



shire of
meekatharra
a golden prospect

Annual Report

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Shire Presidents Report

It gives me great pleasure to present this, my first report as Shire President.

I extend my congratulations to our staff and contractors who continue to perform well and complete the required tasks and projects to a high standard.

The year was tragically marred by the passing of four of our respected employees, each in different and individually tragic circumstances. My heartfelt condolences go to families and friends who continue to suffer the loss of a loved one who has passed away suddenly and tragically.

The year also saw the retirement of our long standing Councillor and Shire President, Tom Hutchinson. Tom's service to the Meekatharra community is extraordinary by any measure. Tom held the office of Councillor for 30 years and was our Shire President for 23 years. Thanks go to Tom for his service to the Meekatharra Shire Council.

Cr Jo Burgemeister also retired from Council after six years as a solid contributor on Council. At the 2013 Council Elections we were pleased to welcome Norm Lyon and Andrew Binsiar as Councillors and wish them well for their time on Council.

The valuable contribution of Royalties for Regions, Country Local Government Fund towards the upgrade and sealing of Landor Road is acknowledged and appreciated. We have now sealed 50 kilometres of the Landor Road since the inception of the Country Local Government Fund. Unfortunately however this year is the final year of funding under this program.

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

My thanks also go to our Chief Executive Officer, Roy McClymont for his management of our day to day tasks and functions. Roy and his team continue to run the Shires operations in a professional and astute manner.

Council finished the year in a sound financial position with no debt and adequate cash reserves.

Norm Trenfield
Shire President





Chief Executive Officers Report

It has been a very busy year with our staff and contractors working hard to achieve some outstanding results. My thanks go to all our staff and contractors for their dedication, hard work and assistance during the year.

In terms of human loss, this year has been one of the saddest ever for the Meekatharra Shire. In separate, tragic circumstances we lost four of our respected Road Construction Crew members. This had an emotional impact on everyone in the organisation. In particular, I commend our Construction Crew members on the mature way they handled these losses and the compassion and support that they gave each other during their grief.

My sincere thanks to our newly elected Shire President, Cr Norm Trenfield for taking on the new role with such professionalism and dedication. Thanks also to all our Shire Councillors for their support and hard work during the year.

I would also like to sincerely thank retired Shire President, Tom Hutchinson for his support, encouragement and friendship during my first eight years at Meekatharra. Tom's advice and encouragement has been very much appreciated.

A special note of appreciation and gratitude goes to my three Managers; Krys East, Deputy CEO, John Dyer, Works and Services Manager and Geoff Carberry, Community and Development Services Manager – thank you very much for your hard work, support and loyalty during the year.

Welcome to Geoff Carberry who commenced in February 2014 and Dave MacDonald, our new Community Development Officer who also started with us in February 2014. Samantha Tarling, Mal Wood and Adelle Morgan all left us during the year and my thanks go to those officers for their valuable contributions in their respective roles.

In terms of expenditure levels and volume of projects this has been another huge year for the Shire.

Major road and infrastructure works included the flood damage reinstatement works (\$3,793,000), Landor Road upgrading and sealing (\$2,363,000), Ashburton Downs Road (\$505,779) Sandstone Road (\$668,844) and Landor Road gravel re-sheeting (\$531,934). In its final year, the Royalties for Regions Country Local Government Fund contributed a total of \$1,293,454 towards Landor Road sealing projects and we are very grateful for this assistance. Meehan Street was sealed to the western end and Council also sealed beyond that point up to the Doray Minerals main gate.

We expended over \$200,000 on capital improvements to our staff housing. \$26,500 was spent on upgrades to the Cemetery including new entry side fencing. The disabled toilet was also upgraded at the Swimming Pool.

We continue to keep our plant fleet well maintained and up to date and this year we added a skid steer bobcat loader to our fleet.

During the year a major high voltage power cable failed at the Meekatharra Airport which was very costly to fix. Fortunately the cost of \$71,000 was the subject of a successful insurance claim.

The Shires Youth and Recreation programs continue to be a great success and were enhanced with the installation of a new playground at the “KidZone” facility (\$80,000).

Council also made a number of donations to community groups including \$77,934 being donated back to the Royal Flying Doctor Service from aircraft landing fees.

Finally, congratulations to Community Development Officer, Mal Wood, the Meeka Festival Committee and the Meekatharra Race Club on conducting another excellent September long weekend of celebrations and activities.

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.

Complaints of Minor Breaches

In accordance with Sections 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of complaints of minor breaches received each year:

No. of complaints 2013-14	Outcome	Action Taken
Nil	-	-

National Competition Policy

The Council has reviewed all areas of operation to determine the existence or otherwise of significant business activities.

For the purpose of Competitive Neutrality, a significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 statement.

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 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

In June 2013 Council adopted a ten year Strategic Community Plan, a ten year Building and Structures Asset Management plan, a four year Workforce plan and also a ten year Plant Replacement Plan. Council were further progressing with preparing a Long Term Financial Plan and Corporate Business Plan. These were adopted in July and October 2013 respectively. All plans will be reviewed as per requirements.

Copies of the plans are available at the Shire Office if you wish to peruse them.

