

Annual Report

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Old Mt Gould Police Station



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Shire Presidents Report

It is a pleasure to report on another successful year for the Shire of Meekatharra. Our staff and contractors have completed some relatively large projects whilst managing to keep up with the many compliance tasks and maintain sound governance and management processes.

My thanks and appreciation to our Deputy Shire President, Cr Norm Trenfield for his support and valuable input during the year. Thanks also to all our Councillors for their dedication and hard work during the year.

This year was our first full financial year under a revised structure. The revised structure is working very well and it is pleasing to note that our CEO, Roy McClymont, and his staff have managed to fill all key positions within our structure – quite an achievement in a very tough labour market.

The State Government, Federal Government and agencies continue to increase Councils compliance responsibilities. Unfortunately every time we absorb these extra tasks and duties into our existing structure it means our staff have less time to spend on core tasks and services.

In February 2009, the Minister for Local Government announced his plans for the reform of local government. Our Council has responded, as required, to the Ministers requests for information and whilst we have some reservations about the methods and processes used during this reform process, we believe that Meekatharra is very well placed to continue to operate as a single, unaltered, entity.

Council maintains a sound overall financial position with no debt and adequate cash reserves.

Tom Hutchinson
Shire President



Chief Executive Officers Report

Thanks go to all our staff and contractors for their dedication, hard work and assistance during the year.

Sincere thanks to Shire President Tom Hutchinson for his ongoing support and encouragement. Thanks also to all our Shire Councillors for their fine work and contributions during the year.

During the year we welcomed the following officers to our Shire: Alan Haslett, Works and Services Manager; Stella Johnson, Community Development/Admin Officer, Lauren Howden as Admin Assistant then promoted to Debtor/Creditor Officer; Rachel Hucks, Admin Assistant and Veronica Lambrecht, Customer Service Officer. As is most often the case in the current WA labour market, we also saw a number of changes in our outside operations crews.

Special thanks go to our grader operators for their excellent work this year – Leading Hand (Construction) Adrian Baumgarten and Maintenance Grader Michael Walley.

Our major road works this year were focused mainly on Landor Road (\$1,063,227), Sandstone Road (\$576,409), Mt Clere Road (\$336,081) and Ashburton Downs Road (\$243,629). A total of \$2.5 million dollars was spent on capital improvements to our road network.

Council continued its program to upgrade and renew its housing and accommodation. Over a million dollars was spent on two new managers' residences and a number of house renovations.

Council continues to strongly support community facilities, programs and events with over \$800,000 being spent during the year on community development, youth and recreation program and facilities.

Council also completed construction of a new squash court – the first in Meekatharra. The court was built using a new contemporary design – a first in Western Australia. Regional and Local Community Infrastructure Program funds of \$100,000 provided by the Federal Government were used for this project along with a Council contribution of \$35,000 towards the total project cost of \$135,000. The new squash court expands Meekatharra's impressive range of sporting facilities.

A special note of appreciation and gratitude goes to my three most senior officers; Cameron Watson, Alan Haslett and Stella Johnson – thank you for your commitment, support and loyalty during the year.

Roy McClymont
Chief Executive Officer

Disability Access and Inclusion Plan

The *disability Services Act 1993* was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

Council adopted a DAIP in June 2007 for implementation in July 2007. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organized by the Shire.
2. Council ensures that new buildings and footpath infrastructure are both wheelchair and gopher accessible.
3. Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it.
4. Staff is always encouraged to be aware of the need of people with disabilities to ensure they receive the same level and quality of service as other people receive. We are also working with our contractors to ensure they are aware of their responsibilities.
5. People with disabilities have the same opportunities as other people to make complaints to the staff, this can be via written letters, email or verbally.
6. Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

Record Keeping Plan

The *State Records Act 2000* requires that the Shire maintains and disposes of all records in the prescribed manner. An organisation and its employees must comply with the organisations record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisations record keeping system is evaluated not less than once every 5 years.
2. The organisation 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 organisations induction program address employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

National Competition Policy

In respects to Councils responsibilities in relation to National Competition Policy, the Shire reports the following:

1. Council does not undertake any business enterprises that are classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
2. Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
3. The principals of competitive neutrality were implemented in respect of any relevant activity undertaken during the 2008/09 financial year.

Freedom of Information

Part 5 of the *Freedom of Information Act 1992* requires an agency such as Local Governments to prepare and publish an information statement. The Shire of Meekatharra has produced an Information Statement which can be inspected via Councils website or by contacting the Shire Office.

The information statement contains information on the type of documents available to the public and how to access those documents.

Public Interest Disclosures

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information and provides protection for those making such disclosures and those who are the subject of disclosure. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive office has complied with all obligations under the Act including:

1. Appointing the Community Development/Administration Officer as the PID Officer for the organisation
2. Publishing an internal procedure relating to the Shires obligations
3. Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

Plan for the future of the District

The changes to the *Local Government Act 1995* replaced the need for a Principal Activities Plan with the need to Plan for the Future of the District. Council adopted a Plan for the Future during 2006/07 financial year. The Plan for the Future is for the period July 2007 to June 2011.

