



shire of
meekatharra
a golden prospect

Annual Report

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Shire Presidents Report

I am pleased to report another successful year for the Shire of Meekatharra. Our staff and contractors continue to perform to a very high standard whilst managing to maintain full compliance and sound management processes.

We are required to comply with the new Integrated Planning regulations and to this end the Council and staff had a very busy year of finalising, reviewing and adopting a number of plans that inform the core plans. These included a review of the Asset Management Plan (Roads) and the Workforce Plan and the adoption of the Airport Asset Management Plan, Revitalisation (Facilities) Plan, an Economic Development Strategy and Brochure and a Tourism Development Strategy 2015 – 2019.

Council also approved a \$5M program to upgrade and seal a further 20 kilometres of Landor Road. The CEO and staff prepared a comprehensive Business Plan for the this project which was presented to the Mid West Development Commission seeking funding of \$3M over three years through the Royalties for Regions Mid West Investment Plan initiative. If successful this will, I believe, be the largest competitive grant in the Shires history.

During the year Cr Norm Lyon resigned and an Extraordinary Election was held on Friday 16 January 2015. This was a keenly fought election with seven candidates nominating for Cr Lyon's position. Dave Hodder was duly elected by a margin of 12 votes. My thanks go to Cr Lyon for his work during his time on Council and I welcome Dave Hodder and wish him well for his time on Council.

Our construction crew and contractors continue to do a top job maintaining our huge road network. Main Roads assessors were very impressed with the quality of work being done on our roads.

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.

My sincere thanks to Shire President, Norm Trenfield for his ongoing dedication, support and encouragement. Thanks also to all our Shire Councillors for their support and hard work during the year.

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 for your hard work, support and loyalty during the year. Thanks also to Dave Macdonald who took on the management of a number of projects, including the new gym, in addition to his primary role as Community Development Officer.

On the 30 November 2014 our Krys East achieved a major milestone of 10 years dedicated service with the Shire. Krys started with the Shire as a Customer Service Officer and has worked her way up to her current position of Deputy CEO. This is an incredible achievement and it has been my pleasure to work with Krys through most of this time.

We had a number of staff changes during the year. Welcome to all our new people and thanks go to those who left us for greener pastures.

We had another busy and successful year with a large number of special projects and tasks completed. Major road and infrastructure works included flood damage reinstatement works (\$2.7M), Landor Road resheeting, upgrading and sealing (\$1.7M), Ashburton Downs Road (\$900,000), Sandstone Road (\$214,000) and Mt Clere Road (\$290,000).

Our new purpose built Gym was completed this year. It is a modern, spacious facility and has been well received with membership increasing since its completion. A new Gym was identified as a high priority in recent public consultation exercises and it is great to see all the planning for this facility come to fruition.

We continue to keep our plant fleet well maintained and up to date and this year we had only minor plant purchases. This included a second hand semi water cart, a new “0” turn mower and a second hand 950 loader for use at the rubbish tip.

We expended \$127,000 on capital improvements to our staff housing, including commencement of renovations to our consultants quarters at Lot 17

Main Street. These quarters will be converted to provide three fully self-contained living units.

Other projects and achievements during the year included:

- Nearly \$20K in donations during the year plus an additional \$84K back to RFDS in donations.
- Continued with the Murdoch Uni Vet Sterilisation program to control dogs
- New cat laws came into effect - \$12K to complete dog/cat compound at the depot.
- Works at Kids Zone – finish off playground, staff toilet, demolish rear wall and rebuild.
- Dance group at the Youth Centre was very successful
- Land leased to Meeka goes Green for Recycling facility
- New toilets at the Meeka Cemetery were almost completed
- Commenced a Review of our Town Planning Scheme and Local Planning Strategy.
- Upgraded the ablutions at the Swimming Pool. Installed new compliant gas detection system at Pool.
- Reroofed Masonic Lodge after a willy willy blew it off (insurance)
- Installed a large new tank at the town oval
- Resurfaced the Basketball courts
- Replaced indoor cricket centre flooring
- Commenced the implementation of the Meeka Revitalisation Plan – seating, sealing tourist areas and construct new footpaths.
- Depot – repaired goods shed, built new mechanic pit and shade covering.
- Airport; redesigned and constructed new taxiways, apron and aircraft parking areas. Major power infrastructure upgrade. Refurbished toilets at terminal.
- New airport fire fighting system almost completed
- Successful in acquiring Lot 850 enabling extension of the shire depot yard area.

Finally, congratulations to Community Development Officer, Dave Macdonald, the Meeka Festival Committee and the Meekatharra Race Club on conducting another excellent September long weekend of celebrations and activities. Moving the Friday night activities from the town oval into town was a very successful innovation. This years Sunday Rodeo will likely be the last as it has become too expensive for Council to fund.

Roy McClymont
Chief Executive Officer

Disability Access and Inclusion Plan

The Shire of Meekatharra is committed to ensuring that the community is an accessible and inclusive community for people with disabilities, their families and carers.

Council adopted a DAIP in July 2012 for implementation in 2012-2016. The Shire of Meekatharra is committed to achieving the seven desired outcomes of its DAIP

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Meekatharra.
2. People with disability have the same opportunities as others to access buildings, playgrounds, outdoor spaces and other facilities operated by the Shire of Meekatharra.
3. Those people with disability receive information from the Shire of Meekatharra in a format that will enable them to access the information as readily as others.
4. People with disability receive the same level and quality of service from the staff and Elected Members of the Shire of Meekatharra as others.
5. People with disability have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Meekatharra.
7. People with disability have the same opportunities as other to seek employment with the Shire of Meekatharra.

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 address 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.

The State Records Act 2000 s.28 (5) requires that Records Keeping Plan must be reviewed at least every five years. Between reviews, the implementation/continuation is to be further developed.

The Shire of Meekatharra completed a full review of its record keeping plan in March 2013 and this was submitted and has been accepted by the State Records Office. The next review must be submitted to the State Records Office by 31 May 2018.

Complaints of Minor Breaches

Section 5.121 of the Local Government Act requires the complaints officer for each local government to maintain a register of complaints which result in action under section 5.110(6)(b) or (c) of the Act.

Section 5.53(2)(hb) of the Local Government Act requires that details of entries made under section 5.121 during the financial year in the register of complaints, including:

1. The number of complaints recorded on the register of complaints;
2. How the recorded complaints were dealt with.

There were nil complaints for the 2014/2015 reporting year.

National Competition Policy

The Competition Principals Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The 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.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act. A full review of all of the Shire of Meekatharra Local Laws took place during 2006/2007 and gazetted 29 July 2008.