It is envisaged that during the 2014/15 the following major projects will be commenced:

- Continuation of up-grading and sealing the Meekatharra-Carnarvon Road.
- Capital works to Council housing
- Reroofing the Office/Administration Building
- Commencing priority projects identified in the Meeka Revitalisation Plan which is due soon for release
- Youth Centre and Kids Zone Capital Improvements
- Rural Road Construction which includes funded flood damage re-construction
- Airport Capital Improvements including additional accommodation at the airport for management
- A unisex disabled toilet facility at the Cemetery
- Resurfacing the basketball courts at the Sports Complex
- Lighting for the town oval
- Construction of a new gym
- Stage 1 Renovations to the old Lloyds building on Main Street
- Railway Goods Shed restoration work

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business: Main Street MEEKATHARRA WA 6642	

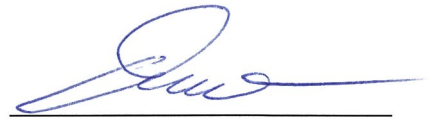
**SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra at 30th June 2014 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 as authorisation of issue on the Thirtieth day of October 2014



Roy McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	3,969,442	4,016,146	3,840,816
Operating Grants, Subsidies and Contributions	28	9,988,649	3,519,396	7,367,666
Fees and Charges	27	1,546,113	1,321,631	1,660,296
Interest Earnings	2(a)	521,211	558,877	572,281
Other Revenue		211,657	51,618	600
		<u>16,237,072</u>	<u>9,467,668</u>	<u>13,441,659</u>
Expenses				
Employee Costs		(1,489,115)	(1,400,000)	(1,667,383)
Materials and Contracts		(5,934,411)	(3,475,000)	(7,414,701)
Utility Charges		(276,469)	(260,000)	(305,556)
Depreciation on Non-Current Assets	2(a)	(3,435,047)	(3,298,500)	(3,295,070)
Insurance Expenses		(285,059)	(260,845)	(270,139)
Other Expenditure		(313,626)	(84,960)	(18,469)
		<u>(11,733,727)</u>	<u>(8,779,305)</u>	<u>(12,971,318)</u>
		4,503,345	688,363	470,341
Non-Operating Grants, Subsidies and Contributions	28	1,111,095	9,341,708	1,511,106
Profit on Asset Disposals	20	0	40,506	0
Loss on Asset Disposals	20	(4,180)	0	(18,222)
NET RESULT		5,610,260	10,070,577	1,963,225
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	7,460,234	0	1,757,041
Total Other Comprehensive Income		<u>7,460,234</u>	<u>0</u>	<u>1,757,041</u>
Total Comprehensive Income		<u><u>13,070,494</u></u>	<u><u>10,070,577</u></u>	<u><u>3,720,266</u></u>

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

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		80	0	0
General Purpose Funding		6,263,273	7,687,368	7,555,596
Law, Order, Public Safety		13,589	18,944	28,051
Health		4,610	1,900	902
Education and Welfare		101,091	162,191	60,931
Housing		25,910	18,500	25,408
Community Amenities		116,125	203,651	93,607
Recreation and Culture		152,127	134,350	55,197
Transport		9,075,318	876,970	5,297,746
Economic Services		268,421	245,450	218,859
Other Property and Services		216,528	118,344	105,363
	2(a)	<u>16,237,072</u>	<u>9,467,668</u>	<u>13,441,659</u>
Expenses				
Governance		(506,482)	(549,782)	(464,319)
General Purpose Funding		(251,041)	(192,688)	(139,991)
Law, Order, Public Safety		(133,166)	(165,028)	(138,480)
Health		(83,431)	(100,523)	(88,542)
Education and Welfare		(539,076)	(704,411)	(538,151)
Housing		(1,309)	(18,497)	(612)
Community Amenities		(382,195)	(527,746)	(376,293)
Recreation & Culture		(871,421)	(1,124,078)	(868,226)
Transport		(8,194,791)	(4,397,977)	(9,773,929)
Economic Services		(425,297)	(470,908)	(304,118)
Other Property and Services		(345,518)	(527,667)	(278,657)
	2(a)	<u>(11,733,727)</u>	<u>(8,779,305)</u>	<u>(12,971,318)</u>
Non-Operating Grants, Subsidies and Contributions				
Recreation & Culture		0	108,125	0
Transport		1,111,095	9,233,583	1,511,106
		<u>1,111,095</u>	<u>9,341,708</u>	<u>1,511,106</u>
Profit/(Loss) on Disposal of Assets				
Transport		(4,180)	19,062	(6,728)
Other Property and Services		0	21,444	(11,494)
		<u>(4,180)</u>	<u>40,506</u>	<u>(18,222)</u>
Net Result		<u>5,610,260</u>	<u>10,070,577</u>	<u>1,963,225</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	7,460,234	0	1,757,041
Total Other Comprehensive Income		<u>7,460,234</u>	<u>0</u>	<u>1,757,041</u>
Total Comprehensive Income		<u><u>13,070,494</u></u>	<u><u>10,070,577</u></u>	<u><u>3,720,266</u></u>

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

**SHIRE OF MEEKATHARRA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	12,800,211	11,666,749
Trade and Other Receivables	4	1,822,816	859,007
Inventories	5	214,860	137,827
TOTAL CURRENT ASSETS		<u>14,837,887</u>	<u>12,663,583</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	17,317,096	9,789,830
Infrastructure	7	27,814,429	24,109,363
TOTAL NON-CURRENT ASSETS		<u>45,131,525</u>	<u>33,899,193</u>
TOTAL ASSETS		<u>59,969,412</u>	<u>46,562,776</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	879,404	530,086
Provisions	10	147,454	159,597
TOTAL CURRENT LIABILITIES		<u>1,026,858</u>	<u>689,683</u>
NON-CURRENT LIABILITIES			
Provisions	10	23,952	24,985
TOTAL NON-CURRENT LIABILITIES		<u>23,952</u>	<u>24,985</u>
TOTAL LIABILITIES		<u>1,050,810</u>	<u>714,668</u>
		<u>58,918,602</u>	<u>45,848,108</u>
EQUITY			
Retained Surplus		36,527,302	30,386,904
Reserves - Cash Backed	11	10,305,176	10,835,314
Revaluation Surplus	12	12,086,124	4,625,890
TOTAL EQUITY		<u>58,918,602</u>	<u>45,848,108</u>