A copy of the plan is available at the Shire Office if you wish to peruse it.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

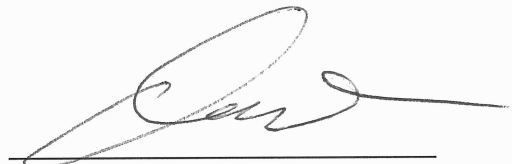
LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Meekatharra being the annual financial report, supporting notes 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 Meekatharra as at 30 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 18th December 2009



R McClymont
Chief Executive Officer

*The Shire of Meekatharra
Main Street
Meekatharra WA 6642*

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

INCOME STATEMENT BY PROGRAMME

	NOTE	2008/2009	2008/2009	2007/2008
		Actual	Budget	Actual
		\$	\$	\$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		457	7,600	0
General Purpose Funding		5,573,218	4,840,174	4,600,826
Law, Order, Public Safety		30,065	31,400	34,656
Health		500	4,250	250
Education and Welfare		165,752	155,052	188,230
Housing		18,221	23,540	10,504
Community Amenities		87,614	102,710	96,777
Recreation and Culture		141,106	44,050	47,855
Transport		2,546,894	1,511,420	2,169,772
Economic Services		168,877	364,662	62,721
Other Property and Services		38,684	42,100	61,959
		<u>8,771,388</u>	<u>7,126,958</u>	<u>7,273,550</u>
EXPENSES FROM ORDINARY ACTIVITIES				
(Excluding Borrowing Costs expense)				
Governance		311,145	341,357	331,277
General Purpose Funding		166,784	240,792	140,250
Law, Order, Public Safety		104,613	114,130	151,295
Health		58,042	132,320	54,760
Education and Welfare		347,252	459,999	377,588
Housing		88,139	21,840	3,318
Community Amenities		325,510	418,579	280,866
Recreation & Culture		627,191	790,295	570,561
Transport		2,728,914	2,985,081	2,878,196
Economic Services		300,715	410,292	174,841
Other Property and Services		421,481	14,700	259,463
		<u>5,479,786</u>	<u>5,929,385</u>	<u>5,222,415</u>
Net Result		<u>3,291,602</u>	<u>1,197,573</u>	<u>2,051,135</u>

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

INCOME STATEMENT BY NATURE OR TYPE

	NOTE	2008/2009 Actual \$	2008/2009 Budget \$	2007/2008 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	16	1,978,990	1,877,370	1,712,454
Grants,Subsidies,Contributions - Operating	9	3,365,590	2,750,664	2,598,569
Fees and Charges	21	747,675	1,040,040	894,816
Interest Earnings	1	508,440	608,500	614,221
Other Revenue		83,515	5,750	9,696
		<u>6,684,210</u>	<u>6,282,324</u>	<u>5,829,756</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		1,137,429	1,508,014	1,137,429
Materials and Contracts		1,532,346	2,092,351	1,493,320
Utilities (gas, electricity, water, etc)		156,251	204,746	166,605
Depreciation on Non-current Assets	1	2,425,022	2,222,065	2,227,948
Insurance		179,755	197,209	190,083
Other Expenses		44,685	15,000	1,026
		<u>5,475,488</u>	<u>6,239,385</u>	<u>5,216,411</u>
		1,208,722	42,939	613,345
Grants,Subsidies,Contributions - Non Operatir	9	2,055,880	1,092,634	1,441,355
Profit on Asset Disposals	28(b)	31,298	62,000	2,439
Loss on Asset Disposals	28(b)	(4,298)	0	(6,004)
NET RESULT		<u><u>3,291,602</u></u>	<u><u>1,197,573</u></u>	<u><u>2,051,135</u></u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

BALANCE SHEET

	NOTE	2008/2009 Actual \$	2007/2008 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	2	8,792,791	8,268,696
Trade and Other Receivables	3	804,295	231,283
Inventories	3	80,075	110,866
TOTAL CURRENT ASSETS		9,677,161	8,610,845
NON-CURRENT ASSETS			
Property, Plant and Equipment	5(a)	6,492,679	5,171,819
Infrastructure	5(b)	19,727,008	18,848,198
TOTAL NON-CURRENT ASSETS		26,219,687	24,020,017
TOTAL ASSETS		35,896,848	32,630,862
CURRENT LIABILITIES			
Trade and Other Payables	6	345,460	346,826
Provisions	7	68,690	80,388
TOTAL CURRENT LIABILITIES		414,150	427,214
NON-CURRENT LIABILITIES			
Provisions	7	8,183	20,735
TOTAL NON-CURRENT LIABILITIES		8,183	20,735
TOTAL LIABILITIES		422,333	447,949
NET ASSETS		35,474,515	32,182,913
EQUITY			
Retained Surplus		26,734,985	23,299,018
Reserves - Cash Backed	8	5,870,681	6,015,046
Reserves - Asset Revaluation	8	2,868,849	2,868,849
TOTAL EQUITY		35,474,515	32,182,913

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

STATEMENT OF CHANGES IN EQUITY

	NOTE	2008/2009 Actual \$	2007/2008 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2008		23,299,018	22,445,705
Net Result		3,291,602	2,051,135
Transfer from/(to) Reserves		144,365	(1,197,822)
Balance as at 30 June 2009		<u>26,734,985</u>	<u>23,299,018</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		6,015,046	4,817,224
Amount Transferred (to)/from Retained Surplus		(144,365)	1,197,822
Balance as at 30 June 2009	8	<u>5,870,681</u>	<u>6,015,046</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2009	8	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL EQUITY		<u><u>35,474,515</u></u>	<u><u>32,182,913</u></u>

