

# ***Annual Report***

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## Shire Presidents Report

I am pleased to report 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.

Thanks to Deputy Shire President, Cr Norm Trenfield for his support and assistance during the year. Also thanks to my fellow Councillors for their dedication and hard work during the year.

During the year, Council reviewed its management structure and functions. In May 2011, Council adopted a new structure which included a third management position, Community and Development Services Manager and Project/Grants Officer position.

The new structure will improve service delivery in some areas however above all it will enable Council to cope with ever increasing compliance functions, roles and tasks. The State Government and agencies continue to task Councils with laws and demands to take on additional responsibilities, functions and compliance requirements. A dedicated Project/Grants Officer will enable Council to take full advantage of available grant and sponsorship opportunities.

Council made a very significant property purchase during the year. The main street shops previously known as Lloyds Outback Centre were purchased. These shops include large areas of floor space and shop front. This purchase will allow Council to expand and improve existing facilities and services. There may also be potential for some areas to be leased to enable new businesses to come to town thereby enhancing services and improving our overall economic profile.

My thanks also go to our Chief Executive Officer, Roy McClymont for his management of our day to day tasks and functions. We are fortunate that Roy and his team have maintained sound governance and management processes throughout the year and have managed to fill all key positions within our structure – quite an achievement in a very tough labour market.

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.

My sincere thanks to Shire President, Tom Hutchinson for his ongoing support, encouragement and passion. Thanks also to all our Shire Councillors for their support during the year.

A special note of appreciation and gratitude goes to my three most senior officers; Krys East, John Dyer and Kelly Fuhrmann – thank you for your commitment, support and loyalty during the year. John joined us early in the year has taken to his new role with great enthusiasm and professionalism. I look forward to working with John into the future.

Our major road works this year included upgrades on Ashburton Downs Road (\$1,164,163) and Sandstone Road (\$718,546). A final seal was also applied over 12 kilometres of Landor Road. Council has committed all Local Government Royalties for Regions funding towards upgrading and sealing Landor Road. This funding will see some significant progress on this project over the next two to three years. This year the main runway at the Meekatharra Airport was also fully resealed.

Our plant and equipment continues to be well maintained and replaced on a regular scheduled basis. A twelve seat mini bus was purchased to improve efficiencies in our youth and recreation programs.

We upgraded the internet facilities in Meekatharra to ADSL 2+ (the equivalent of Perth speeds) with assistance in both cash and kind from the Mid-West Development Commission. This will provide the Meeka community and businesses with the best possible access speeds in Western Australia.

All things considered, a very successful and effective 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 2010/11 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 2011**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Programme	3
Statement of Comprehensive Income by Nature or Type	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	
1 Revenues and Expenses	9
2 Cash and Cash Equivalents	10
3 Trade and Other Receivables	10
4 Inventories	10
5 Property, Plant, Equipment and Infrastructure	11
6 Trade and Other Payables	13
7 Provisions	13
8 Reserves	14
9 Economic Dependency & Grants	16
10 Notes to the Statement of Cash Flows	17
11 Capital and Leasing Commitments	18
12 Trust Funds	18
13 Assets by Function and Activity	19
14 Financial Ratios	19
15 Long Term Borrowings (Detail)	20
16 Rating	21
17 Specified Area Rate	22
18 Service charges	22
19 Discounts, Incentives and Write Offs	22
20 Interest Charges and Installments	22
21 Fees and Charges	23
22 Councillors Remuneration	23
23 Employees Remuneration	24
24 Employee Numbers	24
25 Major Land Transactions	24
26 Major Trading Undertakings	24
27 Other Trading Undertakings	24
28 Disposal and Replacement of Assets	25
29 Financial Risk Management	28
30 Statement of Objectives	32
31 Significant Accounting Policies	33

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 2011 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**

*16 JANUARY 2012.*



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 2011**

**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAMME**

	<b>NOTE</b>	<b>2010/2011</b>	<b>2010/2011</b>	<b>2009/2010</b>
		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		0	62,411	0
General Purpose Funding		6,644,659	5,455,037	5,297,962
Law, Order, Public Safety		34,508	16,998	102,274
Health		604	950	173
Education and Welfare		98,730	95,528	86,881
Housing		19,731	18,500	16,798
Community Amenities		250,394	100,650	100,557
Recreation and Culture		60,505	77,550	79,737
Transport		1,804,849	2,663,933	1,095,792
Economic Services		142,812	300,537	77,536
Other Property and Services		127,322	41,500	221,432
		<u>9,184,114</u>	<u>8,833,594</u>	<u>7,079,142</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
<b>(Excluding Borrowing Costs expense)</b>				
Governance		348,703	476,706	362,885
General Purpose Funding		(580,370)	313,067	1,044,642
Law, Order, Public Safety		124,706	132,644	124,770
Health		67,413	103,162	70,834
Education and Welfare		330,011	436,840	344,718
Housing		19,731	17,500	6,540
Community Amenities		522,561	534,737	370,986
Recreation & Culture		703,070	931,084	668,704
Transport		3,215,259	3,717,501	3,126,324
Economic Services		319,524	389,596	283,336
Other Property and Services		255,050	93,000	647,408
		<u>5,325,658</u>	<u>7,145,837</u>	<u>7,051,147</u>
<b>Total Comprehensive Income</b>		<u><u><b>3,858,456</b></u></u>	<u><u><b>1,687,757</b></u></u>	<u><u><b>27,995</b></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 2011**

**STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE**

	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	16	3,254,241	3,042,752	2,240,349
Grants,Subsidies,Contributions - Operating	9	3,191,670	2,199,116	2,915,574
Fees and Charges	21	796,446	853,930	744,955
Interest Earnings	1	599,350	554,414	500,787
Other Revenue		21,047	39,246	480
		<u>7,862,754</u>	<u>6,689,458</u>	<u>6,402,145</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		912,640	1,939,053	1,209,413
Materials and Contracts		1,694,722	2,249,121	2,747,802
Utilities (gas, electricity, water, etc)		143,946	221,500	216,275
Depreciation on Non-current Assets	1	2,838,902	2,486,610	2,659,357
Insurance		228,145	195,083	182,344
Other Expenses		(492,697)	54,470	35,956
		<u>5,325,658</u>	<u>7,145,837</u>	<u>7,051,147</u>
		2,537,096	(456,379)	(649,002)
Grants,Subsidies,Contributions - Non Operating	9	1,308,829	2,100,503	655,407
Profit on Asset Disposals	28(b)	12,531	43,633	21,590
Loss on Asset Disposals	28(b)	0	0	0
<b>Total Comprehensive Income</b>		<u><u>3,858,456</u></u>	<u><u>1,687,757</u></u>	<u><u>27,995</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 2011**

**STATEMENT OF FINANCIAL POSITION**

	<b>NOTE</b>	<b>2010/2011 Actual \$</b>	<b>2009/2010 Actual \$</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2	9,844,769	7,901,498
Trade and Other Receivables	3	1,838,117	507,721
Inventories	3	71,881	122,564
<b>TOTAL CURRENT ASSETS</b>		<b>11,754,767</b>	<b>8,531,783</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5(a)	7,108,338	6,979,638
Infrastructure	5(b)	20,959,908	20,257,018
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,068,246</b>	<b>27,236,656</b>
<b>TOTAL ASSETS</b>		<b>39,823,013</b>	<b>35,768,439</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	355,908	190,832
Provisions	7	105,434	92,450
<b>TOTAL CURRENT LIABILITIES</b>		<b>461,342</b>	<b>283,282</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	7	31,610	13,552
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,610</b>	<b>13,552</b>
<b>TOTAL LIABILITIES</b>		<b>492,952</b>	<b>296,834</b>
<b>NET ASSETS</b>		<b>39,330,061</b>	<b>35,471,605</b>
<b>EQUITY</b>			
Retained Surplus		28,835,218	26,084,103
Reserves - Cash Backed	8	7,625,994	6,518,653
Reserves - Asset Revaluation	8	2,868,849	2,868,849
<b>TOTAL EQUITY</b>		<b>39,330,061</b>	<b>35,471,605</b>

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

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**STATEMENT OF CHANGES IN EQUITY**

	NOTE	2010/2011 Actual \$	2009/2010 Actual \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2010		26,084,103	26,704,080
Net Result		3,858,456	27,995
Transfer from/(to) Reserves		(1,107,341)	(647,972)
Balance as at 30 June 2011		<u>28,835,218</u>	<u>26,084,103</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2010		6,518,653	5,870,681
Amount Transferred (to)/from Retained Surplus		1,107,341	647,972
Balance as at 30 June 2011	8	<u>7,625,994</u>	<u>6,518,653</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2010		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2011	8	<u>2,868,849</u>	<u>2,868,849</u>
<b>TOTAL EQUITY</b>		<u><u>39,330,061</u></u>	<u><u>35,471,605</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 2011

### STATEMENT OF CASH FLOWS

	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,992,695	3,042,752	2,523,985
Grants, Subsidies, Contributions		3,209,082	2,199,116	2,963,987
Fees and Charges		827,706	1,253,930	716,392
Interest Earnings		418,097	554,414	500,787
Goods and Services Tax		540,161	0	364,969
Other		21,047	39,246	480
		<u>7,008,788</u>	<u>7,089,458</u>	<u>7,070,600</u>
<b>Payments</b>				
Employee Costs		(871,280)	(1,941,679)	(1,211,286)
Materials and Contracts		(1,510,908)	(2,426,495)	(2,867,456)
Utilities (gas, electricity, water, etc)		(143,946)	(221,500)	(225,446)
Insurance		(228,145)	(195,083)	(182,344)
Goods and Services Tax		(476,430)	0	(508,721)
Other		514,324	(54,470)	(104,150)
		<u>(2,716,385)</u>	<u>(4,839,227)</u>	<u>(5,099,403)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	10(b)	<u>4,292,403</u>	<u>2,250,231</u>	<u>1,971,197</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(982,118)	(1,578,100)	(1,262,125)
Payments for Construction of Infrastructure		(2,731,104)	(3,883,183)	(2,447,157)
Grants and Contributions for the Development of Assets		1,308,829	2,100,503	792,247
Proceeds from Sale of Plant & Equipment		55,262	84,150	54,546
		<u>55,262</u>	<u>84,150</u>	<u>54,546</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(2,349,131)</u>	<u>(3,276,630)</u>	<u>(2,862,489)</u>
<b>Cash Flows from Financing Activities</b>		0	0	0
<b>Net Increase (Decrease) in Cash Held</b>		1,943,272	(1,026,399)	(891,292)
Cash at Beginning of year		7,901,498	8,775,596	8,792,790
<b>Cash at End of Year</b>	10(a)	<u><u>9,844,769</u></u>	<u><u>7,749,197</u></u>	<u><u>7,901,498</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 2011**