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

**SHIRE OF MEEKATHARRA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		30,336,636	8,922,357	2,868,849	42,127,842
Comprehensive Income					
Net Result		1,963,225	0	0	1,963,225
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>1,757,041</u>	<u>1,757,041</u>
Total Comprehensive Income		1,963,225	0	1,757,041	3,720,266
Transfers from/(to) Reserves		(1,912,957)	1,912,957	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2013		30,386,904	10,835,314	4,625,890	45,848,108
Comprehensive Income					
Net Result		5,610,260	0	0	5,610,260
Changes on Revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>7,460,234</u>	<u>7,460,234</u>
Total Comprehensive Income		5,610,260	0	7,460,234	13,070,494
Transfers from/(to) Reserves		530,138	(530,138)	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		<u>36,527,302</u>	<u>10,305,176</u>	<u>12,086,124</u>	<u>58,918,602</u>

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

**SHIRE OF MEEKATHARRA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,793,471	4,172,396	3,749,951
Operating Grants, Subsidies and Contributions		10,188,654	3,519,396	7,367,666
Fees and Charges		1,546,113	1,340,381	1,642,336
Interest Earnings		521,211	558,877	786,046
Goods and Services Tax		1,343,025	700,000	1,222,584
Other Revenue		171,657	51,618	600
		<u>16,564,131</u>	<u>10,342,668</u>	<u>14,769,183</u>
Payments				
Employee Costs		(1,501,425)	(1,365,277)	(1,666,706)
Materials and Contracts		(5,662,992)	(3,448,793)	(8,237,934)
Utility Charges		(276,469)	(264,010)	(305,556)
Insurance Expenses		(285,059)	(260,845)	(270,139)
Goods and Services Tax		(1,330,868)	(800,000)	(1,226,949)
Other Expenditure		(313,626)	(84,960)	(12,850)
		<u>(9,370,439)</u>	<u>(6,223,885)</u>	<u>(11,720,134)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>7,193,692</u>	<u>4,118,783</u>	<u>3,049,049</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(861,315)	(3,083,001)	(1,512,751)
Payments for Construction of Infrastructure		(6,310,010)	(9,973,736)	(4,233,267)
Non-Operating Grants, Subsidies and Contributions		1,111,095	9,406,708	1,369,565
Proceeds from Sale of Fixed Assets		0	61,000	0
Net Cash Provided by (Used in) Investment Activities		<u>(6,060,230)</u>	<u>(3,589,029)</u>	<u>(4,376,453)</u>
Net Cash Provided By (Used In) Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		1,133,462	529,754	(1,327,404)
Cash at Beginning of Year		11,666,749	11,075,193	12,994,154
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>12,800,211</u></u>	<u><u>11,604,947</u></u>	<u><u>11,666,749</u></u>

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

**SHIRE OF MEEKATHARRA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		80	0	0
General Purpose Funding		2,293,831	3,671,222	3,714,780
Law, Order, Public Safety		13,589	18,944	28,051
Health		4,610	1,900	902
Education and Welfare		101,091	162,191	60,931
Housing		25,910	18,500	25,408
Community Amenities		116,125	203,651	93,607
Recreation and Culture		152,127	242,475	55,197
Transport		10,186,413	10,129,615	6,808,852
Economic Services		268,421	245,450	218,859
Other Property and Services		216,528	139,788	105,363
		<u>13,378,725</u>	<u>14,833,736</u>	<u>11,111,950</u>
Expenses				
Governance		(506,482)	(549,782)	(464,319)
General Purpose Funding		(251,041)	(192,688)	(139,991)
Law, Order, Public Safety		(133,166)	(165,028)	(138,480)
Health		(83,431)	(100,523)	(88,542)
Education and Welfare		(539,076)	(704,411)	(538,151)
Housing		(1,309)	(18,497)	(612)
Community Amenities		(382,195)	(527,746)	(376,293)
Recreation and Culture		(871,421)	(1,124,078)	(868,226)
Transport		(8,198,971)	(4,397,977)	(9,780,657)
Economic Services		(425,297)	(470,908)	(304,118)
Other Property and Services		(345,518)	(527,667)	(290,151)
		<u>(11,737,907)</u>	<u>(8,779,305)</u>	<u>(12,989,540)</u>
Net Result Excluding Rates		1,640,818	6,054,431	(1,877,590)
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		(40,000)	0	0
(Profit)/Loss on Asset Disposals	20	4,180	(40,506)	18,222
Movement in Employee Provisions Provided in Budget		(12,143)	0	0
Movement in Employee Benefit Provisions (Non-current)		(1,033)	31,823	12,570
Depreciation and Amortisation on Assets	2(a)	3,435,047	3,298,500	3,295,070
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(431,430)	(1,791,420)	(538,662)
Purchase Furniture and Equipment	6(a)	(138,397)	(175,181)	(86,586)
Purchase Plant and Equipment	6(a)	(291,488)	(1,116,400)	(887,503)
Purchase Roads	7(a)	(6,106,318)	(8,519,333)	(4,176,553)
Purchase Airport	7(a)	(162,990)	0	0
Purchase Infrastructure Other	7(a)	(40,703)	(1,454,403)	(56,714)
Proceeds from Disposal of Fixed Assets	20	0	61,000	0
Transfers to Reserves (Restricted Assets)	11	(1,164,079)	(1,215,088)	(1,912,957)
Transfers from Reserves (Restricted Assets)	11	1,694,217	176,641	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,298,183	673,790	3,668,071
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	3,653,307	0	1,298,183
Total Amount Raised from General Rate	22(a)	<u>(3,969,442)</u>	<u>(4,016,146)</u>	<u>(3,840,816)</u>

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have 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. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability 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.