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

CASH FLOW STATEMENT

	NOTE	2008/2009 Actual \$	2008/2009 Budget \$	2007/2008 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,592,591	1,877,370	1,697,009
Grants, Subsidies, Contributions		3,278,677	2,750,664	2,598,569
Fees and Charges		740,505	1,069,140	895,353
Interest Earnings		508,440	608,500	614,221
Goods and Services Tax		552,971	235,000	398,955
Other		83,515	5,750	9,696
		<u>6,756,699</u>	<u>6,546,424</u>	<u>6,213,803</u>
Payments				
Employee Costs		(1,122,633)	(1,510,640)	(1,129,692)
Materials and Contracts		(1,577,157)	(2,055,864)	(1,647,050)
Utilities (gas, electricity, water, etc)		(147,080)	(204,746)	(166,605)
Insurance		(179,755)	(197,209)	(190,083)
Goods and Services Tax		(508,660)	(235,000)	(430,795)
Other		(18,666)	(15,000)	30,295
		<u>(3,553,951)</u>	<u>(4,218,459)</u>	<u>(3,533,930)</u>
Net Cash Provided By (Used In) Operating Activities	10(b)	<u>3,202,748</u>	<u>2,327,965</u>	<u>2,679,873</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,112,706)	(2,741,984)	(484,538)
Payments for Construction of Infrastructure		(2,654,896)	(3,352,902)	(2,509,259)
Grants and Contributions for the Development of Assets		1,919,040	1,092,634	1,520,882
Proceeds from Sale of Plant & Equipment		169,910	213,000	32,939
Net Cash Provided By (Used In) Investing Activities		<u>(2,678,652)</u>	<u>(4,789,252)</u>	<u>(1,439,976)</u>
Cash Flows from Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		524,096	(2,461,287)	1,239,897
Cash at Beginning of year		8,268,696	8,254,829	7,028,799
Cash at End of Year	10(a)	<u><u>8,792,791</u></u>	<u><u>5,793,542</u></u>	<u><u>8,268,696</u></u>

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

RATE SETTING STATEMENT

	NOTE	2008/2009 Actual \$	2008/2009 Budget \$	2008/2009 Actual \$
OPERATING REVENUES				
Governance		457	7,600	0
General Purpose Funding		3,594,228	2,962,804	2,888,372
Law, Order, Public Safety		30,065	31,400	34,656
Health		500	4,250	250
Education and Welfare		165,752	155,052	188,230
Housing		18,221	23,540	10,504
Community Amenities		87,614	102,710	96,777
Recreation and Culture		141,106	44,050	47,855
Transport		2,546,894	1,511,420	2,169,772
Economic Services		168,877	364,662	62,721
Other Property and Services		38,684	42,100	61,959
		<u>6,792,398</u>	<u>5,249,588</u>	<u>5,561,096</u>
OPERATING EXPENSES				
Governance		(311,145)	(341,357)	(331,277)
General Purpose Funding		(166,784)	(240,792)	(140,250)
Law, Order, Public Safety		(104,613)	(114,130)	(151,295)
Health		(58,042)	(132,320)	(54,760)
Education and Welfare		(347,252)	(459,999)	(377,588)
Housing		(88,139)	(21,840)	(3,318)
Community Amenities		(325,510)	(418,579)	(280,866)
Recreation & Culture		(627,191)	(790,295)	(570,561)
Transport		(2,728,914)	(2,985,081)	(2,878,196)
Economic Services		(300,715)	(410,292)	(174,841)
Other Property and Services		(421,481)	(14,700)	(259,463)
		<u>(5,479,786)</u>	<u>(5,929,385)</u>	<u>(5,222,415)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals		(27,000)	(62,000)	3,565
Depreciation on Assets		2,425,022	2,222,065	2,227,948
Movement in Employee Benefits		(24,250)	0	4,202
Capital Expenditure and Income				
Purchase Land and Buildings		(1,170,156)	(1,487,191)	(258,530)
Purchase Infrastructure Assets - Roads		(2,594,838)	(2,913,299)	(2,509,259)
Purchase Plant and Equipment		(921,520)	(1,183,300)	(169,763)
Purchase Furniture and Equipment		(21,030)	(71,493)	(56,245)
Purchase Infrastructure - Other		(60,058)	(439,603)	0
Proceeds from Disposal of Assets		169,910	213,000	32,939
Repayment of Debentures		0	0	0
Proceeds from Debentures		0	0	0
Transfers to Reserves (Restricted Assets)		(744,635)	(759,357)	(1,201,692)
Transfers from Reserves (Restricted Assets)		889,000	889,000	3,870
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,248,973	2,394,605	2,120,804
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		3,461,020	0	2,248,974
Amount Req'd to be Raised from Rates	16	<u>(1,978,990)</u>	<u>(1,877,370)</u>	<u>(1,712,454)</u>

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

SHIRE OF MEEKATHARRA

Notes to and forming part of the FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

1. REVENUES AND EXPENSES	NOTE	2008/2009 Actual \$	2007/2008 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		13,384	17,180
- Other Services		0	0
Doubtful Debts			
- Rate Debtors		0	29,298
- Sundry Debtors		1,179	870
Depreciation			
	5		
- Buildings		116,083	120,605
- Furniture and Equipment		38,542	33,401
- Machinery & Equipment		12,735	17,480
- Plant		481,576	466,280
- Infrastructure - Roads		1,521,205	1,346,875
- Infrastructure - Airport		159,728	158,453
- Infrastructure - Other		95,153	84,854
		2,425,022	2,227,948
Rental Charges			
- Operating leases		0	5,340
(ii) Crediting as Revenues:			
		2008/2009 Actual \$	2008/2009 Budget \$
			2007/2008 Actual \$
Interest Earnings			
- Investments			
- Reserve Funds		357,278	372,000
- Municipal Funds		99,885	220,490
- Other Interest Earnings	20	51,277	19,670
		508,440	614,221

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	2008/2009 Actual \$	2007/2008 Actual \$
2. CASH AND CASH EQUIVALENTS			
Cash on Hand		600	600
Cash at Bank		8,792,191	8,268,096
		<u>8,792,791</u>	<u>8,268,696</u>
Represented by:			
Unrestricted		1,905,912	1,651,817
Restricted		6,886,879	6,616,879
		<u>8,792,791</u>	<u>8,268,696</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	8	1,423,136	1,531,188
Building Reserve	8	735,770	980,192
Shire Water Reserve	8	129,463	122,205
Airport Runway Reserve	8	1,911,223	1,804,066
Airport Operations Reserve	8	674,290	636,484
Transport Reserve	8	295,636	279,061
Infrastructure & Development Reserve	8	660,643	623,602
Long Service Leave Reserve	8	40,520	38,248
	<i>sub total</i>	5,870,681	6,015,046
Unspent Grants	9	1,016,198	601,833
		<u>6,886,879</u>	<u>6,616,879</u>
3. TRADE and OTHER RECEIVABLES			
Current			
Rates Outstanding		492,423	135,322
Sundry Debtors		296,920	65,591
Tax Receivable		16,227	60,538
Less Provision for Doubtful Debts		(1,275)	(30,168)
		<u>804,295</u>	<u>231,283</u>
4. INVENTORIES			
Current			
Stores and Materials - at cost		80,075	110,866
		<u>80,075</u>	<u>110,866</u>