Annual Salaries

The Local Government Act 1995 requires Council to provide the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees into salary bands of \$10,000.

For the 2014-15 period the Shire of Meekatharra had four employees whose salary exceeded \$100,000.

Of these employees:

- Two employees had a salary of between \$100,000 and \$120,000
- One employee had a salary of between \$130,000 and \$140,000
- One employee had a salary of between \$160,000 and \$170,000

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 Council's 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.

All Council meetings are open to the public and meeting dates and venue are advertised annually. Members of the public are invited to ask questions during Public Question Time.

The Act gives individuals and organisations a general right of access to information held by the Shire of Meekatharra. It also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act.

No Freedom of Information requests were made during the reporting period.

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 and Services Manager 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.

In the financial year 2014-2015, no disclosures relating to improper conduct were made to the Shire and no disclosures were referred to the Ombudsman.

Integrated Planning and Reporting

In 2010, the Western Australian State Government introduced legislation requiring local governments to prepare an Integrated Planning and Reporting Framework by June 2013.

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.

In the 2014/15 year Council adopted a number of Plans and Strategies. These included:

- *Tourism Development Strategy 2015 – 2019 for Upper Gascoyne Murchison and Shire of Meekatharra*

The overall strategy is to present a united and common approach to tourism in the region.

The plan covers possible strategies to be developed at a regional level and includes a sub plan of possible strategies for each of the eight shires involved.

This tourism plan has two components:

1. Regional tourism action plan: identical across all eight Shires of the Upper Gascoyne Murchison, it identifies initiatives enabling the shires to collaborate in developing tourism infrastructure, product and governance across the entire region.
2. Shire tourism action plan: customised for each respective Shire, it identifies initiatives to improve the tourism approach and offering at a Shire-level.

The action plans are the result of public comment during the consultation process.

- *Economic Development Strategy*

The Economic Development Strategy (EDS) is aligned with the Shire's Strategic Community Plan (2012-2022), particular in relation to the economic goal of building the Shire's economic base through diversification and to actively support local business.



The purpose of the EDS is to respond to the existing economic situation in Meekatharra and Council's vision by presenting a clear and achievable EDS action plan for the next six years. The EDS addresses the key challenges facing the Shire and leverage the competitive advantages of the town and broader region to capitalize on the identified growth and diversity opportunities.

The EDS is underpinned by a commitment to address economic development within a regional context. A key theme identified in the EDS is to capitalise on regional opportunities, particularly in relation to tourism, to assist in dispersing tourists throughout the region through cross-promotion and increased awareness. This broader regional approach is considered critical.

- *Airport Asset Management Plan*

The Shire of Meekatharra provides an Airport in partnership with the Civil Aviation Authorities, Airlines and private stakeholders to enable a safe and efficient air service for passengers and freight.

The objective of this Airport Asset Management Plan is to outline all the tasks and resources required to manage and maintain Council's Airport asset portfolio to an agreed standard. This Asset Management Plan provides a detailed overview of the ongoing management of the Airport assets.

This plan acts as a tool to support the ability of Council to deliver well targeted, responsive and value for money maintenance and operational services for customers and the community as a whole.

- *Integrated Workforce Plan (2015 – 2017)*

In 2013 in conjunction with the development of the Strategic Community Plan 2012 – 2022 (SCP) the Shire completed the first round of integrated planning and reporting which included the development of the Workforce Plan 2012 – 2016.

A review of Workforce Plan resulted in the Integrated Workforce Plan 2015 – 2017 (IWP) being created. The IWP addresses the continued commitment from Council to address resourcing issues, improve service provision and workplace safety and practices, and maintain a focus on compliance, policy and regulatory changes.

- *Meeka Revitalisation Plan (2015 – 2022)*

The Shire of Meekatharra developed a revitalisation plan for the Meekatharra Townsite. The primary focus of the plan was the revitalisation of the town centre, youth and sporting precincts.

The key goal is the activation and effective utilisation of Shire owned facilities, particularly those on the main street rather than the provision of new facilities.

This plan provides the Shire of Meekatharra with a framework that addresses its current and future community facilities need in an equitable, effective, timely and affordable manner, together with a strategic plan for the future management of this infrastructure. The



plant takes into account the needs of existing groups and aspirations of the local community, as well as emerging social, economic and cultural trends. Other key considerations in the preparation of the report have been the ability of facilities to function as community meeting places and the likely changes in the demographic profile over time.

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

A number of actions identified in the Corporate Business Plan were completed this year. This included:

- 1.2.1 Preparing a Youth Services Strategy including the possibility of a Youth Drop in Centre in the planning process.
- 1.2.3 Collected data on the use of youth services and undertake projection on future use and align with Youth Strategy. The community was engaged with the Youth Services Strategy process.
- 3.2.1 Undertook an audit of use of existing facilities and prepared a Facilities Use Strategy based on data collected.
- 3.2.3 Still preparing a revised Road asset management plan by undertaking collection of road inventory and condition data collection. This will be adopted in 2015/16.
- 3.4.1 Sought funding to assist and prepare review of Local Planning Strategy and Town Planning Scheme and ensured there is adequate zoning provision for commercial and industrial land.
- 4.1.4 Prepared information packs on land, services and facilities available in Meekatharra. Economic Development Strategy completed and endorsed.
- 4.1.8 Developed Council Position Policy on air passenger services to Meekatharra.
- 5.3.1 Long Term Financial Plan is required to be reviewed annually. Due to major changes with the Asset Management Plans after Council resolved not to renew/replace a number of buildings and roads the Long Term Financial Plan requires significant changes. This is in progress and the updated plan will be adopted in 2015/16.

Some actions identified in the CBP are ongoing and these include:

- 1.4.4 Develop, advocate and lobby a strategy for the upgrade/replacement of Meekatharra Hospital.
- 3.2.6 Preparing a Business Plan for whole of life construction program for the Landor-Meekatharra Road Meekatharra shire section with analysis of potential funding options.
- 3.2.8 Maintaining the Airport to a high standard and respond positively and promptly to all requests and demands by governing authorities.