(e) Inventories

General

Inventories are measured 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 Sale

Land held for development and sale 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.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (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 AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	25 to 40 years
Office Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 10 years
Roads Unformed	Not Depreciated
Roads Formed	Not Depreciated
Roads Gravel	15 years
Roads Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	20 years
Drains and Sewers	40 years
Grids	20 years
Airfields 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 the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(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 (i.e. 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.

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 and any reduction for impairment; and
- (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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) 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, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) 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 until such time as the asset is substantially ready for its intended use or sale.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and 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.

(n) Leases

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

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.

(o) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(r) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(s) 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 sale where it is held as non-current based on the Council's intentions to release for sale.

(t) Rounding Off Figures

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

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) 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 AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	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 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2017	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).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council’s financial statements.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
Transport	<u>3,428,160</u>	<u>3,415,311</u>	
This significant expense in both years relates to Flood Damage Road Repairs			
 Auditors Remuneration			
- Audit of the annual financial report	14,594	13,187	
 Doubful Debts			
- Rates Debtors	68,355	17,390	
- Sundry Debtors	1,452	624	
 Depreciation			
Buildings	200,559	196,813	
Furniture and Equipment	36,017	29,487	
Plant and Equipment	593,527	669,369	
Roads	2,311,285	2,109,045	
Airport	182,062	181,308	
Infrastructure Other	111,597	109,048	
	<u>3,435,047</u>	<u>3,295,070</u>	
(ii) Crediting as Revenue:			
 Significant Revenue			
Initial Recognition of Crown Land	40,000	0	
FESA Funding for Flood Damage to Roads	6,329,153	3,998,513	
	<u>6,369,153</u>	<u>3,998,513</u>	
 Other Revenue			
Other	211,657	600	
	<u>211,657</u>	<u>600</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	369,283	420,877	433,866
- Other Funds	14,968	80,000	81,124
Other Interest Revenue (<i>refer note 26</i>)	136,960	58,000	57,291
	<u>521,211</u>	<u>558,877</u>	<u>572,281</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

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

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

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 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

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

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 AND SERVICES

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
		1/07/12 \$	2012/13 \$	2012/13 \$	30/06/13 \$	2013/14 \$	2013/14 \$	30/06/14 \$
*Financial Assistance Grant	General Purpose Funding	0	2,122,188	(2,122,188)	0	0	0	0
*Financial Assistance Grant	General Purpose Funding	0	995,395	(995,395)	0	0	0	0
FESA Operational Grant	Law, Order & Public Safety	0	2,532	(2,532)	0	4,860	(4,860)	0
FESA Operational Grant - SES	Law, Order & Public Safety	0	11,385	(11,385)	0	5,211	(5,211)	0
DLGRD - Cat Prevention Act	Law, Order & Public Safety	0	4,935	(4,935)	0	0	0	0
WA Police	Education & Welfare	0	23,364	(23,364)	0	0	0	0
OSCH	Education & Welfare	0	13,229	(13,229)	0	13,414	(13,414)	0
Dept Community Development	Education & Welfare	56,177	23,839	(80,016)	0	78,403	(78,403)	0
Dept Sport & Recreation - Kidsport	Education & Welfare	0	0	0	0	29,800	(29,800)	0
*State Swimming Pool Subsidy	Recreation & Culture	0	3,000	(3,000)	0	0	0	0
*Main Roads - Street Lighting Subsidy	Transport	0	2,761	(2,761)	0	0	0	0
FESA - Flood Damage	Transport	0	3,998,513	(3,998,513)	0	6,329,153	(6,329,153)	0
FESA - SES	Law, Order & Public Safety	0	8,000	(8,000)	0	0	0	0
*Main Roads - Direct Grant	Transport	0	183,125	(183,125)	0	0	0	0
Dept Transport Roads to Recovery	Transport		1,022,192	(1,022,192)	0	511,095	(511,095)	0
Main Roads - Regional Roads Group	Transport		297,789	(297,789)	0	600,000	(600,000)	0
Royalties for Regions	Transport	946,425	0	(946,425)	0	1,293,454	(1,293,454)	0
*Other Contributions	Various	7,330	166,525	(173,855)	0	0	0	0
Midwest Development Commision	Education & Welfare	0	0	0	0	9,000	(9,000)	0
Northern Planning Program		0	0	0	0	69,435	(32,352)	37,083
Dept of Planning		0	0	0	0	67,000	(59,698)	7,302
Total		1,009,932	8,878,772	(9,888,704)	0	9,010,825	(8,966,440)	44,385

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

* These Grants are excluded from this note in 13/14 as they are not subject to Conditions