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual \$	2008 Actual \$
5a. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings - Cost	5,563,361	4,393,206
Less Accumulated Depreciation	<u>(1,966,604)</u>	<u>(1,850,522)</u>
	3,596,757	2,542,684
Furniture and Equipment - Cost	422,417	401,387
Less Accumulated Depreciation	<u>(292,714)</u>	<u>(254,172)</u>
	129,703	147,215
Machinery & Equipment - Cost	236,653	236,653
Less Accumulated Depreciation	<u>(203,103)</u>	<u>(190,368)</u>
	33,550	46,285
Plant - Cost	5,811,507	5,262,372
Less Accumulated Depreciation	<u>(3,078,838)</u>	<u>(2,826,737)</u>
	2,732,669	2,435,635
Shire Water Scheme	0	38,709
Less Accumulated Depreciation	<u>0</u>	<u>(38,709)</u>
	0	0
	<u>6,492,679</u>	<u>5,171,819</u>

All property, plant and equipment asset classes are carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

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 \$	Machinery & Equipment \$	Plant \$	Shire Water Scheme \$	Total \$
Balance as at 1 July 2008	2,542,684	147,215	46,285	2,435,635	0	5,171,819
Additions	1,170,156	21,030	0	921,520	0	2,112,706
Disposals	0	0	0	(372,385)	(38,709)	(411,094)
Revaluations - Increment	0	0	0	0	0	0
- (Decrement)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation Operating Expense	(116,083)	(38,542)	(12,735)	(481,576)	0	(648,936)
Depreciation Written back				229,475	38,709	268,184
Balance as at 30 June 2009	<u>3,596,757</u>	<u>129,703</u>	<u>33,550</u>	<u>2,732,669</u>	<u>0</u>	<u>6,492,679</u>

SHIRE OF MEEKATHARRA

Notes to and forming part of the FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual \$	2008 Actual \$
5b. INFRASTRUCTURE		
Roads - Cost	34,900,841	32,306,003
Less Accumulated Depreciation	<u>(18,231,950)</u>	<u>(16,710,745)</u>
	16,668,891	15,595,258
Airport - Cost	3,280,950	3,262,870
Less Accumulated Depreciation	<u>(2,160,610)</u>	<u>(2,000,882)</u>
	1,120,340	1,261,988
Infrastructure Other - Cost	2,579,851	2,537,873
Less Accumulated Depreciation	<u>(642,074)</u>	<u>(546,921)</u>
	1,937,777	1,990,952
	<u>19,727,008</u>	<u>18,848,198</u>

Council have adopted a policy of revaluing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy accords with AASB.

Movements in Carrying Amounts

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

	Roads \$	Airport \$	Other \$	Total \$
Balance as at 1 July 2008	15,595,258	1,261,988	1,990,952	18,848,198
Additions	2,594,838	18,080	41,978	2,654,896
Disposals	0	0	0	0
Revaluations - Increment	0	0	0	0
- (Decrement)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation Expense	(1,521,205)	(159,728)	(95,153)	(1,776,086)
Depreciation Written back				
Balance as at 30 June 2009	<u>16,668,891</u>	<u>1,120,340</u>	<u>1,937,777</u>	<u>19,727,008</u>

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

NOTES	2008/2009 Actual \$	2007/2008 Actual \$
6. TRADE AND OTHER PAYABLES		
Current		
Creditors - Sundry	170,809	231,785
Excess Rates	127,058	101,039
GST Payable	0	0
Accrued Salaries and Wages	12,011	14,002
PAYG & FBT Liability	35,582	0
	<u>345,460</u>	<u>346,826</u>
7. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	60,397	72,927
Provision for Long Service Leave	8,293	7,461
	<u>68,690</u>	<u>80,388</u>
Non Current		
Provision for Long Service Leave	8,183	20,735
	<u>8,183</u>	<u>20,735</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	2009 Actual \$	2009 Budget \$	2008 Actual \$
8. RESERVES - CASH BACKED				
(a) Plant Reserve	2			
Opening Balance		1,531,188	1,527,221	1,307,648
Amount Set Aside / Transfer to Reserve		90,948	101,000	223,540
Amount Used / Transfer from Reserve		(199,000)	(199,000)	0
		<u>1,423,136</u>	<u>1,429,221</u>	<u>1,531,188</u>
(b) Building Reserve	2			
Opening Balance		980,192	983,952	254,778
Amount Set Aside / Transfer to Reserve		445,578	407,057	725,414
Amount Used / Transfer from Reserve		(690,000)	(690,000)	0
		<u>735,770</u>	<u>701,009</u>	<u>980,192</u>
(c) Shire Water Reserve				
Opening Balance		122,205	121,880	113,399
Amount Set Aside / Transfer to Reserve		7,258	8,700	8,806
Amount Used / Transfer from Reserve		0	0	0
		<u>129,463</u>	<u>130,580</u>	<u>122,205</u>
(d) Airport Runway (Capital) Reserve	2			
Opening Balance		1,804,066	1,798,916	1,674,073
Amount Set Aside / Transfer to Reserve		107,157	129,300	129,993
Amount Used / Transfer from Reserve		0	0	0
		<u>1,911,223</u>	<u>1,928,216</u>	<u>1,804,066</u>
(e) Airport Operating Reserve	2			
Opening Balance		636,484	634,674	590,622
Amount Set Aside / Transfer to Reserve		37,806	45,600	45,862
Amount Used / Transfer from Reserve		0	0	0
		<u>674,290</u>	<u>680,274</u>	<u>636,484</u>
(f) Transport Reserve	2			
Opening Balance		279,061	278,280	258,953
Amount Set Aside / Transfer to Reserve		16,575	20,000	20,108
Amount Used / Transfer from Reserve		0	0	0
		<u>295,636</u>	<u>298,280</u>	<u>279,061</u>
(g) Infrastructure & Economic Development Reserve	2			
Opening Balance		623,602	619,262	578,668
Amount Set Aside / Transfer to Reserve		37,041	44,700	44,934
Amount Used / Transfer from Reserve		0	0	0
		<u>660,643</u>	<u>663,962</u>	<u>623,602</u>
(h) LSL Reserve	2			
Opening Balance		38,248	38,135	39,083
Amount Set Aside / Transfer to Reserve		2,272	3,000	3,035
Amount Used / Transfer from Reserve		0	0	(3,870)
		<u>40,520</u>	<u>41,135</u>	<u>38,248</u>
Total Cash Backed Reserves		<u><u>5,870,681</u></u>	<u><u>5,872,677</u></u>	<u><u>6,015,046</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