It is envisaged that during the 2015/16 the following major projects will be completed/commenced/continued:

- Continuation of up-grading and sealing the Meekatharra-Carnarvon Road.
- Ongoing capital works to council housing
- Projects identified in the Meeka Revitalisation Plan

- Ironwork silhouettes for Main Street
- Extending and refreshing the white kerb treatment
- Relocate banner poles to a more suitable location
- Renovate the toilet facilities at youth centre
- Rural road construction which includes funded flood damage reconstruction
- Airport capital improvements
- Complete the disabled toilet facility at the cemetery
- Complete the resurfacing the basketball courts at the sports complex
- Install lighting for the town oval
- Trails
 - Meeka North Drive Heritage Trail should be completed by 30 June 2016
 - Work will commence on the South Drive Heritage Trail
 - Meeka Town Walk Heritage Trail will be revamped
 - New signage will be installed
- New storage shed will be built at the shire depot to provide covered parking area for small plant
- Construction of material bins at the depot
- Construction and sealing of new Cemetery Road
- Install windmill and tank at Cemetery
- Replace all swimming pool tiling at the Memorial Swimming Pool
- Renovate the sports complex kitchen facilities
- Replace airport apron lighting to meet new regulations
- Airport Master Plan will be developed



SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: Shire of Meekatharra Main Street Meekatharra WA 6642	


**SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 Eleventh day of December 2015



Roy McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	21	4,383,953	4,160,518	3,969,442
Operating grants, subsidies and contributions	27	8,432,337	4,081,688	9,988,649
Fees and charges	26	1,408,632	644,397	1,546,113
Service charges	23	0	0	0
Interest earnings	2(a)	523,682	674,689	521,211
Other revenue		549,318	622,905	211,657
		<u>15,297,922</u>	<u>10,184,197</u>	<u>16,237,072</u>
Expenses				
Employee costs		(1,388,585)	(1,402,731)	(1,489,115)
Materials and contracts		(5,452,593)	(3,666,995)	(5,934,411)
Utility charges		(308,284)	(194,625)	(276,469)
Depreciation on non-current assets	2(a)	(3,727,444)	(3,424,010)	(3,435,047)
Interest expenses	2(a)	0	0	0
Insurance expenses		(260,262)	(269,192)	(285,059)
Other expenditure		(110,401)	(282,662)	(313,626)
		<u>(11,247,569)</u>	<u>(9,240,215)</u>	<u>(11,733,727)</u>
		4,050,353	943,982	4,503,345
Non-operating grants, subsidies and contributions	27	1,644,646	5,135,250	1,111,095
Loss on asset disposals		(66,150)	(262,087)	(4,180)
		<u>5,628,849</u>	<u>5,817,145</u>	<u>5,610,260</u>
Net result				
Other comprehensive income				
Changes on revaluation of non-current assets	11	11,037,426	0	7,460,234
		<u>11,037,426</u>	<u>0</u>	<u>7,460,234</u>
		<u>16,666,275</u>	<u>5,817,145</u>	<u>13,070,494</u>
Total comprehensive income				

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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
	2(a)			
Governance		240	0	80
General purpose funding		10,303,012	8,417,800	6,263,273
Law, order, public safety		8,319	12,850	13,589
Health		1,618	4,078	4,610
Education and welfare		135,350	116,519	101,091
Housing		33,867	25,500	25,910
Community amenities		122,870	131,847	116,125
Recreation and culture		205,242	263,200	152,127
Transport		3,596,499	835,997	9,075,318
Economic services		189,256	240,950	268,421
Other property and services		701,649	135,456	216,528
		<u>15,297,922</u>	<u>10,184,197</u>	<u>16,237,072</u>
Expenses				
	2(a)			
Governance		(551,902)	(604,299)	(506,482)
General purpose funding		(126,811)	(236,417)	(251,041)
Law, order, public safety		(116,946)	(141,514)	(133,166)
Health		(80,441)	(98,034)	(83,431)
Education and welfare		(548,546)	(717,271)	(539,076)
Housing		(12,746)	(25,500)	(1,309)
Community amenities		(425,762)	(557,109)	(382,195)
Recreation and culture		(947,676)	(1,123,319)	(871,421)
Transport		(7,271,586)	(4,753,668)	(8,194,791)
Economic services		(358,006)	(467,898)	(425,297)
Other property and services		(807,147)	(515,187)	(345,518)
		<u>(11,247,569)</u>	<u>(9,240,215)</u>	<u>(11,733,727)</u>
Non-operating grants, subsidies and contributions				
Recreation and culture		106,271	128,125	0
Transport		1,538,375	5,007,125	1,111,095
	27	<u>1,644,646</u>	<u>5,135,250</u>	<u>1,111,095</u>
Profit/(Loss) on disposal of assets				
Transport		(60,263)	(255,848)	(4,180)
Other property and services		(5,887)	(6,239)	0
		<u>(66,150)</u>	<u>(262,087)</u>	<u>(4,180)</u>
Net result		<u>5,628,849</u>	<u>5,817,145</u>	<u>5,610,260</u>
Other comprehensive income				
Changes on revaluation of non-current assets	11	11,037,426	0	7,460,234
Total other comprehensive income		<u>11,037,426</u>	<u>0</u>	<u>7,460,234</u>
Total comprehensive income		<u><u>16,666,275</u></u>	<u><u>5,817,145</u></u>	<u><u>13,070,494</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 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	17,748,260	12,800,211
Trade and other receivables	4	1,282,549	1,822,816
Inventories	5	<u>135,207</u>	<u>214,860</u>
TOTAL CURRENT ASSETS		<u>19,166,016</u>	<u>14,837,887</u>
NON-CURRENT ASSETS			
Other receivables	4	50,879	0
Property, plant and equipment	6	17,096,697	17,317,096
Infrastructure	7	<u>40,236,970</u>	<u>27,814,429</u>
TOTAL NON-CURRENT ASSETS		<u>57,384,546</u>	<u>45,131,525</u>
TOTAL ASSETS		<u>76,550,562</u>	<u>59,969,412</u>
CURRENT LIABILITIES			
Trade and other payables	8	708,670	879,404
Provisions	9	<u>221,032</u>	<u>147,454</u>
TOTAL CURRENT LIABILITIES		<u>929,702</u>	<u>1,026,858</u>
NON-CURRENT LIABILITIES			
Provisions	9	<u>35,983</u>	<u>23,952</u>
TOTAL NON-CURRENT LIABILITIES		<u>35,983</u>	<u>23,952</u>
TOTAL LIABILITIES		<u>965,685</u>	<u>1,050,810</u>
NET ASSETS		<u>75,584,877</u>	<u>58,918,602</u>
EQUITY			
Retained surplus		39,646,938	36,527,302
Reserves - cash backed		12,814,389	10,305,176
Revaluation surplus	11	<u>23,123,550</u>	<u>12,086,124</u>
TOTAL EQUITY		<u>75,584,877</u>	<u>58,918,602</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	11	0	0	7,460,234	7,460,234
Total comprehensive income		5,610,260	0	7,460,234	13,070,494
Transfers from/(to) reserves		530,138	(530,138)	0	0
		36,527,302	10,305,176	12,086,124	58,918,602
Balance as at 30 June 2014					
Comprehensive income					
Net result		5,628,849	0	0	5,628,849
Changes on revaluation of non-current assets	11	0	0	11,037,426	11,037,426
Total comprehensive income		5,628,849	0	11,037,426	16,666,275
Transfers from/(to) reserves		(2,509,213)	2,509,213	0	0
		39,646,938	12,814,389	23,123,550	75,584,877
Balance as at 30 June 2015					