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,450,650	831,435
Restricted		<u>10,349,560</u>	<u>10,835,314</u>
		<u>12,800,211</u>	<u>11,666,749</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	155,801	150,594
Plant Reserve	11	831,960	2,076,979
Building Reserve	11	1,639,027	1,412,835
Shire Water Reserve	11	270,700	261,653
Airport Runway Reserve	11	2,469,103	2,386,420
Airport Reserve	11	871,116	841,942
Transport Reserve	11	589,023	569,304
Infrastructure & Economics Development Reserve	11	853,485	824,902
Reseal & Rejuvenation Reserve	11	1,483,979	1,030,699
Upgrade to Digital TV Reserve	11	0	177,225
Interpretive Centre Reserve	11	1,140,982	1,102,761
Unspent Grants	2(c)	<u>44,385</u>	<u>0</u>
		<u>10,349,560</u>	<u>10,835,314</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		1,585,178	409,207
Sundry Debtors		160,290	291,135
GST Receivable		133,286	134,906
Provision for Doubtful Debts		(87,821)	(18,014)
Other Tax Receivable		<u>31,883</u>	<u>41,773</u>
		<u>1,822,816</u>	<u>859,007</u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>214,860</u>	<u>137,827</u>
		<u>214,860</u>	<u>137,827</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	466,000	0
	<u>466,000</u>	<u>0</u>
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	40,000	0
	<u>40,000</u>	<u>0</u>
Total Land	<u><u>506,000</u></u>	<u><u>0</u></u>
Buildings at:		
- Independent Valuation 2014	11,663,200	0
- Cost	0	7,025,135
Less: Accumulated Depreciation	(148)	(2,587,188)
	<u>11,663,052</u>	<u>4,437,947</u>
Total Buildings	<u><u>11,663,052</u></u>	<u><u>4,437,947</u></u>
Total Land and Buildings	<u><u>12,169,052</u></u>	<u><u>4,437,947</u></u>
Furniture and Equipment at:		
- Independent Valuation 2013	227,522	229,122
- Additions after Valuation - Cost	138,397	0
Less Accumulated Depreciation	(35,697)	0
	<u>330,222</u>	<u>229,122</u>
Plant and Equipment at:		
- Independent Valuation 2013	5,119,861	5,122,761
- Additions after Valuation - Cost	291,488	0
Less Accumulated Depreciation	(593,527)	0
	<u>4,817,822</u>	<u>5,122,761</u>
	<u><u>17,317,096</u></u>	<u><u>9,789,830</u></u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's Land and Building were revalued at 30 June 2014 by independent valuers.

All of the valuations by the independent valuers were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluations resulted in an overall increase of \$7,460,234 in the net value of the Shire's Land and Buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (Refer Note 12(a) for further details) and was recognised as changes in Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment

The Shire's Furniture and Equipment were revalued at 30 June 2013 by independent valuers.

All of the valuations by the independent valuers were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluations resulted in an overall increase of \$16,321 in the net value of the Shire's Furniture and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (Refer Note 12(a) for further details) and was recognised as changes in Revaluation of non-current assets in the Statement of Comprehensive Income.

Plant and Equipment:

The Shire's Plant and Equipment were revalued at 30 June 2013 by independent valuers.

All of the valuations by the independent valuers were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluations resulted in an overall increase of \$1,740,720 in the net value of the Shire's Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (Refer Note 12(a) for further details) and was recognised as changes in Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

		Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	0	0	0	466,000	0	0	466,000
Land Vested In and Under the Control of Council	(Level 2)	0	40,000	0	0	0	0	40,000
Total Land		0	40,000	0	466,000	0	0	506,000
Buildings	(Level 2)	4,437,947	431,430	0	6,994,234	0	(200,559)	11,663,052
Total Buildings		4,437,947	431,430	0	6,994,234	0	(200,559)	11,663,052
Total Land and Buildings		4,437,947	471,430	0	7,460,234	0	(200,559)	12,169,052
Furniture and Equipment	(Level 2)	229,122	138,397	(1,280)	0	0	(36,017)	330,222
Plant and Equipment	(Level 2)	5,122,761	291,488	(2,900)	0	0	(593,527)	4,817,822
Total Property, Plant and Equipment		9,789,830	901,315	(4,180)	7,460,234	0	(830,103)	17,317,096

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Cost	53,273,312	47,166,996
Less Accumulated Depreciation	<u>(27,949,168)</u>	<u>(25,637,883)</u>
	25,324,144	21,529,113
Airport		
- Cost	3,867,194	3,704,204
Less Accumulated Depreciation	<u>(3,024,560)</u>	<u>(2,842,498)</u>
	842,634	861,706
Infrastructure Other		
- Cost	2,819,473	2,778,769
Less Accumulated Depreciation	<u>(1,171,822)</u>	<u>(1,060,225)</u>
	1,647,651	1,718,544
	<u>27,814,429</u>	<u>24,109,363</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	21,529,113	6,106,318	0	0	0	(2,311,285)	25,324,146
Airport	861,706	162,990	0	0	0	(182,062)	842,634
Infrastructure Other	1,718,544	40,703	0	0	0	(111,597)	1,647,650
Total	<u>24,109,363</u>	<u>6,310,011</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,604,944)</u>	<u>27,814,430</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	725,435	380,212
Excess Rates	76,510	80,188
Accrued Salaries and Wages	36,896	36,030
ATO Liabilities	40,563	33,656
	<u>879,404</u>	<u>530,086</u>