8. RESERVES - CASH BACKED (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions and are included in the amount shown as restricted cash at note 4.

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

Plant Reserve

- to be used to fund major plant acquisitions on an ongoing basis.

Building Reserve

- to be used for the future building requirements for Council purposes.

Shire Water Reserve

- to be used for capital water requirements of parks and gardens administered by the Shire.

Airport Runway Capital Reserve

- to be used for future capital construction requirements of the airport runway.

Airport Operating Reserve

- to be used for capital improvement for the airport support infrastructure.

Transport Reserve

- to be used for the expansion of the road network that cannot be met by operating income.

Infrastructure & Economic Development Reserve

- to be used to develop existing town infrastructure of a commercial or non-commercial nature and fund projects deemed by Council to provide a necessary long term employment or economic benefit to the community.

Long Service Leave Reserve

- to be used for the future pay of staff proceeding on Long Service Leave.

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

Given the high proportion of the Council's rate revenue being generated from mining activity, the Council is largely dependent on that revenue to provide essential services to the region. Due to the fluctuating nature of that industry and hence the flow-on effect on the Shire's revenue the Council believes it is vital to maintain sufficient reserves to maintain services and infrastructure during protracted downturns in mining activity.

RESERVES - ASSET REVALUATION

**2009
Actual
\$**

**2008
Actual
\$**

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

(a) Roads

Balance as at 1 July 2008	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>2,868,849</u></u>	<u><u>2,868,849</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

9. ECONOMIC DEPENDANCY AND GRANTS

A significant portion of Revenue is received by way of grants from the State and Federal Governments.

Grants recognised as revenue in a particular year are not necessarily expended in the same year.

		2007/2008	2008/2009	2008/2009	2008/2009
Government Source	Purpose of Grant or Contribution	Grants Unspent Brought Forward	Grants Received	Grants Expended	Unexpended Grants
CONTRIBUTIONS					
Various		0	150,103	150,103	0
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant	0	1,945,374	1,945,374	0
Grants Commission	Untied Roads Financial Grant	0	1,134,385	1,134,385	0
		0	3,079,759	3,079,759	0
LAW, ORDER, & PUBLIC SAFETY					
FESA Operational Grant	Fire Prevention	0	9,815	9,815	0
FESA Operational Grant	SES Services	0	17,445	17,445	0
Safer WA (Dept of Justice)	Community Safety & Crime Prevention	1,802	1,200	0	3,002
		1,802	28,460	27,260	3,002
WELFARE SERVICES					
Department of Justice	Domestic Violence programme	55,865	0	11,402	44,463
Attorney General	Youth After Dark	23,758	12,896	31,769	4,885
Youth Miscellaneous	Youth Centre Misc Small Grants	0	1,818	1,818	0
Iris Curley Contribution	Benefit of Meekatharra Youth (ADJ)	24,058	0	1,428	22,630
	Youth Linx programme	0	11,215	11,215	0
OSCH	Youth Centre Operations	0	9,893	9,893	0
Dept of Community Development	Youth Centre Operations	0	67,086	67,086	0
		103,681	102,908	134,611	71,978
RECREATION & CULTURE					
Swimming Areas & Beaches	Swimming Pool Subsidy	0	3,000	3,000	0
Recreation Miscellaneous	Recreation Misc Small Grants	0	3,000	3,000	0
TRANSPORT					
Main Roads Department	Street Lighting Subsidy	0	1,360	1,360	0
		0	1,360	1,360	0
TOTAL OPERATING GRANTS		105,483	3,365,590	3,396,093	74,980
NON OPERATING GRANTS					
RECREATION & Culture					
DYSR	Pool Plant Room	23,283	0	23,283	0
	Stimulous Package (Squash Courts)	0	100,000	100,000	0
		23,283	100,000	123,283	0
TRANSPORT					
Main Roads Department	Direct Grant	0	146,418	146,418	0
Dept of Transport & Regional Services	Roads to Recovery - General/Various	473,067	519,824	992,891	0
Main Roads Department	Regional Road Group	0	207,333	207,333	0
State	Royalties for Regions	0	941,218	0	941,218
Main Roads Department	Black Spot Program	0	126,012	126,012	0
		473,067	1,940,805	1,472,654	941,218
ECONOMIC SERVICES					
	Trails Grant	0	15,075	15,075	0
		0	15,075	15,075	0
TOTAL NON OPERATING GRANTS		496,350	2,055,880	1,611,012	941,218
TOTAL GRANTS & CONTRIBUTIONS		601,833	5,421,470	5,007,105	1,016,198