**RATE SETTING STATEMENT**

	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
<b>OPERATING REVENUES</b>				
Governance		0	62,411	0
General Purpose Funding		3,390,418	2,412,285	3,057,613
Law, Order, Public Safety		34,508	16,998	102,274
Health		604	950	173
Education and Welfare		98,730	95,528	86,881
Housing		19,731	18,500	16,798
Community Amenities		250,394	100,650	100,557
Recreation and Culture		60,505	77,550	79,737
Transport		1,804,849	2,663,933	1,095,792
Economic Services		142,812	300,537	77,536
Other Property and Services		127,322	41,500	221,432
		<u>5,929,873</u>	<u>5,790,842</u>	<u>4,838,793</u>
<b>OPERATING EXPENSES</b>				
Governance		(348,703)	(476,706)	(362,885)
General Purpose Funding		580,370	(313,067)	(1,044,642)
Law, Order, Public Safety		(124,706)	(132,644)	(124,770)
Health		(67,413)	(103,162)	(70,834)
Education and Welfare		(330,011)	(436,840)	(344,718)
Housing		(19,731)	(17,500)	(6,540)
Community Amenities		(522,561)	(534,737)	(370,986)
Recreation & Culture		(703,070)	(931,084)	(668,704)
Transport		(3,215,259)	(3,717,501)	(3,126,324)
Economic Services		(319,524)	(389,596)	(283,336)
Other Property and Services		(255,050)	(93,000)	(647,408)
		<u>(5,325,658)</u>	<u>(7,145,837)</u>	<u>(7,051,147)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Income</b>				
(Profit)/Loss on Asset Disposals		(12,531)	(43,633)	(21,590)
Depreciation on Assets		2,838,902	2,486,610	2,659,357
Movement in Employee Benefits		31,042	0	(1,776)
<b>Capital Expenditure and Income</b>				
Purchase Land and Buildings		(555,640)	(713,700)	(329,997)
Purchase Infrastructure Assets - Roads		(2,418,492)	(2,877,343)	(2,284,360)
Purchase Plant and Equipment		(347,316)	(787,400)	(916,561)
Purchase Furniture and Equipment		(79,162)	(77,000)	(15,567)
Purchase Infrastructure - Other		(312,612)	(1,005,840)	(162,797)
Proceeds from Disposal of Assets		55,262	84,150	54,546
Repayment of Debentures		0	0	0
Proceeds from Debentures		0	0	0
Transfers to Reserves (Restricted Assets)		(1,357,341)	(1,267,790)	(647,972)
Transfers from Reserves (Restricted Assets)		250,000	0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,822,297	2,514,189	3,461,019
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		3,772,865	0	1,822,297
<b>Amount Req'd to be Raised from Rates</b>	16	<u>(3,254,241)</u>	<u>(3,042,752)</u>	<u>(2,240,349)</u>

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



**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

<b>1. REVENUES AND EXPENSES</b>	<b>NOTE</b>	<b>02010/2011 Actual \$</b>	<b>2009/2010 Actual \$</b>
<b>Result from Ordinary Activities includes:</b>			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
- Audit		21,570	14,411
- Other Services		0	0
<b>Doubtful Debts</b>			
- Rate Debtors		0	783,669
- Sundry Debtors		51	1,459
<b>Depreciation</b>			
	5		
- Buildings		159,536	143,769
- Furniture and Equipment		30,078	39,500
-Machinery & Equipment		12,192	9,123
-Plant		608,882	549,818
- Infrastructure - Roads		1,759,468	1,659,509
- Infrastructure - Airport		164,401	160,555
- Infrastructure - Other		104,345	97,083
		<u>2,838,902</u>	<u>2,659,357</u>
<b>Rental Charges</b>			
- Operating leases		<u>0</u>	<u>0</u>
(ii) Crediting as Revenues:			
		<b>2010/2011 Actual \$</b>	<b>2010/2011 Budget \$</b>
			<b>2009/2010 Actual \$</b>
<b>Interest Earnings</b>			
- Investments			
- Reserve Funds		409,718	388,914
- Municipal Funds		61,156	81,016
- Other Interest Earnings	20	128,476	86,181
		<u>599,350</u>	<u>500,786</u>
		<u>554,414</u>	

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

<b>2. CASH AND CASH EQUIVALENTS</b>	<b>NOTE</b>	<b>2010/2011 Actual \$</b>	<b>2009/2010 Actual \$</b>
Cash on Hand		600	600
Cash at Bank		9,844,169	7,900,898
		<u>9,844,769</u>	<u>7,901,498</u>
<b>Represented by:</b>			
Unrestricted		2,145,574	1,162,229
Restricted		7,699,195	6,739,269
		<u>9,844,769</u>	<u>7,901,498</u>

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

Plant Reserve	8	1,556,715	1,504,003
Building Reserve	8	554,831	777,578
Shire Water Reserve	8	141,615	136,820
Airport Runway Reserve	8	2,090,615	2,019,824
Airport Operations Reserve	8	737,580	712,605
Transport Reserve	8	323,386	312,435
Infrastructure & Development Reserve	8	722,652	698,183
Long Service Leave Reserve	8	44,323	42,822
Reseal & Rejuvenation Reserve	8	449,020	164,383
Digital TV Reserve	8	155,257	150,000
Interpretive Centre Reserve	8	850,000	0
<i>sub total</i>		7,625,994	6,518,653
Unspent Grants	9	73,201	220,616
		<u>7,699,195</u>	<u>6,739,269</u>

**3. TRADE and OTHER RECEIVABLES**

<b>Current</b>			
Rates Outstanding		1,470,333	992,456
Sundry Debtors		84,879	134,959
GST Receivable		53,488	165,434
Other tax Receivable		48,215	0
Accrued Interest		181,253	0
Less Provision for Doubtful Debts		(51)	(785,128)
		<u>1,838,117</u>	<u>507,721</u>

**4. INVENTORIES**

<b>Current</b>			
Stores and Materials - at cost		71,881	122,564
		<u>71,881</u>	<u>122,564</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual \$</b>	<b>2010 Actual \$</b>
<b>5a. PROPERTY, PLANT AND EQUIPMENT</b>		
Land & Buildings - Cost	6,417,429	5,893,358
Less Accumulated Depreciation	<u>(2,238,340)</u>	<u>(2,110,373)</u>
	4,179,089	3,782,985
Furniture and Equipment - Cost	258,641	437,984
Less Accumulated Depreciation	<u>(103,787)</u>	<u>(332,214)</u>
	154,854	105,770
Machinery & Equipment - Cost	89,664	236,653
Less Accumulated Depreciation	<u>(77,429)</u>	<u>(212,226)</u>
	12,235	24,427
Plant - Cost	6,753,751	6,640,356
Less Accumulated Depreciation	<u>(3,991,591)</u>	<u>(3,573,900)</u>
	2,762,160	3,066,456
	<u>7,108,338</u>	<u>6,979,638</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.