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,248,742	5,410,518	2,793,471
Operating grants, subsidies and contributions		8,071,088	4,331,688	10,188,654
Fees and charges		1,408,632	644,397	1,546,113
Interest earnings		523,682	674,689	521,211
Goods and services tax		71,962	950,000	1,343,025
Other revenue		463,204	622,905	171,657
		<u>15,787,310</u>	<u>12,634,197</u>	<u>16,564,131</u>
Payments				
Employee costs		(1,269,445)	(1,402,731)	(1,501,425)
Materials and contracts		(5,577,205)	(3,707,808)	(5,662,992)
Utility charges		(308,284)	(194,625)	(276,469)
Insurance expenses		(260,262)	(269,192)	(285,059)
Goods and services tax		0	(1,305,375)	(1,330,868)
Other expenditure		(110,401)	(282,662)	(313,626)
		<u>(7,525,597)</u>	<u>(7,162,393)</u>	<u>(9,370,439)</u>
Net cash provided by (used in) operating activities	12(b)	<u>8,261,713</u>	<u>5,471,804</u>	<u>7,193,692</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,070,478)	(3,705,095)	(861,315)
Payments for construction of infrastructure		(4,100,559)	(7,800,714)	(6,310,010)
Non-operating grants, Subsidies and contributions		1,644,646	5,315,250	1,111,095
Proceeds from sale of fixed assets		212,727	357,000	0
Net cash provided by (used in) investment activities		<u>(3,313,664)</u>	<u>(5,833,559)</u>	<u>(6,060,230)</u>
Net increase (decrease) in cash held		4,948,049	(361,755)	1,133,462
Cash at beginning of year		12,800,211	12,819,483	11,666,749
Cash and cash equivalents at the end of the year	12(a)	<u>17,748,260</u>	<u>12,457,728</u>	<u>12,800,211</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		240	0	80
General purpose funding		5,919,059	4,257,282	2,293,831
Law, order, public safety		8,319	12,850	13,589
Health		1,618	4,078	4,610
Education and welfare		135,350	116,519	101,091
Housing		33,867	25,500	25,910
Community amenities		122,870	131,847	116,125
Recreation and culture		311,513	391,325	152,127
Transport		5,134,874	5,843,122	10,186,413
Economic services		189,256	240,950	268,421
Other property and services		701,649	135,456	216,528
		<u>12,558,615</u>	<u>11,158,929</u>	<u>13,378,725</u>
Expenses				
Governance		(551,902)	(604,299)	(506,482)
General purpose funding		(126,811)	(236,417)	(251,041)
Law, order, public safety		(116,946)	(141,514)	(133,166)
Health		(80,441)	(98,034)	(83,431)
Education and welfare		(548,546)	(717,271)	(539,076)
Housing		(12,746)	(25,500)	(1,309)
Community amenities		(425,762)	(557,109)	(382,195)
Recreation and culture		(947,676)	(1,123,319)	(871,421)
Transport		(7,331,849)	(5,009,516)	(8,198,971)
Economic services		(358,006)	(467,898)	(425,297)
Other property and services		(813,034)	(521,426)	(345,518)
		<u>(11,313,719)</u>	<u>(9,502,303)</u>	<u>(11,737,907)</u>
Net result excluding rates		1,244,896	1,656,626	1,640,818
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
Initial recognition of assets due to change to regulations				
- Land		0	0	(40,000)
Movement in Equity in Loc Govt House		(50,879)	0	0
(Profit)/Loss on asset disposals		66,150	262,087	4,180
Movement in Employee Provisions provided in Budget		73,578	0	(12,143)
Movement in employee benefit provisions (non-current)		12,030	0	(1,033)
Depreciation and amortisation on assets	2(a)	3,727,444	3,424,010	3,435,047
Capital Expenditure and Revenue				
Purchase land held for resale		0	0	0
Purchase of land and buildings	6(b)	(663,481)	(2,255,080)	(431,430)
Purchase plant and equipment	6(b)	(359,744)	(1,624,000)	(291,488)
Purchase furniture and equipment	6(b)	(47,253)	(45,300)	(138,397)
Purchase roads infrastructure	7(b)	(3,410,367)	(6,280,291)	(6,106,318)
Purchase airport infrastructure	7(b)	(368,723)	(903,000)	(162,990)
Purchase other infrastructure	7(b)	(321,469)	(1,117,423)	(40,703)
Proceeds from disposal of fixed assets		212,727	357,000	0
Transfers to reserves (restricted assets)	10	(2,509,213)	(638,245)	(1,164,079)
Transfers from reserves (restricted assets)	10	0	0	1,694,217
ADD Estimated surplus/(deficit) July 1 b/fwd	21(b)	3,653,308	3,003,098	1,298,183
LESS Estimated surplus/(deficit) June 30 c/fwd	21(b)	5,642,957	0	3,653,307
Total amount raised from general rate	21(a)	<u>(4,383,953)</u>	<u>(4,160,518)</u>	<u>(3,969,442)</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 2015

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 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 Shire 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 18 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.

(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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the Council's intentions to release for sale.

(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, the Shire 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire 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.

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 Shire 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.

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 Shire.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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.

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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 Shire 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 Shire 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 2015

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 Shire 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 are 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 Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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 2015

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 Shire 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 2015

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 Shire 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 Shire'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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Shire'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 Shire'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 Shire'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 of 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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

(m) Provisions

Provisions are recognised when the Shire 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 Shire, 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(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 Shire'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 15.

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire'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.

