisions	9	91,817	9,687
TOTAL NON-CURRENT LIABILITIES		<u>91,817</u>	<u>9,687</u>
TOTAL LIABILITIES		<u>368,749</u>	<u>281,838</u>
NET ASSETS		<u>50,750,531</u>	<u>56,295,372</u>
EQUITY			
Retained Surplus		31,224,922	31,193,925
Reserves - Cash Backed	10	1,723,086	242,289
Reserves - Asset Revaluation	11	17,802,523	24,859,158
TOTAL EQUITY		<u>50,750,531</u>	<u>56,295,372</u>

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

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SHIRE OF LEONORA STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		31,193,925	30,287,533
Net Result		1,511,794	830,068
Transfer from/(to) Reserves		(1,480,797)	76,324
Balance as at 30 June 2009		<u>31,224,922</u>	<u>31,193,925</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		242,289	318,613
Amount Transferred (to)/from Retained Surplus		<u>1,480,797</u>	<u>(76,324)</u>
Balance as at 30 June 2009	10	<u>1,723,086</u>	<u>242,289</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		24,859,158	23,722,248
Revaluation Increment		0	1,524,993
Revaluation Decrement		<u>(7,056,635)</u>	<u>(388,083)</u>
Balance as at 30 June 2009	11	<u>17,802,523</u>	<u>24,859,158</u>
TOTAL EQUITY		<u><u>50,750,531</u></u>	<u><u>56,295,372</u></u>

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

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SHIRE OF LEONORA CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,753,426	3,508,399	2,938,677
Operating Grants, Subsidies and Contributions		2,396,445	1,572,041	1,638,296
Fees and Charges		698,040	745,411	814,953
Interest Earnings		85,320	78,400	104,554
Goods and Services Tax		513,425	370,000	308,825
Other Revenue		3,394	11,500	27,148
		<u>7,450,050</u>	<u>6,285,751</u>	<u>5,832,453</u>
Payments				
Employee Costs		(1,933,402)	(2,798,756)	(1,423,185)
Materials and Contracts		(2,466,271)	(1,908,785)	(2,177,684)
Utility Charges		(234,537)	(57,658)	(213,920)
Insurance Expenses		(164,724)	(211,500)	(147,775)
Goods and Services Tax		(444,799)	(370,000)	(396,020)
Other Expenditure		(86,101)	(33,123)	(216,401)
		<u>(5,329,834)</u>	<u>(5,379,822)</u>	<u>(4,574,985)</u>
Net Cash Provided By (Used In) Operating Activities	12(b)	<u>2,120,216</u>	<u>905,929</u>	<u>1,257,468</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(55,866)	(242,000)	0
Payments for Purchase of Property, Plant & Equipment		(852,022)	(2,597,513)	(1,423,931)
Payments for Construction of Infrastructure		(772,317)	(1,318,779)	(744,761)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		709,167	2,136,293	398,701
Proceeds from Sale of Plant & Equipment		74,545	202,000	720,071
Net Cash Provided By (Used In) Investing Activities		<u>(896,493)</u>	<u>(1,819,999)</u>	<u>(1,049,920)</u>
Net Increase (Decrease) in Cash Held		1,223,723	(914,070)	207,548
Cash at Beginning of Year		1,000,172	1,049,883	792,624
Cash and Cash Equivalents at the End of the Year	12(a)	<u>2,223,895</u>	<u>135,813</u>	<u>1,000,172</u>