	<b>Land &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Machinery &amp; Equipment \$</b>	<b>Plant \$</b>	<b>Total \$</b>
Balance as at 1 July 2010	3,782,985	105,770	24,427	3,066,456	6,979,638
Additions	555,640	79,162	0	347,316	982,118
Disposals	(31,569)	(258,505)	(146,989)	(233,921)	(670,984)
Revaluations - Increment	0	0	0	0	0
- (Decrement)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation Operating Expense	(159,536)	(30,078)	(12,192)	(608,882)	(810,688)
Depreciation Written back	31,569	258,505	146,989	191,191	628,254
Balance as at 30 June 2011	<u>4,179,089</u>	<u>154,854</u>	<u>12,235</u>	<u>2,762,160</u>	<u>7,108,338</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual \$</b>	<b>2010 Actual \$</b>
<b>5b. INFRASTRUCTURE</b>		
Roads - Cost	39,603,693	37,185,201
Less Accumulated Depreciation	<u>(21,650,927)</u>	<u>(19,891,459)</u>
	17,952,766	17,293,742
Airport - Cost	3,626,721	3,356,340
Less Accumulated Depreciation	<u>(2,485,566)</u>	<u>(2,321,165)</u>
	1,141,155	1,035,175
Infrastructure Other - Cost	2,709,489	2,667,258
Less Accumulated Depreciation	<u>(843,502)</u>	<u>(739,157)</u>
	1,865,987	1,928,101
	<u><u>20,959,908</u></u>	<u><u>20,257,018</u></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.

**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.

	<b>Roads \$</b>	<b>Airport \$</b>	<b>Other \$</b>	<b>Total \$</b>
Balance as at 1 July 2010	17,293,742	1,035,175	1,928,101	20,257,018
Additions	2,418,492	270,381	42,231	2,731,104
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	(1,759,468)	(164,401)	(104,345)	(2,028,214)
Depreciation Written back				
Balance as at 30 June 2011	<u><u>17,952,766</u></u>	<u><u>1,141,155</u></u>	<u><u>1,865,987</u></u>	<u><u>20,959,908</u></u>

SHIRE OF MEEKATHARRA

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

NOTES	2010/2011 Actual \$	2009/2010 Actual \$
<b>6. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Creditors - Sundry	212,149	79,018
Excess Rates	80,491	58,864
GST Payable	0	0
Accrued Salaries and Wages	26,026	16,052
PAYG & FBT Liability	37,242	36,898
	<u>355,908</u>	<u>190,832</u>
<b>7. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave & RDO's	71,583	58,599
Provision for Long Service Leave	33,851	33,851
	<u>105,434</u>	<u>92,450</u>
<b>Non Current</b>		
Provision for Long Service Leave	31,610	13,552
	<u>31,610</u>	<u>13,552</u>



**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

<b>8. RESERVES - CASH BACKED</b>	<b>NOTE</b>	<b>2010/2011 Actual \$</b>	<b>2010/2011 Budget \$</b>	<b>2009/2010 Actual \$</b>
<b>(a) Plant Reserve</b>	2			
Opening Balance		1,504,003	1,495,095	1,423,136
Amount Set Aside / Transfer to Reserve		52,712	89,706	80,867
Amount Used / Transfer from Reserve				
		<u>1,556,715</u>	<u>1,584,801</u>	<u>1,504,003</u>
<b>(b) Building Reserve</b>	2			
Opening Balance		777,578	772,973	735,770
Amount Set Aside / Transfer to Reserve		27,253	46,378	41,808
Amount Used / Transfer from Reserve		(250,000)		
		<u>554,831</u>	<u>819,351</u>	<u>777,578</u>
<b>(c) Shire Water Reserve</b>				
Opening Balance		136,820	136,009	129,463
Amount Set Aside / Transfer to Reserve		4,795	8,161	7,357
Amount Used / Transfer from Reserve		0	0	0
		<u>141,615</u>	<u>144,170</u>	<u>136,820</u>
<b>(d) Airport Runway (Capital) Reserve</b>	2			
Opening Balance		2,019,824	2,007,861	1,911,223
Amount Set Aside / Transfer to Reserve		70,791	120,472	108,601
Amount Used / Transfer from Reserve		0	0	0
		<u>2,090,615</u>	<u>2,128,333</u>	<u>2,019,824</u>
<b>(e) Airport Operating Reserve</b>	2			
Opening Balance		712,605	708,385	674,290
Amount Set Aside / Transfer to Reserve		24,975	42,503	38,315
Amount Used / Transfer from Reserve		0	0	0
		<u>737,580</u>	<u>750,888</u>	<u>712,605</u>
<b>(f) Transport Reserve</b>	2			
Opening Balance		312,435	310,584	295,636
Amount Set Aside / Transfer to Reserve		10,951	18,635	16,799
Amount Used / Transfer from Reserve		0	0	0
		<u>323,386</u>	<u>329,219</u>	<u>312,435</u>
<b>(g) Infrastructure &amp; Economic Development Reserve</b>	2			
Opening Balance		698,183	843,548	660,643
Amount Set Aside / Transfer to Reserve		24,469	50,643	37,540
Amount Used / Transfer from Reserve		0	0	0
		<u>722,652</u>	<u>894,191</u>	<u>698,183</u>
<b>(h) LSL Reserve</b>	2			
Opening Balance		42,822	42,569	40,520
Amount Set Aside / Transfer to Reserve		1,501	2,553	2,302
Amount Used / Transfer from Reserve		0	0	0
		<u>44,323</u>	<u>45,122</u>	<u>42,822</u>
<b>(i) Reseal &amp; Rejuvenation Reserve</b>				
Opening Balance		164,383	164,383	0
Amount Set Aside / Transfer to Reserve		284,637	288,739	164,383
Amount Used / Transfer from Reserve		0	0	0
		<u>449,020</u>	<u>453,122</u>	<u>164,383</u>
<b>(j) Digital TV Reserve</b>				
Opening Balance		150,000	0	0
Amount Set Aside / Transfer to Reserve		5,257	0	150,000
Amount Used / Transfer from Reserve		0	0	0
		<u>155,257</u>	<u>0</u>	<u>150,000</u>
<b>(k) Interpretive Centre Reserve</b>				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		850,000	600,000	0
Amount Used / Transfer from Reserve		0	0	0
		<u>850,000</u>	<u>600,000</u>	<u>0</u>
<b>Total Cash Backed Reserves</b>		<u><u>7,625,994</u></u>	<u><u>7,749,197</u></u>	<u><u>6,518,653</u></u>