9. LONG-TERM BORROWINGS

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

Current		
Provision for Annual Leave	71,224	86,065
Provision for Long Service Leave	76,230	73,532
	<u>147,454</u>	<u>159,597</u>
Non-Current		
Provision for Long Service Leave	23,952	24,985
	<u>23,952</u>	<u>24,985</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	86,065	98,517	184,582
Additional provision	125,111	9,617	134,728
Amounts used	(110,270)	(7,952)	(118,222)
Balance at 30 June 2014	<u>100,906</u>	<u>100,182</u>	<u>201,088</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	150,594	50,427	47,170
Amount Set Aside / Transfer to Reserve	5,207	2,017	103,424
Amount Used / Transfer from Reserve	0	0	0
	<u>155,801</u>	<u>52,444</u>	<u>150,594</u>
(b) Plant Reserve			
Opening Balance	2,076,979	2,071,119	1,656,725
Amount Set Aside / Transfer to Reserve	271,973	282,845	420,254
Amount Used / Transfer from Reserve	(1,516,992)	0	0
	<u>831,960</u>	<u>2,353,964</u>	<u>2,076,979</u>
(c) Building Reserve			
Opening Balance	1,412,835	1,226,606	960,299
Amount Set Aside / Transfer to Reserve	226,192	232,771	452,536
Amount Used / Transfer from Reserve	0	0	0
	<u>1,639,027</u>	<u>1,459,377</u>	<u>1,412,835</u>
(d) Shire Water Reserve			
Opening Balance	261,653	261,119	150,713
Amount Set Aside / Transfer to Reserve	9,047	10,445	110,940
Amount Used / Transfer from Reserve	0	0	0
	<u>270,700</u>	<u>271,564</u>	<u>261,653</u>
(e) Airport Runway Reserve			
Opening Balance	2,386,420	2,378,551	2,224,924
Amount Set Aside / Transfer to Reserve	82,683	95,142	161,496
Amount Used / Transfer from Reserve	0	0	0
	<u>2,469,103</u>	<u>2,473,693</u>	<u>2,386,420</u>
(f) Airport Reserve			
Opening Balance	841,942	839,165	784,965
Amount Set Aside / Transfer to Reserve	29,174	33,567	56,977
Amount Used / Transfer from Reserve	0	0	0
	<u>871,116</u>	<u>872,732</u>	<u>841,942</u>
(g) Transport Reserve			
Opening Balance	569,304	567,426	530,777
Amount Set Aside / Transfer to Reserve	19,719	22,697	38,527
Amount Used / Transfer from Reserve	0	0	0
	<u>589,023</u>	<u>590,123</u>	<u>569,304</u>
(h) Infrastructure & Economics Development Reserve			
Opening Balance	824,902	822,182	769,078
Amount Set Aside / Transfer to Reserve	28,583	32,887	55,824
Amount Used / Transfer from Reserve	0	0	0
	<u>853,485</u>	<u>855,069</u>	<u>824,902</u>
(i) Reseal & Rejuvenation Reserve			
Opening Balance	1,030,699	1,028,125	727,867
Amount Set Aside / Transfer to Reserve	453,280	458,695	302,832
Amount Used / Transfer from Reserve	0	0	0
	<u>1,483,979</u>	<u>1,486,820</u>	<u>1,030,699</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (continued)			
(j) Upgrade to Digital TV Reserve			
Opening Balance	177,225	176,641	165,232
Amount Set Aside / Transfer to Reserve	0	0	11,993
Amount Used / Transfer from Reserve	<u>(177,225)</u>	<u>(176,641)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>177,225</u>
(k) Interpretive Centre Reserve			
Opening Balance	1,102,761	1,100,562	904,607
Amount Set Aside / Transfer to Reserve	38,221	44,022	198,154
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,140,982</u>	<u>1,144,584</u>	<u>1,102,761</u>
TOTAL RESERVES	<u>10,305,176</u>	<u>11,560,370</u>	<u>10,835,314</u>
Total Opening Balance	10,835,314	10,521,923	8,922,357
Total Amount Set Aside / Transfer to Reserve	1,164,079	1,215,088	1,912,957
Total Amount Used / Transfer from Reserve	<u>(1,694,217)</u>	<u>(176,641)</u>	<u>0</u>
TOTAL RESERVES	<u>10,305,176</u>	<u>11,560,370</u>	<u>10,835,314</u>

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

11. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve**
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve**
 - to be used for the acquisitions of major plant on an ongoing basis.
- (c) Building Reserve**
 - to be used for the future building requirements for Council purposes.
- (d) Shire Water Reserve**
 - to be used for capital water requirements of parks and gardens administered by the Shire.
- (e) Airport Runway Reserve**
 - to be used to fund the future construction, requirements of the airport runway.
- (f) Airport Reserve**
 - to be used to fund the capital improvements of the airport infrastructure.
- (g) Transport Reserve**
 - to be used to fund the expansion of the road network that cannot be met by Operating Income.
- (h) Infrastructure & Economics 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.
- (i) Reseal & Rejuvenation Reserve**
 - to be used to fund rejuvenation of sealed roads.
- (j) Upgrade to Digital TV Reserve**
 - To fund Digital TV in Meekatharra. The cost for the Digital TV changeover was borne by the various TV stations. Reserve no longer required. Reserve cancelled in 2013/14 and existing funds transferred to Plant Reserve
- (k) Interpretive Centre Reserve**
 - To be used to acquire and refurbish the Interpretive Centre.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS

	2014	2013
	\$	\$
<p>Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:</p>		
(a) Buildings		
Opening Balance	0	0
Revaluation Increment	6,994,234	0
Revaluation Decrement	0	0
	<u>6,994,234</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	1,740,720	0
Revaluation Increment	0	1,740,720
Revaluation Decrement	0	0
	<u>1,740,720</u>	<u>1,740,720</u>
(c) Furniture & Equipment		
Opening Balance	16,321	0
Revaluation Increment	0	16,321
Revaluation Decrement	0	0
	<u>16,321</u>	<u>16,321</u>
(d) Roads		
Opening Balance	2,868,850	0
Revaluation Increment	0	2,868,850
Revaluation Decrement	0	0
	<u>2,868,850</u>	<u>2,868,850</u>
(e) Land		
Opening Balance	0	0
Revaluation Increment	466,000	0
Revaluation Decrement	0	0
	<u>466,000</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	12,086,124	4,625,890