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

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SHIRE OF LEONORA RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget
REVENUES			
Governance		1,214	1,580
General Purpose Funding		1,587,725	1,018,173
Law, Order, Public Safety		54,088	34,700
Health		16,833	17,040
Education and Welfare		225,341	160,686
Housing		36,806	37,220
Community Amenities		65,384	151,000
Recreation and Culture		331,317	1,439,919
Transport		757,270	654,531
Economic Services		713,468	791,015
Other Property and Services		89,267	36,000
		<u>3,878,713</u>	<u>4,341,864</u>
EXPENSES			
Governance		(297,811)	(258,217)
General Purpose Funding		(171,305)	(129,173)
Law, Order, Public Safety		(155,589)	(149,153)
Health		(406,482)	(359,093)
Education and Welfare		(201,648)	(216,973)
Community Amenities		(259,079)	(283,222)
Recreation & Culture		(911,695)	(846,046)
Transport		(3,028,699)	(3,113,906)
Economic Services		(699,447)	(861,253)
Other Property and Services		(9,726)	(8,000)
		<u>(6,141,481)</u>	<u>(6,225,036)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	19	53,728	(68,193)
Movement in Accrued Salaries and Wages	8	20,693	0
Movement in Employee Benefit Provisions	9	54,957	0
Depreciation on Assets	2(a)	1,078,384	1,245,896
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	(242,000)
Purchase Land and Buildings	6	(596,853)	(2,204,513)
Purchase Infrastructure Assets - Roads	7	(517,477)	(735,000)
Purchase Infrastructure Assets - Other	7	(254,840)	(583,779)
Purchase Plant and Equipment	6	(234,718)	(367,000)
Purchase Furniture and Equipment	6	(20,451)	(26,000)
Proceeds from Disposal of Assets	19	74,545	202,000
Transfers to Reserves (Restricted Assets)	10	(1,481,075)	(1,000)
Transfers from Reserves (Restricted Assets)	10	278	107,476
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,121,413	1,046,886
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		810,378	0
Amount Required to be Raised from Rates	21	<u><u>(3,774,562)</u></u>	<u><u>(3,508,399)</u></u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

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

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

Major infrastructure useful periods are:

Road Seal - Aggregate	25 years
Road (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 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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



**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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



SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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



SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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



SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii) Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
	AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(v)	AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi)	AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(vi)	(Continued)			
	AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
	AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
	AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
	AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2008	1 January 2009	

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi)	Title and Topic (Continued)	Issued	Applicable (*)	Impact
	Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	Interpretation 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

Notes:

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

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES	2009	2008
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Receiving as an Income:		
Significant Revenue		
General Purpose Funding	<u>555,503</u>	<u>0</u>
This significant revenue relates to a grant received for		
Royalties to Regions	304,617	
WA Grants Commission Quarterly	<u>250,886</u>	
Auditors Remuneration		
- Audit	8,250	5,480
- Other Services	250	150
Depreciation		
Land and Buildings	122,633	118,276
Furniture and Equipment	27,107	29,206
Plant and Equipment	297,210	283,525
Roads	505,660	457,388
Other Infrastructure	<u>125,774</u>	<u>118,648</u>
	<u>1,078,384</u>	<u>1,007,043</u>
Interest Expenses		
(ii) Crediting as Revenue:	2009	2009
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	7,007	28,400
- Other Funds	<u>78,313</u>	<u>50,000</u>
	<u>85,320</u>	<u>104,554</u>



SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

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 town sites 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 2009

2. 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 town site 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 Town site.

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 town site.

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 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

Maintenance and improvements of 1300 kilometres of Council controlled unsealed roads, town site 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 town sites 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 Town site.

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.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

	2009	2008
	\$	\$
(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 (i.e. opening balances).		
Grants for Youth Support (Welfare & Education)	56,287	26,648
Grant for Northern Goldfields Recreation Officer (Recreation)	2,600	10,108
Grant for Crime Prevention (Law, Order & Public Safety)	5,095	16,172
	<u>63,982</u>	<u>52,928</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Grant for Northern Goldfields Recreation Officer (Recreation)	22,993	54,000
Grant for Crime Prevention (Law, Order & Public Safety)	4,611	1,320
Grants for Youth Support (Welfare & Education)	24,984	45,692
Grant for Royalties for Regions (General Purpose Fund)	304,618	0
Grant for Playground (Recreation)	7,936	0
Grant for Graffiti Hotspot (Welfare & Education)	20,000	0
		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 Youth Support (Welfare & Education)	0	(16,053)
Grant for Northern Goldfields Recreation Officer (Recreation)	(2,500)	(61,608)
Grant for Crime Prevention (Law, Order & Public Safety)	(5,095)	(12,397)
Closing balances of unexpended grants	<u>441,529</u>	<u>63,882</u>
Comprises:		
Grants for Youth Support (Welfare & Education)	81,271	56,287
Grant for Northern Goldfields Recreation Officer (Recreation)	23,093	2,500
Grant for Crime Prevention (Law, Order & Public Safety)	4,611	5,095
Grant for Royalties for Regions (General Purpose Fund)	304,618	0
Grant for Playground (Recreation)	7,936	0
Grant for Graffiti Hotspot (Welfare & Education)	20,000	0
	<u>441,529</u>	<u>63,882</u>