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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 Reserve
  - to be used for future 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.
- Reseal and Rejuvenation Reserve
  - to be used for the future reseal of bitumen streets.
- Digital TV Reserve
  - to be used for the changeover from analogue to digital TV.
- Interpretive Centre Reserve
  - to be used for the construction of an interpretive centre.

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**

<b>2011</b>	<b>2010</b>
<b>Actual</b>	<b>Actual</b>
<b>\$</b>	<b>\$</b>

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

<b>(a) Roads</b>		
Balance as at 1 July 2010	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2011	2,868,849	2,868,849
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b>2,868,849</b>	<b>2,868,849</b>

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

		2009/2010	2010/2011	2010/2011	2010/2011
Government Source	Purpose of Grant or Contribution	Grants Unspent Brought Forward	Grants Received	Grants Expended	Unexpended Grants
<b>OPERATING GRANTS</b>					
<b>GENERAL PURPOSE FUNDING</b>					
Grants Commission	Untied Financial Assistance Grant	0	1,754,003	1,754,003	0
Grants Commission	Untied Roads Financial Grant	0	1,021,835	1,021,835	0
		<b>0</b>	<b>2,775,838</b>	<b>2,775,838</b>	<b>0</b>
<b>LAW, ORDER, &amp; PUBLIC SAFETY</b>					
FESA Operational Grant	Fire Prevention	0	711	711	0
FESA Operational Grant	SES Services	0	14,087	14,087	0
Safer WA(Dept of Justice)	Community Safety & Crime Prevention	4,202		4,202	0
		<b>4,202</b>	<b>14,798</b>	<b>19,000</b>	<b>0</b>
<b>WELFARE SERVICES</b>					
Department of Justice	Domestic Violence programme	44,463	0	0	44,463
Iris Curley Contribution	Benefit of Meekatharra Youth (ADJ)	22,630	0	22,630	0
OSCH	Youth Centre Operations	0	12,828	12,828	0
Dept of Community Development	Youth Centre Operations	0	69,532	69,532	0
Mid West Development Comm	ADSL Grant	0	25,650	25,650	0
		<b>67,093</b>	<b>108,010</b>	<b>130,640</b>	<b>44,463</b>
<b>RECREATION &amp; CULTURE</b>					
	Swimming Pool Subsidy	0	3,000	3,000	0
		<b>0</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>
<b>TRANSPORT</b>					
Main Roads Department	Street Lighting Subsidy	0	6,494	6,494	0
		<b>0</b>	<b>6,494</b>	<b>6,494</b>	<b>0</b>
<b>ECONOMIC SERVICES</b>					
Dept of Agriculture	Community Event Grant	0	20,000	0	20,000
		<b>0</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>
<b>OTHER</b>					
Royalties for Regions	Forward Plan	34,160	0	34,160	0
		<b>34,160</b>	<b>0</b>	<b>34,160</b>	<b>0</b>
<b>TOTAL OPERATING GRANTS</b>		<b>105,455</b>	<b>2,928,140</b>	<b>2,969,132</b>	<b>64,463</b>
<b>NON OPERATING GRANTS</b>					
<b>RECREATION &amp; Culture</b>					
Dep Infrastructure	BBQ & Lights	27,273	32,727	51,262	8,738
		<b>27,273</b>	<b>32,727</b>	<b>51,262</b>	<b>8,738</b>
<b>TRANSPORT</b>					
Main Roads Department	Direct Grant	0	159,269	159,269	0
Dept of Transport & Regional Services	Roads to Recovery - General/Various	87,888	715,532	803,420	0
Main Roads Department	Regional Road Group	0	269,289	269,289	0
State	Royalties for Regions	0			0
RADS	Airport	0	132,012	132,012	0
		<b>87,888</b>	<b>1,276,102</b>	<b>1,363,990</b>	<b>0</b>
<b>TOTAL NON OPERATING GRANTS</b>		<b>115,161</b>	<b>1,308,829</b>	<b>1,415,252</b>	<b>8,738</b>
Reimbursements, Contributions and Subsidies (Operating)		<b>0</b>	<b>263,530</b>	<b>263,530</b>	<b>0</b>
<b>TOTAL GRANTS, REIMBURSEMENTS, CONTRIBUTIONS and SUBSIDIES</b>		<b>220,616</b>	<b>4,500,499</b>	<b>4,647,914</b>	<b>73,201</b>

There were no Grants or Contributions that are included in Note 23(a) that were not received.