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>12,800,211</u>	<u>11,604,947</u>	<u>11,666,749</u>

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

Net Result	5,610,260	10,070,577	1,963,225
Depreciation	3,435,047	3,298,500	3,295,070
(Profit)/Loss on Sale of Asset	4,180	(40,506)	18,222
(Increase)/Decrease in Receivables	(963,809)	140,000	(40,966)
(Increase)/Decrease in Inventories	(77,033)	35,097	(5,695)
Increase/(Decrease) in Payables	349,318	(10,000)	(823,812)
Increase/(Decrease) in Employee Provisions	(13,176)	31,823	12,570
Grants Contributions for the Development of Assets	(1,111,095)	(9,406,708)	(1,369,565)
Loss on Revaluation of Fixed Assets	0	0	0
Non-Current Assets recognised due to changes in legislative requirements	(40,000)	0	0
Net Cash from Operating Activities	<u>7,193,693</u>	<u>4,118,783</u>	<u>3,049,049</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2014 \$	2013 \$
Bank Overdraft limit	1,000,000	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	0
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>1,005,000</u>	<u>0</u>

Loan Facilities

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

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	168,027	4,500
General Purpose Funding	0	391,193
Law, Order, Public Safety	198,000	10,408
Health	3,280	4,100
Education and Welfare	1,661,394	278,599
Housing	3,474,879	2,135,175
Community Amenities	1,356,041	214,380
Recreation and Culture	4,678,815	2,311,578
Transport	33,665,220	23,066,501
Economic Services	3,202,593	873,697
Other Property and Services	5,728,879	5,429,217
Unallocated	5,832,285	11,843,428
	<u>59,969,412</u>	<u>46,562,776</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	4.72	2.97	2.09
Asset Sustainability Ratio	3.56	1.46	1.51
Debt Service Cover Ratio	N/a	N/a	N/a
Operating Surplus Ratio	0.75	0.07	0.17
Own Source Revenue Coverage Ratio	0.51	0.47	0.61

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 55 of this document.

One of the 2014 ratios disclosed above are distorted by items of significant revenue totalling \$40,000 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2014 column above would be as follows:

	2014
Operating Surplus Ratio	0.75

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Donations	5,000	0	0	5,000
Unclaimed Monies	21,566	5,620	0	27,186
Library Membership Deposits	2,571	48	0	2,619
Building Industry Training Levy	42	2,884	(2,925)	0
Building Registration Board	9,861	1,802	(11,663)	(0)
Housing Bonds	3,000	2,500	(5,800)	(300)
Nomination Deposits	0	560	(560)	0
Stockyard Caretaking	21	0	0	21
Miscellaneous Deposits	6,289	410	0	6,699
Picture Fund	1,000	0	0	1,000
Sale of Housing	60,577	0	0	60,577
Bus Hire	0	1,025	(500)	525
Complex Hire	0	473	(473)	0
	<u>109,927</u>			<u>103,327</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Recreation and Culture						
Pool Cleaner	1,280	0	0	0	(1,280)	0
Transport						
Asset 553 - Pump	2,700	0	0	0	(2,700)	0
Asset 45 -Trailer	200	0	0	0	(200)	0
P385 - Holden Rodeo	0	0	0	15,000	0	15,000
P402 - Toyota Hilux	0	6,938	0	11,000	0	4,062
Other Property and Services						
P422 - Prado		13,556		35,000	0	21,444
	<u>4,180</u>	<u>20,494</u>	<u>0</u>	<u>61,000</u>	<u>(4,180)</u>	<u>40,506</u>

Profit	0	40,506
Loss	(4,180)	0
	<u>(4,180)</u>	<u>40,506</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire of Meekatharra had no amounts owing on debentures as at 30 June 2014.

(b) New Debentures - 2013/14

The Shire of Meekatharra had no new debentures during 2013/2014.

(c) Unspent Debentures

The Shire of Meekatharra did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Shire of Meekatharra has no overdraft facility available, and no overdraft facilities were utilised during the year ended 30 June 2014.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate / General Rate											
GRV	11.5712	316	2,809,679	325,114	0		325,114	325,703	0	0	325,703
UV-Rural/Pastoral	3.7423	42	6,401,830	239,576	0	11,002	250,578	239,576	0	0	239,576
UV-Mining	18.5384	962	17,161,639	3,181,492	73,565	6,568	3,261,625	3,320,667	0	0	3,320,667
Sub-Totals		1,320	26,373,148	3,746,182	73,565	17,570	3,837,317	3,885,946	0	0	3,885,946
Minimum Payment	Minimum \$										
GRV	350	86	30,284	30,100	0	0	30,100	30,100	0	0	30,100
UV-Rural/Pastoral	275	6	14,349	1,650	0	0	1,650	1,650	0	0	1,650
UV-Mining	275	365	261,113	100,375	0	0	100,375	98,450	0	0	98,450
Sub-Totals		457	305,746	132,125	0	0	132,125	130,200	0	0	130,200
Discounts (refer note 25.)							3,969,442				4,016,146
Total Amount Raised From General Rate							0				0
Specified Area Rate (refer note 23.)							3,969,442				4,016,146
Totals							0				0
							3,969,442				4,016,146