(u) Comparative Figures

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

When the Shire 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 2015**

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 Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, 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 (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, 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)	September 2012	1 January 2018	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 Shire (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]			
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

During the current year, the Shire 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 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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 2015

2. REVENUE AND EXPENSES	2015	2014	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Significant expense			
Transport	<u>2,665,866</u>	<u>3,428,160</u>	
Transport relates to Flood Damage Road repairs funded by WANDRRA			
Auditors remuneration			
- Audit of the annual financial report	15,873	14,594	
Doubtful Debts			
-Rates	35,880	68,355	
-Sundry	535	1,452	
Depreciation			
Non-specialised buildings	275,152	200,559	
Plant And Equipment	609,326	593,527	
Furniture And Equipment	40,748	36,017	
Roads Infrastructure	2,486,301	2,311,285	
Airport Infrastructure	185,054	182,062	
Other Infrastructure	<u>130,863</u>	<u>111,597</u>	
	<u>3,727,444</u>	<u>3,435,047</u>	
(ii) Crediting as revenue:			
Significant revenue			
Initial Recognition of Crown Land	0	40,000	
Transport - WANDRRA Funding Flood Damage to Roads	<u>2,706,858</u>	<u>6,329,153</u>	
	<u>2,706,858</u>	<u>6,369,153</u>	
Other revenue			
Reimbursements and recoveries	396,198	0	
Other	<u>153,120</u>	<u>211,657</u>	
	<u>549,318</u>	<u>211,657</u>	
	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	367,912	532,689	369,283
- Other funds	65,336	80,000	14,968
Other interest revenue (refer note 25)	<u>90,434</u>	<u>62,000</u>	<u>136,960</u>
	<u>523,682</u>	<u>674,689</u>	<u>521,211</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council 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.

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

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 including Community Resource Centre. 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 tip, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance and operation and maintenance of sewage schemes.

RECREATION AND CULTURE

Maintenance of halls, swimming pool, recreation centres and various reserves; operation of library, TV and Radio Broadcasting.

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
DFES Operational Grant	Law, Order & Public Safety	0	4,860	(4,860)	0	4,500	(4,500)	0
DFES Operational Grant - SES	Law, Order & Public Safety	0	5,211	(5,211)	0	0	0	0
Dept of LG & Communities - Workforce Plan Grant	Other Property and Services	0	0	0	0	23,300	(23,300)	0
Youth Grant - Midwest Development Commission	Education & Welfare	0	0	0	0	1,000	(1,000)	0
Youth Grant - OSHC Program	Education & Welfare	0	13,414	(13,414)	0	23,629	(23,629)	0
Dept Community Development	Education & Welfare	0	78,403	(78,403)	0	0	0	0
Youth Services Grant - DCP - WA	Education & Welfare	0	0	0	0	80,480	(80,480)	0
Youth Cente Grant - Lotterywest	Education & Welfare	0	0	0	0	30,000	(30,000)	0
Dept Sport & Recreation - Kidsport	Education & Welfare	0	29,800	(29,800)	0	0	0	0
FESA - Flood Damage	Transport	0	6,329,153	(6,329,153)	0	2,706,858	(2,706,858)	0
CSRFF Grant - Kidzone Playground	Recreation & Culture	0	0	0	0	106,271	(106,271)	0
Dept Transport Roads to Recovery	Transport	0	511,095	(511,095)	0	525,497	(525,497)	0
Main Roads - Regional Roads Group	Transport	0	600,000	(600,000)	0	1,012,605	(985,249)	27,356
Royalties for Regions	Transport	0	1,293,454	(1,293,454)	0	0	0	0
Midwest Development Commision	Education & Welfare	0	9,000	(9,000)	0	0	0	0
Northern Planning Program - Meeka Revitalisation Plan	Economic Services	0	69,435	(32,352)	37,083	0	(37,083)	0
Dept of Planning - Economic Development Strategy	Economic Services	0	67,000	(59,698)	7,302	0	(6,903)	399
Total		0	9,010,825	(8,966,440)	44,385	4,514,140	(4,530,770)	27,755

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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		4,906,116	2,450,650
Restricted		<u>12,842,144</u>	<u>10,349,561</u>
		<u><u>17,748,260</u></u>	<u><u>12,800,211</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	10	160,989	155,801
Plant Reserve	10	2,526,214	831,960
Building Reserve	10	1,687,812	1,639,027
Shire Water Reserve	10	279,714	270,700
Airport Runway Reserve	10	2,551,478	2,469,103
Airport Reserve	10	900,181	871,116
Transport Reserve	10	608,670	589,023
Infrastructure & Development Reserve	10	881,961	853,485
Reseals & Rejuvenation Reserve	10	2,038,310	1,483,979
Interpretive Centre Reserve	10	1,179,061	1,140,982
Unspent grants	2(c)	27,755	44,385
		<u><u>12,842,144</u></u>	<u><u>10,349,561</u></u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	720,389	1,585,178
Sundry debtors	521,539	160,290
GST receivable	61,324	133,286
Provision For Doubtful Debts	(36,415)	(87,821)
Other Tax Receivable	15,712	31,883
	<u>1,282,549</u>	<u>1,822,816</u>
Non-current		
Equity in Local Government House	50,879	0
	<u>50,879</u>	<u>0</u>

Equity in WALGA Local Government House Trust

This note discloses the equity the Shire has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House.

The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, 3 of which are held by the Shire of Meekatharra.

The Shire has capitalised its share in the Local Government House Trust for the first time this year based on the Trust's 30 June 2014 audited financial statements.

5. INVENTORIES

Current		
Fuel and materials	135,207	214,860
	<u>135,207</u>	<u>214,860</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	<u>466,000</u>	<u>466,000</u>
	466,000	466,000
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>40,000</u>	<u>40,000</u>
	40,000	40,000
Total Land	<u><u>506,000</u></u>	<u><u>506,000</u></u>
Non-specialised buildings at:		
-Independent Valuation 2014 - level 2	11,663,200	11,663,200
- Additions after valuation - cost	663,481	0
Less: accumulated depreciation	<u>(275,300)</u>	<u>(148)</u>
Total Buildings	<u><u>12,051,381</u></u>	<u><u>11,663,052</u></u>
Total land and buildings	<u><u>12,557,381</u></u>	<u><u>12,169,052</u></u>
Plant And Equipment at:		
-Independent Valuation 2013 - level 2	5,119,861	5,119,861
- Additions after valuation - cost	326,233	291,488
Less accumulated depreciation	<u>(1,156,730)</u>	<u>(593,527)</u>
	<u><u>4,289,364</u></u>	<u><u>4,817,822</u></u>
Furniture And Equipment at:		
-Independent Valuation 2013 - level 2	227,522	227,522
- Additions after valuation - cost	98,875	138,397
Less accumulated depreciation	<u>(76,445)</u>	<u>(35,697)</u>
	<u><u>249,952</u></u>	<u><u>330,222</u></u>
	<u><u>17,096,697</u></u>	<u><u>17,317,096</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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	Transfers	Additions	(Disposals)	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$
Freehold land	466,000	0	0	0	0	466,000
Land vested in and under the control of Council	40,000	0	0	0	0	40,000
Total land	506,000	0	0	0	0	506,000
Non-specialised buildings	11,663,052	0	663,481	0	(275,152)	12,051,381
Total buildings	11,663,052	0	663,481	0	(275,152)	12,051,381
Total land and buildings	12,169,052	0	663,481	0	(275,152)	12,557,381
Plant And Equipment	4,817,822	0	359,744	(278,876)	(609,326)	4,289,364
Furniture And Equipment	330,222	(86,775)	47,253	0	(40,748)	249,952
Total property, plant and equipment	17,317,096	(86,775)	1,070,478	(278,876)	(925,226)	17,096,697