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
Cash - Unrestricted	2	2,145,574	0	1,162,229
Cash - Restricted	2	7,699,195	7,749,197	6,739,269
		<u>9,844,769</u>	<u>7,749,197</u>	<u>7,901,498</u>

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

Net Profit (or Loss)		3,858,456	1,687,757	27,995
Depreciation		2,838,902	2,486,610	2,659,357
(Profit)/Loss on Sale of Asset		(12,531)	(43,633)	(21,590)
(Increase)/Decrease in Receivables		(545,319)	400,000	(487,279)
Increase/(Decrease) in Doubtful Debts		(785,077)	0	783,853
(Increase)/Decrease in Inventories		50,683	70,000	(42,489)
Increase/(Decrease) in Payables		165,076	(247,374)	(154,628)
Increase/(Decrease) in Employee Provisions		31,042	(2,626)	(1,775)
Grants/Contributions for the Development of Assets		(1,308,829)	(2,100,503)	(792,247)
<b>Net Cash from Operating Activities</b>		<u>4,292,403</u>	<u>2,250,231</u>	<u>1,971,197</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
<b>Total Amount of Credit Unused</b>		<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
<b>Total Facilities in Use at Balance Date</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Unused Loan Facilities at Balance Date</b>		<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**11. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There are no finance lease commitments to report for the year ended 30 June 2011

**(b) Operating Lease Commitments**

There are no operating commitments to report for the year ended 30 June 2011

**(c) Capital Expenditure Commitments**

There are no capital commitments to report for the year ended 30 June 2011

**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:

	<b>Balance 01-July-2010</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-June-2011</b>
	\$	\$	\$	\$
Donations	5,000	0	0	5,000
Unclaimed Monies	20,498	0	0	20,498
Library Deposits	2,482	0	0	2,481
Building Industry Training Levy	0	12,426	12,426	0
Builders Registration Board	103	395	463	35
Housing Bonds	0	6,170	4,078	2,092
Nomination Deposits	320	0	320	0
Stockyard Caretaking	21	0	0	21
Miscellaneous Deposits	8,886	1,706	4,303	6,289
Picture Fund	1,000	0	0	1,000
Water Corp	0	6,169	6,169	0
Housing Sold	0	60,577	0	60,577
Cash at Bank	38,310	87,443	27,759	97,993
Trust Debtor				0
<b>Total Trust Funds</b>	<b>38,310</b>	<b>87,443</b>	<b>27,759</b>	<b>97,993</b>



**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

<b>13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>	<b>2010/2011 Actual \$</b>	<b>2009/2010 Actual \$</b>
Governance	1,002	1,169
General Purpose Funding	1,651,535	208,787
Law, Order, Public Safety	3,536	4,100
Health	2,304	2,858
Education and Welfare	308,474	310,020
Housing	1,901,865	1,719,823
Community Amenities	179,812	172,245
Recreation and Culture	2,435,884	2,338,629
Transport	19,486,698	18,807,715
Economic Services	935,611	811,690
Other Property and Services	2,969,820	3,324,471
Unallocated (Cash)	9,946,472	8,066,932
	<u>39,823,013</u>	<u>35,768,439</u>

<b>14. FINANCIAL RATIOS</b>	<b>2010/2011</b>	<b>2009/2010</b>	<b>2008/2009</b>
Current Ratio	9.49	7.19	6.88
Untied Cash to Trade Creditors Ratio	10.11	14.71	11.16
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets	0.00	0.00	0.00
Rate Coverage Ratio	0.36	0.33	0.23
Outstanding Rates Ratio	0.35	0.36	0.23

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 THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15. BORROWINGS**

- (a) Debenture Repayments  
Council had no amounts owing on debentures as at 30 June 2011
- (b) New Debentures  
Council had no new debentures for 2010/2011
- (c) Unspent Debentures  
Council has no unspent Debentures at 30 June 2011
- (d) Overdraft  
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2011
- (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 THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**16. RATING INFORMATION - 2010/2011 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$ (cents)</b>	<b>Number of Properties</b>	<b>Rateable Value</b>	<b>Rate Revenue</b>	<b>Interim &amp; Back Rates</b>	<b>Total Revenue</b>	<b>Budget Rate Revenue</b>	<b>Budget Interim Rate</b>	<b>Budget Back Rate</b>	<b>Budget Total Revenue</b>
<b>General Rate</b>										
- Gross rental value	11.0893	323	2,595,862	287,863	0	287,863	290,343	0	0	290,343
- Unimproved Value Mining	16.3895	638	14,717,928	2,412,195	300,577	2,712,772	2,400,304	0	0	2,400,304
- Unimproved Value Pastoral	6.3087	43	4,039,765	254,857	0	254,857	243,685	0	0	243,685
<b>Sub-Totals</b>		1,004	21,353,555	2,954,914	300,577	3,255,491	2,934,332	0	0	2,934,332
<b>Minimum Rate</b>	<b>Minimum \$</b>									
- Gross rental value	260	79	22,378	20,540	0	20,540	18,720	0	0	18,720
- Unimproved Value Mining	260	331	250,945	86,060	0	86,060	88,400	0	0	88,400
- Unimproved Value Pastoral	260	4	4,250	1,040	0	1,040	1,300	0	0	1,300
<b>Sub-Totals</b>		414	277,573	107,640	0	107,640	108,420	0	0	108,420
Waivered Rates						3,363,131				3,042,752
Ex Gratia Rates						(108,890)				3,000
<b>Totals</b>						<b>3,254,241</b>				<b>3,045,752</b>

Prior Year Rates written off (Not included above)	These Rates relate to previous years and were treated as an expense	0	25,000
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**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**17. SPECIFIED AREA RATE - 2010/2011 FINANCIAL YEAR** NIL

**18. SERVICE CHARGES - 2010/2011 FINANCIAL YEAR** NIL

**19. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2010/2011 FINANCIAL YEAR**

A Rating revaluation, received after the adoption of Councils' rate for 2010/2011 resulted in excessive rate increases for pastoral properties.

