



shire of
meekatharra
a golden prospect

Annual Report

2015 - 2016



Shire of Meekatharra
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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 incorporated all the Integrated Planning actions and projects into the budget consideration process. I am pleased that most the actions and projects from our many planning documents were included in the annual budget.

A comprehensive Business Plan for a \$5M program to upgrade and seal a further 20 kilometres of Landor Road 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. Early in the year we received notice that this application was successful. This is a very pleasing result for the Shire and my thanks go to CEO Roy McClymont and his assisting staff and contractors for their great work in achieving this grant funding.

In October 2015 we held our biennial elections. This election was well contested with seven candidates contesting four seats. The three sitting Councillors were returned to Council and Mr Phil Curley was elected as a new Councillor. I welcome Cr Curley and wish him well for his time on Council. Cr Tony Burrows retired from Council at these elections. Cr Burrows served on Council for a total of 19 years during which he displayed drive and passion for his role. My sincere thanks go to Cr Burrows for his dedication during his time on Council. Congratulations also to Cr Harvey Nichols and Cr Andrew Binsiar on their successful return to Council.

Our construction crew and contractors continue to do a top job maintaining our huge road network.

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. In May 2016, Roy clocked over 10 years as CEO of the Meekatharra Shire. This is a huge milestone and is reflective of Roy's dedication to his role and also indicative of the character of the organisation as a whole.

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 another 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 role of Project Manager on a full time basis in October 2015.

On the 15 September 2015 our Leading Hand/Grader Operator, Adrian Baumgarten achieved a major milestone of 10 years dedicated service with the Shire. Adrian started with the Shire as a Plant Operator and has worked his way up to his current position of Leading Hand/Grader Operator. It has been a pleasure to work with Adrian through most his time at the Shire.

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 (\$3.8M), Landor Road resheeting, upgrading and sealing (\$2.3M), Ashburton Downs Road (\$800,000), Sandstone Road (\$287,000), New Cemetery Road (\$180,000), Peak Hill-Three Rivers Road (\$163,000) and Mt Clere Road (\$90,000).

We continue to keep our plant fleet well maintained and up to date and this year we made a number of plant purchases. This included a second hand Cat 140H Grader, 2 x SH Mack Superliner trucks, 2 x SH side tipper trailers, a Multipac Road roller, a Hako road sweeper and a SH quad axle deck widening low loader trailer. We also took delivery, from the Department of Fire and Emergency Services, of 2 x light tanker bush fire brigade units which will replace the 3.4 bush fire truck.

We expended \$527,846 on capital improvements to our staff housing, including the purchase of a house for the Community and Development Services Manager position. Renovations to our consultants quarters at Lot 17 Main Street were completed converting these quarters into three stylish 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.
- Significant lobbying efforts to have the Meekatharra District Hospital replaced.
- Engaged a new rubbish contractor Mark Tipple who replaces Greg Byrne.
- \$70K spent on Litter control – includes vacant blocks and removal of abandoned cars.
- Sold Paddy's Flat Accommodation Facility to the Meekatharra Veterans Legion Inc.
- New Public Toilets erected at the Cemetery and Sports Complex Oval.
- Replaced swimming pool tiling and installed an automatic cut off valve for the chlorination system.
- Commenced the installation of Oval Lights
- Renovated kitchen and disabled toilets at the Sports Complex
- Installed outdoor exercise equipment at the sports complex oval
- Installed a bore near Grants pit to supply the town parks and gardens watering needs
- Added to the already impressive gym equipment
- Replaced fencing around the basketball courts at the Sports Complex
- Continued Town Revitalisation works – seating on the main street
- New seating purchased and installed at the Airport Terminal
- Airport Apron Lighting upgraded
- New AFRU at the Airport (Aerodrome Frequency Response Unit)
- Purchased and installed 2 new flag poles at the front of the Shire Office to fly the WA Flag and the Aboriginal Flag.

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. Friday night activities were held in town again and this year we had a circus on the Sunday instead of the Rodeo.

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.

A revised DAIP will be presented to Council for adoption in early 2017.

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 2015/2016 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. A full review will be undertaken in 2016/2017.

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 six employees whose salary exceeded \$100,000.