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**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	59,280	694,001
Restricted	<u>2,164,615</u>	<u>306,171</u>
	<u><u>2,223,895</u></u>	<u><u>1,000,172</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	119,484	71,275
Fire Disaster Reserve	9,755	8,539
Sports Club Reserve	825,458	107,475
Plant Replacement Reserve	56,387	55,000
Annual Leave Reserve	112,002	0
Bowling Green Reserve	600,000	0
Unspent Grants	<u>441,529</u>	<u>63,882</u>
	<u><u>2,164,615</u></u>	<u><u>306,171</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	63,067	41,931
Sundry Debtors	140,289	153,942
GST Receivable	<u>59,300</u>	<u>127,926</u>
	<u><u>262,656</u></u>	<u><u>323,799</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	<u>32,448</u>	<u>69,871</u>
	<u><u>32,448</u></u>	<u><u>69,871</u></u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	2,500	0
Development Costs	<u>61,758</u>	<u>8,392</u>
	<u><u>64,258</u></u>	<u><u>8,392</u></u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	927,674	330,821
Land and Buildings - Management Valuation 2008	6,351,000	6,351,000
Less Accumulated Depreciation	<u>(238,049)</u>	<u>(115,416)</u>
	7,040,625	6,566,405
Furniture and Equipment - Cost	344,689	324,238
Less Accumulated Depreciation	<u>(290,131)</u>	<u>(263,024)</u>
	54,558	61,214
Plant and Equipment - Cost	3,549,429	3,468,235
Less Accumulated Depreciation	<u>(1,519,353)</u>	<u>(1,247,394)</u>
	2,030,076	2,220,841
	<u>9,125,259</u>	<u>8,848,460</u>



**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

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 2008	6,566,405	61,214	2,220,841	8,848,460
Additions	596,853	20,451	234,718	852,022
(Disposals)	0	0	(128,273)	(128,273)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(122,633)	(27,107) 0	(297,210)	(446,950)
Other Movements	0		0	0
Balance as at 30 June 2009	<u>7,040,625</u>	<u>54,558</u>	<u>2,030,076</u>	<u>9,125,259</u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2006	0	49,632,087
Roads - management valuation 2009	49,502,707	0
Roads - Cost	0	1,133,302
Less Accumulated Depreciation	<u>(15,663,960)</u>	<u>(9,881,824)</u>
	33,838,747	40,883,565
Other - Cost	6,146,321	5,891,481
Less Accumulated Depreciation	<u>(574,304)</u>	<u>(448,530)</u>
	5,572,017	5,442,951
	<u>39,410,764</u>	<u>46,326,516</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.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

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.