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

10. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	NOTE	2008/09 Actual \$	2008/2009 Budget \$	2007/2008 Actual \$
Cash - Unrestricted	2	1,905,912	(79,135)	1,651,817
Cash - Restricted	2	6,886,879	5,872,677	6,616,879
		<u>8,792,791</u>	<u>5,793,542</u>	<u>8,268,696</u>

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

Net Profit (or Loss)		3,291,602	1,197,573	2,051,135
Depreciation		2,425,022	2,222,065	2,227,948
(Profit)/Loss on Sale of Asset		(27,000)	(62,000)	3,565
(Increase)/Decrease in Receivables		(546,292)	29,100	87,631
Increase/(Decrease) in Doubtful Debts		(28,892)	0	(58,134)
(Increase)/Decrease in Inventories		30,791	52,270	(33,514)
Increase/(Decrease) in Payables		807	(15,783)	(82,077)
Increase/(Decrease) in Employee Provisions		(24,250)	(2,626)	4,201
Grants/Contributions for the Development of Assets		(1,919,040)	(1,092,634)	(1,520,882)
Net Cash from Operating Activities		<u>3,202,748</u>	<u>2,327,965</u>	<u>2,679,873</u>

(c) Credit Standby Arrangements

Bank Overdraft limit		0	0	0
Bank Overdraft at Balance Date		0	0	0
Credit Card Limit			0	0
Credit Card Balance at Balance Date		0	0	0
Total Amount of Credit Unused		<u>0</u>	<u>0</u>	<u>0</u>

(d) Loan Facilities

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

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

11. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2009

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2009

(c) Capital Expenditure Commitments

There are no capital commitments to report for the year ended 30 June 2009

12. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-08	Amounts Received	Amounts Paid	Balance 30-Jun-09
	\$	\$	\$	\$
Donations	5,000			5,000
Unclaimed Monies	9,212	200	200	9,212
Library Deposits	2,338			2,338
Surplus Funds	334			334
Building Industry Training Levy	1,936	2,563	2,360	2,139
Nomination Deposits	0			0
Stockyard Caretaking	21			21
Miscellaneous Deposits	3,342	2,883	2,883	3,342
Picture Fund	1,000			1,000
	<u>23,183</u>	<u>5,646</u>	<u>5,443</u>	<u>23,386</u>

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2008/2009	2007/2008
	Actual	Actual
	\$	\$
Governance	1,336	1,503
General Purpose Funding	491,148	105,154
Law, Order, Public Safety	7,875	6,247
Health	3,412	3,966
Education and Welfare	329,306	316,362
Housing	1,547,436	621,749
Community Amenities	178,732	172,273
Recreation and Culture	2,319,757	2,157,191
Transport	18,379,013	17,374,107
Economic Services	848,215	871,535
Other Property and Services	2,981,600	2,668,259
Unallocated (Cash)	8,814,473	8,332,516
	<u>35,902,303</u>	<u>32,630,862</u>

14. FINANCIAL RATIOS	2008/2009	2007/2008	2006/2007
Current Ratio	6.88	5.10	3.98
Untied Cash to Trade Creditors Ratio	11.16	7.13	4.28
Debt Ratio	0.01	0.01	0.02
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets	0.00	0.00	0.00
Rate Coverage Ratio	0.23	0.24	0.23
Outstanding Rates Ratio	0.23	0.07	0.11

The above rates are calculated as follows:

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

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

15. BORROWINGS

- (a) Debenture Repayments
Council had no amounts owing on debentures as at 30 June 2009
- (b) New Debentures - 2008/09
Council had no new debentures for 2008/2009
- (c) Unspent Debentures
Council has no unspent Debentures at 30 June 2009
- (d) Overdraft
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2009
- (e) Interest Rate Risk
Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is nil.

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

16. RATING INFORMATION - 2008/2009 FINANCIAL YEAF

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate										
- Gross rental value	9.7770	326	2,066,072	202,000	805	202,805	201,999	0	0	201,999
- Unimproved Value Mining	11.4612	668	13,741,121	1,574,897	20,576	1,595,473	1,527,412	(25,000)	0	1,502,412
- Unimproved Value Pastoral	5.7352	44	1,876,874	107,642	7,069	114,711	103,959		0	103,959
Sub-Totals		1,038	17,684,067	1,884,540	28,450	1,912,990	1,833,370	(25,000)	0	1,808,370
Minimum Rate	Minimum \$									
- Gross rental value	200	69	9,400	13,800	0	13,800	13,800	0	0	13,800
- Unimproved Value Mining	200	256	180,841	51,200	0	51,200	51,200	0	0	51,200
- Unimproved Value Pastoral	200	5	2,749	1,000	0	1,000	1,000	0	0	1,000
Sub-Totals		330	192,990	66,000	0	66,000	66,000	0	0	66,000
Ex Gratia						1,978,990				1,874,370
						0				3,000
Totals						1,978,990				1,877,370

Prior Year Rates written off (Not included above)

These Rates relate to previous years and were treated as an expense.

5,693

25,000

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

17. SPECIFIED AREA RATE - 2008/2009 FINANCIAL YEAR NIL

18. SERVICE CHARGES - 2008/2009 FINANCIAL YEAR NIL

19. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/2009 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Debtor - Rates	Write-Off	N/A	5,693	25,000

The Shire of Meekatharra does not grant a discount for the early payment of rates appearing on the rate notice.