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>3,653,307</u>	<u>1,298,183</u>	<u>1,298,183</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	2,450,650	831,435	831,435
Restricted	10,349,560	10,835,314	10,835,314
Receivables			
Rates Outstanding	1,585,178	409,207	409,207
Sundry Debtors	160,290	291,135	291,135
GST Receivable	133,286	134,906	134,906
Provision for Doubtful Debts	(87,821)	(18,014)	(18,014)
Other Tax Receivable	31,883	41,773	41,773
Inventories			
Fuel and Materials	214,860	137,827	137,827
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(725,435)	(380,212)	(380,212)
Accrued Interest on Debentures	(76,510)	(80,188)	(80,188)
Accrued Salaries and Wages	(36,896)	(36,030)	(36,030)
ATO Liabilities	(40,563)	(33,656)	(33,656)
Provisions			
Provision for Annual Leave	(71,224)	(86,065)	(86,065)
Provision for Long Service Leave	(76,230)	(73,532)	(73,532)
<u>Net Current Assets</u>	<u>13,811,028</u>	<u>11,973,900</u>	<u>11,973,900</u>
Less:			
Reserves - Restricted Cash	(10,305,175)	(10,835,314)	(10,835,314)
Add:			
Employee Provisions (provided in Budget)	147,454	159,597	159,597
Surplus/(Deficit)	<u>3,653,307</u>	<u>1,298,183</u>	<u>1,298,183</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

The Shire of Meekatharra does not grant a discount for the early payment of rates.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00		120,157	30,000
Interest on Instalments Plan	5.50		16,803	28,000
Charges on Instalment Plan		15	12,180	22,000
			149,140	80,000

Ratepayers had the option of paying rates in four equal instalments, due on 28 August 2013, 1st November 2013, 5th January 2014 and 11 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
General Purpose Funding	34,012	24,315
Law, Order, Public Safety	3,518	1,199
Health	4,610	903
Housing	1,522	23,632
Community Amenities	115,443	93,607
Recreation and Culture	80,287	25,040
Transport	1,183,356	1,267,220
Economic Services	121,015	217,372
Other Property and Services	2,351	7,008
	<u>1,546,113</u>	<u>1,660,296</u>

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	9,988,649	7,367,666
Non-Operating Grants, Subsidies and Contributions	1,111,095	1,511,106
	<u>11,099,744</u>	<u>8,878,772</u>
By Program:		
General Purpose Funding	1,738,608	3,117,583
Law, Order, Public Safety	10,071	26,852
Education and Welfare	101,091	60,432
Housing	2,418	0
Community Amenities	683	0
Recreation and Culture	30,955	3,000
Transport	8,934,366	5,504,380
Economic Services	69,341	0
Other Property and Services	212,211	166,525
	<u>11,099,744</u>	<u>8,878,772</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>20</u>	<u>28</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	13,430	17,640	10,700
President's Allowance	7,739	8,000	4,000
Deputy President's Allowance	2,000	2,000	1,000
Travelling Expenses	2,214	4,000	3,953
Telecommunications Allowance	0	500	0
	<u>25,383</u>	<u>32,140</u>	<u>19,653</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR 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. These figures are included in the Shires Financial Statements

	2014	2013
	\$	\$
Operating Income	119,677	141,151
Operating Expenses	(126,378)	(155,607)
Change in Net Assets resulting	<u>(6,701)</u>	<u>(14,456)</u>
 Statement of Financial Position		
Current Assets		
Cash at Bank	85,215	78,764
Trade Debtors	0	0
Current Liabilities		
Trade Creditors (Shire of Meekatharra)	(85,215)	(78,764)
(Air BP)	0	0
	<u>0</u>	<u>0</u>
 Equity		
Opening Balance	0	0
Cash Transferred to/(from Muni)	6,701	14,456
Change in Net Assets	<u>(6,701)</u>	<u>(14,456)</u>
Closing Balance	<u>0</u>	<u>0</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	12,800,211	11,666,749	12,800,211	11,666,749
Receivables	1,822,816	859,007	1,822,816	859,007
	<u>14,623,027</u>	<u>12,525,756</u>	<u>14,623,027</u>	<u>12,525,756</u>
Financial Liabilities				
Payables	879,404	530,086	879,404	530,086
Borrowings	0	0	0	0
	<u>879,404</u>	<u>530,086</u>	<u>879,404</u>	<u>530,086</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 AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

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

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

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

Another risk associated with cash 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 investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	128,002	116,667
- Statement of Comprehensive Income	128,002 ⁽²⁾	116,667 ^(*)

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

⁽²⁾ Maximum impact.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. 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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	88.93%	63.58%
- Overdue	11.07%	36.42%
Percentage of Other Receivables		
- Current	99.22%	98.83%
- Overdue	0.78%	1.17%

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	879,404	0	0	879,404	879,404
Borrowings	0	0	0	0	0
	<u>879,404</u>	<u>0</u>	<u>0</u>	<u>879,404</u>	<u>879,404</u>
<u>2013</u>					
Payables	530,086	0	0	530,086	530,086
Borrowings	0	0	0	0	0
	<u>530,086</u>	<u>0</u>	<u>0</u>	<u>530,086</u>	<u>530,086</u>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

Council's exposure to interest risk rate as a result of borrowings and the effective weighted average interest rate on these borrowing is \$nil.



Anderson Munro & Wyllie

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA

Scope

We have audited the financial report of Shire of Meekatharra for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Meekatharra. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



Independence

Anderson Munro & Wyllie are independent of the Shire of Meekatharra, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Shire of Meekatharra are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i) Based on verifiable information; and
 - ii) Reasonable assumptions.

Dated the 4th day of December 2014 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants

**SHIRE OF MEEKATHARRA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.58	0.57	N/A
Asset Renewal Funding Ratio	0.55	0.26	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the preceeding year (being 2012) have not been reported as financial information is not available.