Council resolved to waiver the increase for the year ended 30 June 2011

Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Waiver	N/A	108,890	0

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 - 2010/2011 FINANCIAL YEAR**

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	N/A	117,095	60,000
Interest on Instalments Plan	5.5	N/A	11,381	5,500
Charges on Instalment Plan	N/A	15	6,840	6,000
			135,316	71,500

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

<b>21. FEES &amp; CHARGES</b>	<b>2010/2011 Actual \$</b>	<b>2009/2010 Actual \$</b>
General Purpose Funding	12,885	4,125
Governance	0	0
Law, Order, Public Safety	1,726	2,168
Health	604	173
Education & Welfare	0	40
Housing	17,027	16,239
Community Amenities	111,725	99,882
Recreation & Culture	21,994	25,738
Transport	477,772	516,228
Economic Services	120,401	77,248
Other Property & Services	32,312	3,114
	<u>796,446</u>	<u>744,955</u>

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

<b>22. COUNCILLORS' REMUNERATION</b>	<b>2010/2011 Actual \$</b>	<b>2010/2011 Budget \$</b>	<b>209/2010 Actual \$</b>
Meeting Fees	10,710	13,520	10,170
Travelling Expenses	3,813	2,500	2,676
Telecommunications	0	500	272
President's Allowance	8,000	8,000	11,333
Deputy Presidents Allowance	2,000	2,000	2,000
	<u>24,523</u>	<u>26,520</u>	<u>26,451</u>

The following fees, expenses and allowances were paid to council members and/or the president.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 \$	2011	2010
100,000 - 109,000	1	1
120,000 - 129,000	1	0
150,000 - 159,000	1	0
	<u>1</u>	<u>1</u>

**24. EMPLOYEE NUMBERS**

The number of full-time equivalent Employees at balance date

2011	2010
<u>24</u>	<u>24</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.

		2011 \$	2010 \$
<b>Current Year Transactions</b>	Operating Income	93,899	109,677
	Operating Expenses	(39,583)	(80,231)
	Change in Net Assets resulting	<u>54,316</u>	<u>29,446</u>
<b>Statement of Financial Position</b>	Current Assets		
	Cash at Bank	1,743	9,794
	Trade Debtors	0	0
	Current Liabilities		
	Trade Creditors	0	0
		<u>1,743</u>	<u>9,794</u>
Equity			
Opening balance	9,794	2,929	
Cash Transferred to Municipal	(62,367)	(22,581)	
Change in Net Assets	54,316	29,446	
	<u>1,743</u>	<u>9,794</u>	

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**28. DISPOSAL & REPLACEMENT OF ASSETS**

28 a. The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
<b>Furniture and Fittings</b>				
Furniture - General			0	55,000
Youth Entertainment Equipment	3064	2445	1,650	3,500
CDO Computer	3065	2454	2,901	3,500
Pool - Pump	3066	3714	10,713	13,000
Pool - Chlorinator	3067	3714	11,971	12,000
Pool - First Aid Equip	3068	3714	665	0
Pool - BBQ	3069	3714	9,648	0
GYM - Airconditioner		3654	0	15,000
Gas BBQ	3070	3784	31,291	28,000
Lights	3071	3784	10,323	0
<i>sub total</i>			79,162	130,000
<b>Buildings</b>				
Housing - Improvements General			0	283,500
Lot 303 - Improvements	1018	921	3,946	23,000
Lot 206 - Improvements	1070	922	1,250	13,500
Lot 87 - Improvements	1068	926	122,938	15,000
Lot304 - Improvements	1069	931	12,360	20,200
Lot 255 - Improvements	1017	928	24,038	100,000
Lot 4/16 Regan St - Improvements	1113	938	10,064	20,000
Lot 205 Hill St - Improvements	1042	932	56,929	13,750
Lot 207 - Improvements	1041	933	23,601	13,750
Town Hall - Improvements		3554	0	6,000
Pool Upgrade	1058	3666	143,610	170,000
Lloyds Outback Centre Purchase	1115	5425	156,904	0
<i>sub total</i>			555,640	678,700
<b>Plant and Equipment</b>				
Misc Plant - Submersable Pump	429	5014	3,800	47,000
Misc Plant - lawn Mower	430	5014	560	0
Misc Plant - Tractor Slasher	431	5014	9,376	0
Graders (Replace Engine P358)	358	5134	30,540	200,000
Utilities	425	5084	24,404	35,000
Utilities	426	5084	24,408	0
Engines & Pumps		5154	0	20,000
Dolly Trailer		5164	0	30,000
Caravans & Equipment	110	5034	4,844	75,000
Toyota Bus	427	2448	49,230	50,000
Generator		5284	0	25,000
Trucks	428	5124	196,809	185,000
Airport Fire Fighting System		5216	0	25,000
Gym Equipment	423	3974	3,345	6,000
Communication Equipment		5314	0	46,400
<i>sub total</i>			347,316	744,400

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**28. DISPOSAL & REPLACEMENT OF ASSETS (continued)**