20. INTEREST CHARGES AND INSTALMENTS - 2008/2009 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	N/A	48,599	15,000
Interest on Instalments Plan	5.5	N/A	2,679	5,500
Charges on Instalment Plan	N/A	15	4,721	3,000
			55,999	23,500

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

	2008/2009	2007/2008
	Actual	Actual
21. FEES & CHARGES	\$	\$
General Purpose Funding	5,427	7,261
Governance	0	0
Law, Order, Public Safety	1,537	1,212
Health	500	0
Education & Welfare	0	668
Housing	15,257	10,504
Community Amenities	87,614	91,641
Recreation & Culture	17,860	17,904
Transport	539,298	700,572
Economic Services	79,371	62,657
Other Property & Services	811	2,397
	<u>747,675</u>	<u>894,816</u>

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

	2008/2009	2008/2009	2007/2008
	Actual	Budget	Actual
22. COUNCILLORS' REMUNERATION	\$	\$	\$
Meeting Fees	10,979	15,520	10,705
Travelling Expenses	658	6,000	3,800
Telecommunications	272	500	272
President's Allowance	8,000	8,000	8,000
Deputy Presidents Allowance	2,000	2,000	2,000
	<u>21,909</u>	<u>32,020</u>	<u>24,777</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

23. 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
130,000 - 139,000	<u>1</u>	<u>1</u>

24. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2009	2008
<u>25</u>	<u>16</u>

25. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the period.

26. MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

27. OTHER TRADING UNDERTAKINGS

The Shire acts as an agent for Air BP providing aviation fuel to customers at the airport. Council provides the service to ensure the ongoing viability of regular public transport flights to Meekatharra.

Current Year Transactions	2009 \$	2008 \$
Operating Income	121,985	140,946
Operating Expenses	(76,246)	(87,110)
Change in Net Assets resulting	<u>45,739</u>	<u>53,836</u>

Statement of Financial Position

Current Assets		
Cash at Bank	2,929	11,261
Trade Debtors	0	0
Current Liabilities		
Trade Creditors	0	0
	<u>2,929</u>	<u>11,261</u>
Equity		
Opening balance	11,261	4,825
Cash Transferred to Municipal	(54,071)	(47,400)
Change in Net Assets	45,739	53,836
	<u>2,929</u>	<u>11,261</u>

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

28. DISPOSAL & REPLACEMENT OF ASSETS

28 a. The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
Furniture and Fittings				
Furniture & Equip Misc	3056	2115	4,713	8,243
Hall Equipment		3534	0	600
Pool - Pro Cleaner	3057	3714	3,272	14,500
Gym - Airconditioner		3654	0	10,000
Sport Complex - Retic Grounds	3058	3894	9,178	21,000
Office Furniture - Misc	3055	1326	1,451	40,000
Office Furniture - Plan Cabinet	3054	1326	2,416	2,650
<i>sub total</i>			21,030	96,993
Buildings				
Upgrade of Dog Pound			0	15,000
Youth Centre - Office Carpets	1100	2447	25,613	64,000
Housing Capital Improvements	var	2704	890,242	1,035,691
Town Hall Capital Improvements	1021	3544	61,341	75,000
Pool - Upgrade Changerooms	1058	3667	26,130	110,000
Construct Oval Toilets		3634	0	100,000
Race Course Buildings			0	20,000
Mt Gould Police Station			0	6,500
Office - Repaint Ceiling Passageway			0	12,000
Office - External Repair	1071	1239	31,780	40,000
Squash Court Construction	1114	4017	135,050	0
<i>sub total</i>			1,170,156	1,478,191
Plant and Equipment				
Prime Mover	407	5244	183,230	180,000
Hino Crew Cab 9 tonne Truck	405	5024	128,431	125,000
Hin Dual Cab Truck	408	5024	80,181	80,000
Excavator 1		5331	86,724	95,000
Excavator 2	409	5331	70,000	0
Electronic Magnet	406	5331	31,457	0
Vibrating Roller	396-1	5332	178,000	230,000
Vehicle Works	402	5144	36,070	40,000
Vehicle Works	403	5144	35,384	40,000
Semi Trailer	395	5210	22,700	35,000
Caravan Semi Trailer Type	410	5210	25,000	35,000
Fuel Tanker	3941	5254	11,134	15,000
Engines & Pumps	411	5154	11,315	9,000
2 x Submersible Pumps	411	5154	8,397	8,500
Kuboto Motor	411	5154	2,227	2,500
Traffic Counters	412	5324	7,270	7,000
Pumps & Generators		5284	0	25,000
Misc Small Plant Satellite Telephones	413	5014	4,000	13,800
Vehicle - CEO		1224	0	57,000
Security Camera Main Street		2027	0	100,000
<i>sub total</i>			921,520	1,097,800

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

28. DISPOSAL & REPLACEMENT OF ASSETS (continued)

28 a The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual \$	Budget \$
Infrastructure - Roads				
Road Construction	8530	4200	2,074,293	2,181,299
Water Bores	8150	4200	81,911	82,000
Town Streets - Upgrade	8540	4530	438,634	350,000
<i>sub total</i>			2,594,838	2,613,299
Infrastructure - Airport				
Airport - Re seal and line Taxiway	5140	5104	18,080	300,000
<i>sub total</i>			18,080	300,000
Infrastructure - Other				
Cornish Lift		3624	0	35,000
Headframe - Viewing Platform		3637	0	30,000
Tennis Practice Wall			0	3,000
BBQ & Ligth Oval			0	12,000
Replace Pine Rails Oval		3638	0	6,000
Parks & Gardens Capital	400	4026	6,305	88,000
Meeka Heritage Trails	7121	5387	14,451	279,603
Mining Relics - Collection		5397	0	10,000
Entry Statements & Signs		5424	0	30,000
Pump & Fittings - Oval	7103	3914	19,825	15,000
Luke Pit Water Scheme	7050	3944	1,397	0
<i>sub total</i>			41,978	508,603
			4,767,602	6,094,886

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
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FOR THE YEAR ENDED 30 JUNE 2009

28. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

28 b. The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment					151,000		213,000		62,000
Nissan UD Truck	342	130,360	113,033	17,327		44,000		26,673	0
Toyota Landcruiser Ute	3018	39,906	15,656	24,250		26,364		2,114	0
Hino Ranger Truck	355	52,402	34,039	18,363		19,091		728	0
Hino Ranger Truck	373	109,161	54,580	54,581		56,364		1,783	0
Toyota Land Cruiser Ute	386	40,556	12,167	28,389		24,091		(4,298)	0
<i>Sub total</i>		372,385	229,475	142,910	151,000	169,910	213,000	27,000	62,000
Alternate Water Scheme				0				0	0
Pumps to Pipeline	4002	500	500	0				0	0
Pump Switching Fittings	4003	5,100	5,100	0				0	0
Pump @nd Bore	4004	5,181	5,181	0				0	0
Lister gen set	4005	9,930	9,930	0				0	0
3 KVA Pumps	4006	3,848	3,848	0				0	0
Lister gen Set	4007	11,047	11,047	0				0	0
Pump & Fittings	4008	3,103	3,103	0				0	0
<i>Sub total</i>		38,709	38,709	0	0	0	0	0	0
		411,094	268,184	142,910	151,000	169,910	213,000	27,000	62,000

SHIRE OF MEEKATHARRA

Notes to and forming part of the FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

29. 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	8,792,791	8,268,696	8,792,791	8,268,696
Receivables	804,295	231,283	804,295	231,283
Financial Assets at Fair Value	0	0	0	0
Available for Sale Financial Assets	0	0	0	0
	<u>9,597,086</u>	<u>8,499,979</u>	<u>9,597,086</u>	<u>8,499,979</u>
Financial Liabilities				
Payables	<u>345,460</u>	<u>346,826</u>	<u>345,460</u>	<u>346,826</u>
	<u>345,460</u>	<u>346,826</u>	<u>345,460</u>	<u>346,826</u>

Fair value is determined as follows:

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

29. 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. 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.

SHIRE OF MEEKATHARRA

Notes to and forming part of the FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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.

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	87,928	82,687
- Income Statement	87,928	82,687

Notes:

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

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

(+) Maximum impact.

29. 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.

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

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	22.17%	51.69%
- Overdue	77.83%	48.31%
Percentage of Other Receivables		
- Current	97.96%	80.97%
- Overdue	2.04%	19.03%

SHIRE OF MEEKATHARRA

**Notes to and forming part of the
FINANCIAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2009

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2009</u>					
Payables	345460	0	0	345,460	345,460
Borrowings	0	0	0	0	0
	<u>345,460</u>	<u>0</u>	<u>0</u>	<u>345,460</u>	<u>345,460</u>
<u>2008</u>					
Payables	346826	0	0	346,826	346,826
Borrowings	0	0	0	0	0
	<u>346,826</u>	<u>0</u>	<u>0</u>	<u>346,826</u>	<u>346,826</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

30. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:
The Shire of Meekatharra
Main Street, Meekatharra Western Australia 6642.

GOVERNANCE

Administration and operation of facilities and services to members of council;
other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue Costs associated with raising of rates, collection of debts and other funding activities within this programme.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.
Operation of Council's Ranger (security) services.

HEALTH

Food quality and pest control, monitoring and control of environmental health.
Contract Operation for Health issues within the Community.

EDUCATION AND WELFARE

Provision and maintenance of various premises in support of community services such as the Pre-school, Childrens Day Care and Telecentre. Financial assistance on a needs arise basis for the community's education and welfare. Provision, maintenance and support for the community youth centre.

HOUSING

Maintenance of staff and rental housing

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, maintenance of rest centre and storm water drainage maintenance, operation and maintenance of sewage schemes.

RECREATION AND CULTURE

Maintenance of halls, the aquatic centre recreation centres and various reserves; operation of library, TV and Radio Broadcasting.

TRANSPORT

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, traffic lights; depot maintenance and airport maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control noxious weeds, vermin control, and building controls.

OTHER PROPERTY & SERVICES

Private works operations and miscellaneous
Plant operations, Overheads and Administration costs, initially charged here are reallocated to the relevant function area.

SHIRE OF MEEKATHARRA

Notes to and forming part of the
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

31. 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 15 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.

SHIRE OF MEEKATHARRA

Notes to and forming part of the
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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.

SHIRE OF MEEKATHARRA

Notes to and forming part of the
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FOR THE YEAR ENDED 30 JUNE 2009

31. 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	40 years
Furniture and Equipment	3 -10 years
Plant and Equipment	5 - 10 years
Roads Unformed	Not Depreciated
Roads Formed	Not Depreciated
Roads Gravel	15 years
Roads Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	20 years
Drains and Sewers	40 years
Grids	20 years
Airfields & Runways	20 years

(i) 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.

SHIRE OF MEEKATHARRA

Notes to and forming part of the FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

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.

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 MEEKATHARRA

Notes to and forming part of the
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FOR THE YEAR ENDED 30 JUNE 2009

31. 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 MEEKATHARRA

**Notes to and forming part of the
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FOR THE YEAR ENDED 30 JUNE 2009

31. 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 Shire of Meekatharra has not entered into any Joint Ventures

(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 grants and 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 at Note 12. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Shire of Meekatharra 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.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF MEEKATHARRA

Notes to and forming part of the
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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.

(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	February 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]	June 2007 and April 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	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If 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.

SHIRE OF MEEKATHARRA

Notes to and forming part of the
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	
(v)	(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 2007	1 January 2009	

SHIRE OF MEEKATHARRA

Notes to and forming part of the
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued)				
	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.

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Meekatharra, which comprises the balance sheet as at 30 June 2009 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report: The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the Shire of Meekatharra is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA (Continued)**

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Address: Perth, WA
Date: 18 December 2009

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