	<u>Roads</u> \$	<u>Other</u> \$	<u>Total</u> \$
Balance as at 1 July 2008	40,883,565	5,442,951	46,326,516
Additions	517,477	254,840	772,317
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	(7,056,635)	0	(7,056,635)
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	(505,660)	(125,774)	(631,434)
Other Movements	0	0	0
Balance as at 30 June 2009	<u>33,838,747</u>	<u>5,572,017</u>	<u>39,410,764</u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	11,361	17,371
PAYG Payable	38,432	21,160
Accrued Salaries and Wages	57,985	37,293
	<u>107,778</u>	<u>75,824</u>
9. PROVISIONS		
Current		
Provision for Annual Leave	120,070	102,103
Provision for Long Service Leave	49,084	94,224
	<u>169,154</u>	<u>196,327</u>
Non-Current		
Provision for Long Service Leave	91,817	9,687
	<u>91,817</u>	<u>9,687</u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
10. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	71,275	71,275	67,693
Amount Set Aside / Transfer to Reserve	48,275	0	3,582
Amount Used / Transfer from Reserve	(66)	0	0
	<u>119,484</u>	<u>71,275</u>	<u>71,275</u>
(b) Fire Disaster Reserve			
Opening Balance	8,539	8,538	7,156
Amount Set Aside / Transfer to Reserve	1,224	1,000	1,383
Amount Used / Transfer from Reserve	(8)	0	0
	<u>9,755</u>	<u>9,538</u>	<u>8,539</u>
(c) Runway Seal Reserve			
Opening Balance	0	0	142,196
Amount Set Aside / Transfer to Reserve	0	0	6,993
Amount Used / Transfer from Reserve	0	0	(149,189)
	<u>0</u>	<u>0</u>	<u>0</u>
(d) Combined Sporting Reserve			
Opening Balance	107,475	107,476	101,568
Amount Set Aside / Transfer to Reserve	718,098	0	5,907
Amount Used / Transfer from Reserve	(115)	(107,476)	0
	<u>825,458</u>	<u>0</u>	<u>107,475</u>
(e) Plant Replacement Reserve			
Opening Balance	55,000	55,000	0
Amount Set Aside / Transfer to Reserve	1,476	0	55,000
Amount Used / Transfer from Reserve	(89)	0	0
	<u>56,387</u>	<u>55,000</u>	<u>55,000</u>
(f) Bowling Green Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	600,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>600,000</u>	<u>0</u>	<u>0</u>
(g) Annual leave Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	112,002	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>112,002</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u><u>1,723,086</u></u>	<u><u>135,813</u></u>	<u><u>242,289</u></u>



**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

10. RESERVES - CASH BACKED (Continued)

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

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

Long Service Leave Reserve

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

Fire Disaster Reserve

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

Combined Sporting Club Reserve

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

Plant Replacement Reserve

- to be used for the purchase of major plant.

Bowling Green Reserve

- to be used for the maintenance of the bowling green.

Annual Leave Reserve

- this reserve is to offset council's annual leave liability to it's employees.

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

11. RESERVES - ASSET REVALUATION

	2009	2008
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Property, Plant and Equipment		
Balance as at 1 July 2008	127,531	223,721
Revaluation Increment	0	291,893
Revaluation Decrement	0	(388,083)
Balance as at 30 June 2009	127,531	127,531
(b) Roads		
Balance as at 1 July 2008	23,498,527	23,498,527
Revaluation Increment	0	0
Revaluation Decrement	(7,056,635)	0
Balance as at 30 June 2009	16,441,892	23,498,527
(c) Other Infrastructure		
Balance as at 1 July 2008	1,233,100	0
Revaluation Increment	0	1,233,100
Revaluation Decrement	0	0
Balance as at 30 June 2009	1,233,100	1,233,100
TOTAL ASSET REVALUATION RESERVES	17,802,523	24,859,158

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

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:

	2009 \$	2009 Budget \$	2008 \$
Cash and Cash Equivalents	<u>2,223,895</u>	<u>135,813</u>	<u>1,000,172</u>

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

Net Result	1,511,794	1,625,227	830,068
Depreciation	1,078,384	1,245,896	1,007,043
Impairment (Loss)/Reversal	0	0	0
(Profit)/Loss on Sale of Asset	53,728	(68,193)	82,360
(Increase)/Decrease in Receivables	61,143	291,781	(169,202)
(Increase)/Decrease in Inventories	37,423	1,016	(78,263)
Increase/(Decrease) in Payables	31,954	(53,505)	23,931
Increase/(Decrease) in Employee Provisions	54,957	0	(39,768)
Grants/Contributions for the Development of Assets	<u>(709,167)</u>	<u>(2,136,293)</u>	<u>(398,701)</u>
Net Cash from Operating Activities	<u>2,120,216</u>	<u>905,929</u>	<u>1,257,468</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	5,000
Credit Card Balance at Balance Date	<u>965</u>	<u>1,838</u>
Total Amount of Credit Unused	<u>10,965</u>	<u>6,838</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>0</u>	<u>0</u>

Unused Loan Facilities at Balance Date	<u>Nil</u>	<u>Nil</u>
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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

13. CONTINGENT LIABILITIES

There were no known contingent liabilities at balance date.

14. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

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

	2009	2008
	\$	\$
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	14,575	20,652
- later than one year but not later than five years	0	28,842
- later than five years	0	0
	<u>14,575</u>	<u>49,494</u>

(c) Capital Expenditure Commitments

There were no capital expenditure commitments entered into during the year.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

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	2009 \$	2008 \$
Governance	34,600	0
General Purpose Funding	367,685	347,325
Law, Order, Public Safety	14,366	7,520
Health	400,640	0
Education and Welfare	101,271	361,106
Housing	1,497,581	1,149,825
Community Amenities	702,304	728,997
Recreation and Culture	5,152,879	3,414,454
Transport	39,530,575	47,776,841
Economic Services	291,202	217,762
Other Property and Services	2,966,897	1,751,453
Unallocated	59,280	821,927
	<u>51,119,280</u>	<u>56,577,210</u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008	2007
17. FINANCIAL RATIOS			
Current Ratio	3.059	5.415	4.572
Untied Cash to Unpaid Trade Creditors Ratio	1.191	39.952	172.575
Debt Ratio	0.007	0.005	0.005
Debt Service Ratio	0.000	0.000	0.000
Gross Debt to Revenue Ratio	0.000	0.000	0.000
Gross Debt to Economically Realisable Assets Ratio	0.000	0.000	0.000
Rate Coverage Ratio	0.486	0.470	0.508
Outstanding Rates Ratio	0.017	0.014	0.019

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 Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
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	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

18. TRUST FUNDS

The Shire of Leonora does not hold any monies in trust.

19. DISPOSALS OF ASSETS - 2008/09 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						
Executive Vehicle 4L (EHO)	20,318	21,374	12,727	17,000	(7,591)	(4,374)
Executive Vehicle 3L (Doctor)	22,020	22,433	12,727	17,000	(9,293)	(5,433)
Community Amenities						
Sale of Industrial Land		10,000		100,000	0	90,000
Transport						
Utility Safety Officer	26,583	24,000	10,909	15,000	(15,674)	(9,000)
Other Property & Services						
Executive Vehicle 1L	38,673	36,000	25,455	35,000	(13,218)	(1,000)
Executive Vehicle 2L	20,679	20,000	12,727	18,000	(7,952)	(2,000)
	128,273	133,807	74,545	202,000	(53,728)	68,193

Profit		0	90,000
(Loss)		(53,728)	(21,807)
		<u>(53,728)</u>	<u>68,193</u>

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

20. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Council had no loans outstanding and therefore has no loan repayments for the financial year 2008/09.

(b) New Debentures - 2008/09

No new debentures were raised during the financial year 2008/09.

(c) Unspent Debentures

council had no unspent debentures for the financial year 2008/09.

(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 2009

21. RATING INFORMATION - 2008/09 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	7.35	576	9,553,558	643,548	51,533	0	695,082	693,783	0	(480)	693,303
UV Pastoral	6.85	28	707,188	47,754	1,735	0	49,489	49,489	0	0	49,489
UV Other	10.75	1,266	27,178,544	2,626,305	259,330	0	2,885,636	2,558,127	50,000	(50,000)	2,558,127
Sub-Totals		1,870	37,439,290	3,317,608	312,598	0	3,630,206	3,301,399	50,000	(50,480)	3,300,919
Minimum Rates	Minimum \$										
GRV	210	69	34,655	14,490	0	0	14,490	15,330	0	0	15,330
UV Pastoral	210	2	4,668	420	0	0	420	1,050	0	0	1,050
UV Other	210	1,028	1,129,502	215,880	(24,570)	0	191,310	191,100	0	0	191,100
Sub-Totals		1,099	1,168,825	230,790	(24,570)	0	206,220	207,480	0	0	207,480
Write offs							3,836,426				3,508,399
Totals							(61,864)				0
							3,774,562				3,508,399

**SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

22. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

Council did not impose a specified area rate.

23. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

Council did not levy a service charge.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Landing Fees	Discount		3,000	3,000
Housing Rentals	Discount		3,380	3,380
			6,380	6,380
Rate Assessment	Write-Off		61,864	50,000

No discounts, concessions or write offs are offered to ratepayers for 2008-09.

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.

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

25. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Charges on Instalment Plan	0	40	3,590	4,000
			3,590	4,000

No interest is charged on overdue rates.

Ratepayers had the option of paying in four equal instalments, due 35 days after the date of issue of rate notices.

The first instalment was due on the 1st September 2008 and included any arrears and a quarter of the current rates.

The second Instalment was due on the 31st October 2008

The third Instalment was due on the 6th January 2009

Fourth Instalment due on the 31st March 2009

An administration charge of \$40 has been levied per assessment for the pay in four instalment option.

26. FEES & CHARGES	2009 \$	2008 \$
Governance	1,214	720
General Purpose Funding	3,852	2,189
Law, Order, Public Safety	1,533	1,540
Health	1,600	3,676
Education and Welfare	124,190	75,716
Housing	8,716	17,729
Community Amenities	65,176	177,700
Recreation and Culture	42,344	34,684
Transport	322,155	327,060
Economic Services	49,870	193,354
Other Property and Services	63,737	70,199
	<u>684,387</u>	<u>904,567</u>

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

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27. GRANT REVENUE	2009	2008	
	\$	\$	
By Nature and Type:			
Operating Grants, Subsidies and Contributions	2,396,445	1,638,296	
Non-Operating Grants, Subsidies and Contributions	709,167	398,701	
	<u>3,105,612</u>	<u>2,036,997</u>	
By Program:			
Governance	0	691	
General Purpose Funding	1,498,551	884,302	
Law, Order, Public Safety	52,555	89,775	
Health	15,233	52,308	
Education and Welfare	101,151	76,467	
Housing	28,090	18,154	
Community Amenities	208	0	
Recreation and Culture	288,973	126,995	
Transport	435,115	431,831	
Economic Services	663,600	289,612	
Other Property and Services	22,136	66,862	
	<u>3,105,612</u>	<u>2,036,997</u>	
28. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	13,388	16,800	11,760
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	1,000	1,000	1,000
Travelling Expenses	5,843	6,500	4,609
Telecommunications Allowance	3,155	4,200	4,083
	<u>31,386</u>	<u>36,500</u>	<u>29,452</u>
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	2009		2008
\$			
110,000 - 119,999	0		1
120,000 - 129,999	0		1
160,000 - 169,999	1		0
30. EMPLOYEE NUMBERS	2009		2008
The number of full-time equivalent employees at balance date	<u>25</u>		<u>18</u>

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31. MAJOR LAND TRANSACTIONS

Industrial Land Development

(a) Details

This land was acquired during 2007/08 for residential sub-division. Additional costs are to be incurred by Council in developing the 20 residential lots. This is to include the provision of services such as sewerage, power and transport infrastructure.

(b) Current year transactions	2009 \$	2009 Budget \$	2008 \$
Operating Income			
- Profit on sale	0	0	0
Capital Income			
- Sale Proceeds	0	90,000	0
Capital Expenditure			
- Purchase of Land	2,500	0	0
- Development Costs	53,366	242,000	8,392
	55,866	242,000	8,392

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2009.

(c) Expected Future Cash Flows

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows						
- Development Costs	(188,624)	0	0	0	0	(188,624)
- Loan Repayments	0	0	0	0	0	0
	(188,624)	0	0	0	0	(188,624)
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	250,000	0	0	0	0	250,000
	250,000	0	0	0	0	250,000
Net Cash Flows	61,376	0	0	0	0	61,376

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.