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Valuers	June 2014	Price per hectare based on relevant land sales in the locality.
Land vested in and under the control of Council	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent Valuers	June 2014	Market Value approach / residual values and remaining useful life assessments (Level 3) input
Non-specialised buildings	2	Improvement to land valued using market data for similar properties.	Independent Valuers	June 2014	Market Value approach / Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) input
Plant And Equipment	2	Market approach using recent observable market data for similar items	Independent Valuers	June 2013	Market Value/Depreciated Replacement Cost method of valuation
Furniture And Equipment	2	Market approach using recent observable market data for similar items	Independent Valuers	June 2013	Market Value/Depreciated Replacement Cost method of valuation

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Roads Infrastructure		
- Cost	0	53,273,312
- Management valuation 2015 - level 3	32,371,577	0
Less accumulated depreciation	0	(27,949,168)
	32,371,577	25,324,144
Airport Infrastructure		
- Cost	0	3,867,194
- Management valuation 2015 - level 3	3,882,573	0
Less accumulated depreciation	0	(3,024,560)
	3,882,573	842,634
Other Infrastructure		
- Cost	0	2,819,473
- Management valuation 2015 - level 3	3,982,820	0
Less accumulated depreciation	0	(1,171,822)
	3,982,820	1,647,651
	40,236,970	27,814,429

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) 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	Transfers	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$
Roads Infrastructure	25,324,144	0	3,410,367	0	6,123,368	(2,486,301)	32,371,577
Airport Infrastructure	842,634	2,680	368,723	0	2,853,589	(185,054)	3,882,573
Other Infrastructure	1,647,651	84,095	321,469	0	2,060,469	(130,863)	3,982,820
Total infrastructure	<u>27,814,429</u>	<u>86,775</u>	<u>4,100,559</u>	<u>0</u>	<u>11,037,426</u>	<u>(2,802,218)</u>	<u>40,236,970</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$11,037,426 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 11) and was recognised as Changes on 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 2015**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

<u>Asset Class</u>	<u>Fair Value Hierarchy</u>	<u>Valuation Technique</u>	<u>Basis of valuation</u>	<u>Date of last Valuation</u>	<u>Inputs used</u>
Roads Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Airport Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	520,331	725,435
Accrued salaries and wages	49,174	36,896
Excess Rates	97,763	76,510
ATO Liabilities - PAYG FBT WHT	41,402	40,563
	<u>708,670</u>	<u>879,404</u>

8. LONG-TERM BORROWINGS

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

9. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	71,224	76,230	147,454
Non-current provisions	0	23,952	23,952
	<u>71,224</u>	<u>100,182</u>	<u>171,406</u>
Additional provision	137,047	51,954	189,001
Amounts used	(103,392)	0	(103,392)
Balance at 30 June 2015	<u>104,879</u>	<u>152,136</u>	<u>257,015</u>
Comprises			
Current	104,879	116,153	221,032
Non-current	0	35,983	35,983
	<u>104,879</u>	<u>152,135</u>	<u>257,015</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
10. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	155,801	154,588	150,594
Amount set aside / transfer to reserve	5,188	6,493	5,207
Amount used / transfer from reserve	0	0	0
	<u>160,989</u>	<u>161,081</u>	<u>155,801</u>
(b) Plant Reserve			
Opening balance	831,960	2,332,189	2,076,979
Amount set aside / transfer to reserve	1,694,254	204,479	271,973
Amount used / transfer from reserve	0	0	(1,516,992)
	<u>2,526,214</u>	<u>2,536,668</u>	<u>831,960</u>
(c) Building Reserve			
Opening balance	1,639,027	1,627,622	1,412,835
Amount set aside / transfer to reserve	48,785	68,360	226,192
Amount used / transfer from reserve	0	0	0
	<u>1,687,812</u>	<u>1,695,982</u>	<u>1,639,027</u>
(d) Shire Water Reserve			
Opening balance	270,700	268,593	261,653
Amount set aside / transfer to reserve	9,014	11,281	9,047
Amount used / transfer from reserve	0	0	0
	<u>279,714</u>	<u>279,874</u>	<u>270,700</u>
(e) Airport Runway Reserve			
Opening balance	2,469,103	2,449,846	2,386,420
Amount set aside / transfer to reserve	82,375	102,894	82,683
Amount used / transfer from reserve	0	0	0
	<u>2,551,478</u>	<u>2,552,740</u>	<u>2,469,103</u>
(f) Airport Reserve			
Opening balance	871,116	864,321	841,942
Amount set aside / transfer to reserve	29,065	36,301	29,174
Amount used / transfer from reserve	0	0	0
	<u>900,181</u>	<u>900,622</u>	<u>871,116</u>
(g) Transport Reserve			
Opening balance	589,023	584,431	569,304
Amount set aside / transfer to reserve	19,647	24,546	19,719
Amount used / transfer from reserve	0	0	0
	<u>608,670</u>	<u>608,977</u>	<u>589,023</u>
(h) Infrastructure & Development Reserve			
Opening balance	853,485	846,828	824,902
Amount set aside / transfer to reserve	28,476	35,567	28,583
Amount used / transfer from reserve	0	0	0
	<u>881,961</u>	<u>882,395</u>	<u>853,485</u>
(i) Reseals & Rejuvenation Reserve			
Opening balance	1,483,979	1,475,663	1,030,700
Amount set aside / transfer to reserve	554,331	100,777	453,280
Amount used / transfer from reserve	0	0	0
	<u>2,038,310</u>	<u>1,576,440</u>	<u>1,483,979</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

(j) Upgrade To Digital Tv Reserve

Opening balance	0	0	177,225
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(177,225)
	<u>0</u>	<u>0</u>	<u>0</u>

(k) Interpretive Centre Reserve

Opening balance	1,140,982	1,132,080	1,102,761
Amount set aside / transfer to reserve	38,079	47,547	38,221
Amount used / transfer from reserve	0	0	0
	<u>1,179,061</u>	<u>1,179,627</u>	<u>1,140,982</u>