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

	Asset No	G/L Account	Actual \$	Budget \$
<b>Infrastructure - Roads</b>				
Rural Road Construction - Gravel	8530	4200	1,281,345	2,438,410
Rural Road Construction - Seal	8540	4200	354,322	0
Rural Road Construction - Gravel	8530	4390	720,721	403,933
Town Streets - Upgrade	8540	4530	32,358	35,000
Water Bores	8150	4200	29,746	0
		<i>sub total</i>	<i>2,418,492</i>	<i>2,877,343</i>
<b>Infrastructure - Airport</b>				
Airport - Construction	5001	5104	270,381	360,687
		<i>sub total</i>	<i>270,381</i>	<i>360,687</i>
<b>Infrastructure - Other</b>				
Cornish Lift		3624	0	35,000
Headframe - Viewing Platform		3637	0	30,000
Meeka Drive Trails		5387	0	265,152
Mt Gould Police Station		4181	0	20,000
Caravan Dump Point	7134	4026	4,380	55,000
Playground Equipment		3904	0	15,000
Main St Security Lighting & Cameras	7135	2027	14,400	25,000
Race Course Improvements	7131	4016	7,536	15,000
Mining Relics - Collection		5397	0	10,000
Entry Statements & Signs		5424	0	30,000
Pump & Fittings - Oval	7136	3914	15,915	15,000
Luke Pit Water Scheme		3944	0	80,000
		<i>sub total</i>	<i>42,231</i>	<i>595,152</i>
			<b>3,713,222</b>	<b>5,386,282</b>



**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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 \$
<b>Plant and Equipment</b>				0	40,517	0	84,150	0	43,633
Toyota Hi Lux	310	18,440	18,439	1		364		363	0
Toyota landcruiser	329	0	0	0				0	0
UD Prime Mover	354	158,095	130,461	27,634		33,000		5,366	0
Toyota Ute	377	23,330	14,388	8,942		11,944		3,002	0
Toyota Corolla	392	18,502	12,348	6,154		9,954		3,800	0
Various Written Down Assets Removed From Asset Register	Var	452,617	452,617	0		0		0	0
		<b>670,984</b>	<b>628,253</b>	<b>42,731</b>	<b>0</b>	<b>55,262</b>	<b>0</b>	<b>12,531</b>	<b>0</b>

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	9,844,769	7,901,498	9,844,769	7,901,498
Receivables	1,838,117	507,721	1,838,117	507,721
	<u>11,682,886</u>	<u>8,409,219</u>	<u>11,682,886</u>	<u>8,409,219</u>
<b>Financial Liabilities</b>				
Payables	355,908	190,832	355,908	190,832
	<u>355,908</u>	<u>190,832</u>	<u>355,908</u>	<u>190,832</u>

Fair value is determined as follows:

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

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

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.

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	98,448	79,015
- Statement of Comprehensive Income	98,448	79,015

**Notes:**

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

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

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

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
Percentage of Rates and Annual Charges		
- Current	43.51%	60.04%
- Overdue	56.49%	39.96%
Percentage of Other Receivables		
- Current	94.94%	77.22%
- Overdue	5.06%	22.78%

**SHIRE OF MEEKATHARRA**

**NOTES TO THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2011</u></b>					
Payables	355,908	0	0	355,908	355,908
Borrowings	0	0	0	0	0
	<u>355,908</u>	<u>0</u>	<u>0</u>	<u>355,908</u>	<u>355,908</u>
<b><u>2010</u></b>					
Payables	190,832	0	0	190,832	190,832
Borrowings	0	0	0	0	0
	<u>190,832</u>	<u>0</u>	<u>0</u>	<u>190,832</u>	<u>190,832</u>

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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), Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis and is based on historical costs modified where necessary by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**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 which form the basis of making judgements about carrying values of assets and liabilities that are 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 in the notes 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 include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities 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 and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the statement of financial position.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Trade and Other Receivables**

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

**(f) Inventories**

*General*

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

*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 borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income 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**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

*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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

*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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 materially from that determined using fair value at reporting date.



**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

**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.

Assets are depreciated from the date of acquisition, or in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

Buildings	25 - 40 years
Office 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 & Sewers	40 years
Grids	20 years
Airfields and Runways	20 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capitalisation Threshold***

Expenditure on items of equipment under \$5,000 is not capitalised.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

***(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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the 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.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**(i) 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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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 THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Impairment**

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

**(k) Trade and Other Payables**

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

**(l) Employee Benefits**

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

**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 Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

**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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) 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 THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions are not recognised for future operating losses.

**(o) 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 Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(p) Rates, Grants, Donations and Other Contributions**

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed within the notes to this report.

**(q) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) 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 the 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.

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

**(u) 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.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods**

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 2011.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods**

(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	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 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	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 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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



**SHIRE OF MEEKATHARRA**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**31 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations for Application in Future Periods**

**(w) Adoption of New and Revised Accounting Standards**

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5  
AASB 2009 - 8  
AASB 2009 - 10  
AASB 2009 - 13  
AASB 2010 - 1  
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

## **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 Shire of Meekatharra, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer.

#### **Council Responsibility for the Financial Report**

The Council of Meekatharra are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying the 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 which require us to 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 judgement, 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 Shire'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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.



### **Auditor's Opinion**


In our opinion, the financial report of the shire of Meekatharra;

- i. presents fairly, in all material respects, the financial position of Shire of Meekatharra as at 30 June 2011, and of its performance and cash flows for the year ended ; and
- ii. Complies with Australian Accounting Standards (including the Australian Accounting Interpretation);and
- iii. Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended), and Regulations under that act.

### **Statutory Compliance**

I did not, during the course of my audit, become aware of any instances where the Shire of Meekatharra did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.

**BDO Audit (WA) Pty Ltd**

BDO Audit  


**Chris Burton**  
Director

Perth, Western Australia  
Dated this 16<sup>th</sup> day of January 2012