**SHIRE OF LEONORA
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FOR THE YEAR ENDED 30TH JUNE 2009**

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,223,895	1,000,172	2,223,895	1,000,172
Receivables	<u>262,656</u>	<u>323,799</u>	<u>262,656</u>	<u>323,799</u>
	<u><u>2,486,551</u></u>	<u><u>1,323,971</u></u>	<u><u>2,486,551</u></u>	<u><u>1,323,971</u></u>
Financial Liabilities				
Payables	<u>107,778</u>	<u>75,824</u>	<u>107,778</u>	<u>75,824</u>
	<u><u>107,778</u></u>	<u><u>75,824</u></u>	<u><u>107,778</u></u>	<u><u>75,824</u></u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.



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33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	3,134	2,123
- Income Statement	3,134	2,123

Notes:

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



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34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	6.15%	12.45%
- Overdue	93.85%	87.55%
Percentage of Other Receivables		
- Current	73.06%	61.79%
- Overdue	26.94%	38.21%

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SHIRE OF LEONORA NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

33. FINANCIAL RISK MANAGEMENT (Continued) (c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2009</u>					
Payables	<u>107,778</u>	<u>0</u>	<u>0</u>	<u>107,778</u>	<u>107,778</u>
	<u>107,778</u>	<u>0</u>	<u>0</u>	<u>107,778</u>	<u>107,778</u>
<u>2008</u>					
Payables	<u>75,824</u>	<u>0</u>	<u>0</u>	<u>75,824</u>	<u>75,824</u>
	<u>75,824</u>	<u>0</u>	<u>0</u>	<u>75,824</u>	<u>75,824</u>



8.0 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 2008/2009.

8.1 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.



8.2 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.

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9.0 OVERVIEW OF THE PLAN FOR THE FUTURE

PLAN FOR THE FUTURE MAJOR INITIATIVE	COMPLETION	BUDGET
Bowling Club Facility	2010-2011	\$2,000,000
Oval Sporting Facility	2009-2010	\$1,200,000
Leonora Northern Heritage Trail	2009-2010	\$215,000
Industrial Land Development	2009-2010	\$171,000
Plant Replacement As Per Policy	2009-2010	\$1,000,000

NEW INITIATIVES NOT IN THE PLAN FOR THE FUTURE	COMPLETION	BUDGET
Heating of Swimming Pool (Subject to Funding)	2009/2010	\$250,000
New Council House	2009/2010	\$300,000
Purchase of Youth Services Building	2009/20010	\$250,000
Improvements to Cemetery Entrance	2009/2010	\$60,000
Office Restructure	2009/2010	\$150,000



10.0 DISABILITY ACCESS INCLUSION PLAN (DIAP)

- (A) The Shire of Leonora is required to comply with the State Government imposed Disability Services Act (1993).
- (B) A Disability Access Inclusion Plan 2006-2010 has been approved with the following principal intent.
 - (i) Existing services are adapted to ensure they meet the needs of people with disabilities.
 - (ii) Access to buildings and facilities are improved.
- (C) The following delivery of services was implemented in the reporting year.
NIL



11.0 RECORD KEEPING PLAN

STATE RECORDS ACT 2000

- (A) The Shire of Leonora is required to comply with the abovementioned State Government imposed Legislation.
- (B) A Record Keeping Plan has been produced and approved by the State Records Commission for a period of 5 years to the 30th June, 2012. This plan must be reviewed prior to 8th October, 2012.
- (C) In accordance with minimum compliance requirements of Principle 6 of the State Records Commission – Standard 2, the following has been implemented:
 - 1. The efficiency and effectiveness of Councils Record Keeping Systems is evaluated not less than once every three years.
 - 2. The Council conducts a Record Keeping Training program.
 - 3. The efficiency and effectiveness of the Record Keeping Training program is reviewed from time to time.
 - 4. The Council's induction program addresses employee roles and responsibilities in regard to their compliance with Council's Record Keeping Plan.