TOTAL RESERVES	<u>12,814,389</u>	<u>12,374,406</u>	<u>10,305,176</u>
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SUMMARY

Total Opening balance	10,305,176	11,736,161	10,835,314
Total Amount set aside / transfer to reserve	2,509,213	638,245	1,164,079
Total Amount used / transfer from reserve	0	0	(1,694,217)
TOTAL RESERVES	<u>12,814,389</u>	<u>12,374,406</u>	<u>10,305,176</u>

All of the reserve accounts are supported by money held in financial institutions and are included in 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 2015**

10. 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:

PURPOSE OF RESERVES

- (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 & Economic Development Reserve**
 - to be used to develop existing town infrastructure of a commercial or non commercial nature and fund projects deemed by Council to provide a necessary long term employment or economic benefit to the community.
- (i) Reseal & Rejuvenation Reserve**
 - to be used to fund reseals and 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 therefore the Reserve was cancelled in 2013/14 and funds were transferred to Plant Reserve
- (k) Interpretive Centre Reserve**
 - to be used to acquire and refurbish the Interpretive Centre.

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

11. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening balance	466,000	466,000
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>466,000</u>	<u>466,000</u>
(b) Buildings		
Opening balance	6,994,234	6,994,234
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>6,994,234</u>	<u>6,994,234</u>
(c) Furniture & Equipment		
Opening balance	16,321	16,321
Revaluation increment	0	(0)
Revaluation decrement	0	0
	<u>16,321</u>	<u>16,321</u>
(d) Plant & Equipment		
Opening balance	1,740,720	1,740,720
Revaluation increment	(0)	0
Revaluation decrement	0	0
	<u>1,740,720</u>	<u>1,740,720</u>
(e) Roads		
Opening balance	2,868,850	2,868,850
Revaluation increment	6,123,368	0
Revaluation decrement	0	0
	<u>8,992,217</u>	<u>2,868,850</u>
(f) Airport Infrastructure		
Opening balance	0	0
Revaluation increment	2,853,589	0
Revaluation decrement	0	0
	<u>2,853,589</u>	<u>0</u>
(g) Other Infrastructure		
Opening balance	0	0
Revaluation increment	2,060,469	0
Revaluation decrement	0	0
	<u>2,060,469</u>	<u>0</u>
SUMMARY		
Opening balance	12,086,124	12,086,124
Revaluation increment	11,037,426	0
Revaluation decrement	0	0
TOTAL ASSET REVALUATION SURPLUS	<u><u>23,123,550</u></u>	<u><u>12,086,124</u></u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>17,748,260</u>	<u>12,457,728</u>	<u>12,800,211</u>

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

Net result	5,628,849	5,817,145	5,610,260
Non-cash flows in Net result:			
Depreciation	3,727,444	3,424,010	3,435,047
(Profit)/Loss on sale of asset	66,150	262,087	4,180
Non-current assets recognised due to changes in legislative requirements	0	0	(40,000)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	489,388	1,680,000	(963,809)
(Increase)/Decrease in inventories	79,653	(177,687)	(77,033)
Increase/(Decrease) in payables	(170,733)	(218,501)	349,318
Increase/(Decrease) in provisions	85,608	0	(13,176)
Grants contributions for the development of assets	<u>(1,644,646)</u>	<u>(5,315,250)</u>	<u>(1,111,095)</u>
Net cash from operating activities	<u>8,261,713</u>	<u>5,471,804</u>	<u>7,193,692</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2015 \$	2014 \$
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	0	0
Total amount of credit unused	<u>1,005,000</u>	<u>1,005,000</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>NIL</u>	<u>NIL</u>
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**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

13. CONTINGENT LIABILITIES

The Shire did not have any Contingent Liabilities at the reporting date.

14. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future 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.

15. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	171,922	168,027
Law, order, public safety	235,884	198,000
Health	2,460	3,280
Education and welfare	1,702,362	1,661,394
Housing	3,591,696	3,474,879
Community amenities	2,907,065	1,356,041
Recreation and culture	7,326,298	4,678,815
Transport	43,665,021	33,665,220
Economic services	502,021	3,202,593
Other property and services	7,743,874	5,728,879
Unallocated	8,701,960	5,832,284
	<u>76,550,562</u>	<u>59,969,412</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

17. FINANCIAL RATIOS	2015	2014	2013
Current ratio	7.77	4.72	2.97
Asset sustainability ratio	1.01	3.56	1.46
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	0.59	0.75	0.07
Own source revenue coverage ratio	0.59	0.51	0.47

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 56 of this document.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

18. 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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Donations	5,000	0	(5,000)	0
Unclaimed Monies	27,186	5,430	(9,212)	23,403
Library Membership Deposits	2,619	0	(2,215)	405
Building Industry Training Levy	0	13,118	(13,118)	0
Building Registration Board	(0)	6,109	(6,109)	0
Housing Bonds	(300)	1,500	(2,000)	(800)
Nomination Deposits	0	400	(400)	0
Stockyard Caretaking	21	0	(21)	0
Miscellaneous Deposits	6,699	989	(3,308)	4,380
Picture Fund	1,000	0	(1,000)	0
Sale of Housing	60,577	(0)	0	60,577
Bus Hire	525	0	0	525
Complex Hire	0	0	0	0
	<u>103,327</u>			<u>88,490</u>

19. DISPOSALS OF ASSETS - 2014/15 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						
Transport						
P402 - Toyota Hilux 2008 *	0	11,983	0	11,000	0	(983)
P405 WA Hino Dual Cab Truck - 2009 *	0	98,938	0	50,000	0	(48,938)
P349 - Volvo G720 Grader *	0	89,945	0	50,000	0	(39,945)
P419 - 2009 Cat 12M Grader	240,263	256,602	180,000	150,000	(60,263)	(106,602)
P109 - Nissan UD Prime Mover *	0	76,453	0	20,000	0	(56,453)
P437 - Toyota Landcruiser GLX *	0	43,927	0	41,000	0	(2,927)
Other property and services						
444 - Ford Ranger Ute	38,614	41,239	32,727	35,000	(5,887)	(6,239)
	<u>278,877</u>	<u>619,087</u>	<u>212,727</u>	<u>357,000</u>	<u>(66,150)</u>	<u>(262,087)</u>

* Items were not disposed during 14-15

Profit	0	0
Loss	(66,150)	(262,087)
	<u>(66,150)</u>	<u>(262,087)</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire had no amounts owing on debentures as at 30 June 2015.

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire has no overdraft facility available, and no overdraft facilities were utilised during the year ended 30 June 2015.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. RATING INFORMATION - 2014/15 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											
Gross rental value valuations											
GRV	11.8836	318	2,816,388	334,688	194	0	334,882	334,688	0	0	334,688
Unimproved value valuations											
UV-Rural/Pastoral	3.8433	42	3,402,209	246,056	802	0	246,858	246,056	0	0	246,056
UV-Mining	19.0389	886	18,217,698	3,468,449	222,164	0	3,690,613	3,468,449	0	0	3,468,449
Sub-Totals		1,246	24,436,295	4,049,193	223,160	0	4,272,353	4,049,193	0	0	4,049,193
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV	350.00	80	24,355	28,000	0	0	28,000	28,000	0	0	28,000
Unimproved value valuations											
UV-Rural/Pastoral	275.00	5	13,350	1,375	0	0	1,375	1,375	0	0	1,375
UV-Mining	275.00	298	211,412	81,950	275	0	82,225	81,950	0	0	81,950
Sub-Totals		383	249,117	111,325	275	0	111,600	111,325	0	0	111,325
Discounts/concessions (refer note 24)							0				0
Total amount raised from general rate							4,383,953				4,160,518
Specified Area Rate (refer note 22)							0				0
Totals							4,383,953				4,160,518

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>5,642,957</u>	<u>3,653,308</u>	<u>3,653,307</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	4,906,116	2,450,650	2,450,650
Restricted	12,842,144	10,349,561	10,349,561
Receivables			
Rates outstanding	720,389	1,585,178	1,585,178
Sundry debtors	521,539	160,290	160,290
GST receivable	61,324	133,286	133,286
Provision For Doubtful Debts	(36,415)	(87,821)	(87,821)
Other Tax Receivable	15,712	31,883	31,883
Inventories			
Fuel and materials	135,207	214,860	214,860
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(520,331)	(725,435)	(725,435)
Accrued salaries and wages	(49,174)	(36,896)	(36,896)
Excess Rates	(97,763)	(76,510)	(76,510)
ATO Liabilities - PAYG FBT WHT	(41,402)	(40,563)	(40,563)
Provisions			
Provision for annual leave	(104,879)	(71,224)	(71,224)
Provision for long service leave	(116,153)	(76,230)	(76,230)
Net current assets	<u>18,236,314</u>	<u>13,811,029</u>	<u>13,811,029</u>
<u>Less:</u>			
Reserves - restricted cash	(12,814,389)	(10,305,175)	(10,305,175)
<u>Add:</u>			
Employee Provisions (provided in Budget)	221,032	147,454	147,454
Surplus/(deficit)	<u><u>5,642,957</u></u>	<u><u>3,653,308</u></u>	<u><u>3,653,307</u></u>

Difference

There was a minor difference due to rounding between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

23. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

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

25. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	10.00%		70,013	30,000
Interest on instalments plan	5.50%		20,125	28,000
Charges on instalment plan		15	12,525	22,000
Interest on Unpaid Debtors	10.00%		296	4,000
			102,959	84,000

Ratepayers had the option of paying in four equal instalments, due on 28th August 2014, 1st November 2014, 5th January 2015, 11th March 2015. Administration charges and interest apply for the final three instalments.

26. FEES & CHARGES	2015 \$	2014 \$
General purpose funding	37,078	34,012
Law, order, public safety	2,559	3,518
Health	1,618	4,610
Housing	32,140	1,522
Community amenities	122,870	115,443
Recreation and culture	30,200	80,287
Transport	563,794	1,183,356
Economic services	131,526	121,015
Other property and services	486,847	2,351
	1,408,632	1,546,113

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 2015

27. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	8,432,337	9,988,649
Non-operating grants, subsidies and contributions	1,644,646	1,111,095
	<u>10,076,983</u>	<u>11,099,744</u>
By Program:		
General purpose funding	5,295,093	1,738,608
Law, order, public safety	5,760	10,071
Education and welfare	135,109	101,091
Housing	234	2,418
Community amenities	0	683
Recreation and culture	136,271	30,955
Transport	4,470,049	8,934,366
Economic services	231	69,341
Other property and services	34,236	212,211
	<u>10,076,983</u>	<u>11,099,744</u>

28. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>20</u>	<u>20</u>
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29. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	21,000	26,400	13,430
President's allowance	8,000	8,000	7,739
Deputy President's allowance	2,000	2,000	2,000
Travelling expenses	5,867	4,000	2,214
Telecommunications allowance	0	500	0
	<u>36,867</u>	<u>40,900</u>	<u>25,383</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

30. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014/15.

31. 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	168,572	119,677
Operating Expenses	(138,017)	(117,932)
Change in Net Assets resulting	<u>30,555</u>	<u>1,745</u>
Statement of Financial Position		
Current Assets		
Cash at Bank	73,133	85,215
Trade Debtors	0	0
Current Liabilities		
Trade Creditors (Shire of Meekatharra)	(73,133)	(85,215)
(Air BP)	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Equity		
Opening Balance	0	0
Cash Transferred to/(from Muni)	(30,555)	(1,745)
Change in Net Assets	<u>30,555</u>	<u>1,745</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 2015

32. FINANCIAL RISK MANAGEMENT

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

The Shire 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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015 \$	2014 \$	2015 \$	2014 \$
Financial assets				
Cash and cash equivalents	17,748,260	12,800,211	17,748,260	12,800,211
Receivables	1,333,428	1,822,816	1,333,428	1,822,816
	<u>19,081,688</u>	<u>14,623,027</u>	<u>19,081,688</u>	<u>14,623,027</u>
Financial liabilities				
Payables	708,670	879,404	708,670	879,404
Borrowings	0	0	0	0
	<u>708,670</u>	<u>879,404</u>	<u>708,670</u>	<u>879,404</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

32. 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.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	177,483	128,002
- Statement of Comprehensive Income	177,483	128,002 ⁽²⁾

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:

	2015	2014
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	95.44%	99.22%
- Overdue	4.56%	0.78%

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

32. 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. The Shire 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 the Shire'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>2015</u>					
Payables	708,670	0	0	708,670	772,883
Borrowings	0	0	0	0	0
	<u>708,670</u>	<u>0</u>	<u>0</u>	<u>708,670</u>	<u>772,883</u>
<u>2014</u>					
Payables	879,404	0	0	879,404	914,752
Borrowings	0	0	0	0	0
	<u>879,404</u>	<u>0</u>	<u>0</u>	<u>879,404</u>	<u>914,752</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 2015. 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 2015 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 56 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 15th day of December 2015 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants

**SHIRE OF MEEKATHARRA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.97	0.58	0.57
Asset renewal funding ratio	0.60	0.56	0.26

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$