Of these employees:

- One employee had a salary of between \$100,000 and \$110,000
- One employee had a salary of between \$110,000 and \$120,000
- Two employees had a salary of between \$120,000 and \$130,000
- One employee had a salary of between \$130,000 and \$140,000
- One employee had a salary of between \$170,000 and \$180,000

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 2015-2016, 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.

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

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

- 1.1.4 Continue to run and support, programs and events through existing structures (Community, Youth, Sport and Rec).
- 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 2016/17 the following major projects will be completed/commenced/continued:

- Continuation of up-grading and sealing the Meekatharra-Carnarvon Road.
- Rural road construction which includes funded flood damage reconstruction
- Repaint the exterior of the Youth Centre, the Hearse Shed,
- Renovations at the Community Resource Centre
- Ongoing capital works to council housing
- Install windmill and tank at the cemetery
- Bitumenise at the cemetery including the walkway and outside the cemetery gates
- Renovate the flooring, install patio fans and stainless steel kitchen cupboards at the Shire hall
- As part of the Revitalisation plan design the renovations for Lloyd's building on Main Street.
- Upgrade to stop the degradation at the historical Mt Gould Police Station.
- Design and install a small wheels skate park.
- Various works at the sports complex such as reseal the existing carpark, bitumenise an area for parking at the gym, new shed for storage, replace the goal posts, replace/renew the playground equipment and installing underground power to the recreation centre and pump house.
- Renew the depot fencing and install electrical fencing to enable remote monitoring.
- Install underground power at the shire depot.
- Purchase and install two vehicle activate speed signs for Main Street.
- Airport



SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
Address
Main Street,
Meekatharra WA 6642

**SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Meekatharra being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra at 30th June 2016 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  day of December 2016



Roy McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	3,851,503	3,795,353	4,383,953
Operating grants, subsidies and contributions	30	2,398,406	3,494,243	8,432,337
Fees and charges	29	1,063,706	844,014	1,408,632
Interest earnings	2(a)	590,456	498,803	523,682
Other revenue	2(a)	396,450	332,578	549,318
		<u>8,300,521</u>	<u>8,964,991</u>	<u>15,297,922</u>
Expenses				
Employee costs		(1,554,262)	(1,436,078)	(1,388,585)
Materials and contracts		(2,115,499)	(2,881,747)	(5,452,593)
Utility charges		(276,573)	(320,961)	(308,284)
Depreciation on non-current assets	2(a)	(4,231,669)	(3,446,600)	(3,727,444)
Insurance expenses		(207,973)	(293,422)	(260,262)
Other expenditure		(207,342)	(189,241)	(110,401)
		<u>(8,593,318)</u>	<u>(8,568,049)</u>	<u>(11,247,569)</u>
		(292,797)	396,942	4,050,353
Non-operating grants, subsidies and contributions	30	8,049,983	10,017,224	1,644,646
Profit on asset disposals	21	0	20,621	0
(Loss) on asset disposals	21	(1,256,814)	(156,815)	(66,150)
(Loss) on revaluation of furniture and equipment	7(b)	(42,895)	0	0
Net result		<u>6,457,477</u>	<u>10,277,972</u>	<u>5,628,849</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	717,400	0	11,037,426
Total other comprehensive income		<u>717,400</u>	<u>0</u>	<u>11,037,426</u>
Total comprehensive income		<u>7,174,877</u>	<u>10,277,972</u>	<u>16,666,275</u>

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

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		80	80	240
General purpose funding		6,149,779	6,098,661	10,303,012
Law, order, public safety		276,443	21,530	8,319
Health		7,872	1,915	1,618
Education and welfare		100,947	125,635	135,350
Housing		34,824	28,860	33,867
Community amenities		132,500	140,100	122,870
Recreation and culture		156,667	304,455	205,242
Transport		1,059,966	1,852,885	3,596,499
Economic services		169,699	276,450	189,256
Other property and services		211,744	114,420	701,649
		<u>8,300,521</u>	<u>8,964,991</u>	<u>15,297,922</u>
Expenses	2(a)			
Governance		(523,654)	(587,642)	(551,902)
General purpose funding		(186,602)	(195,830)	(126,811)
Law, order, public safety		(139,269)	(148,617)	(116,946)
Health		(86,029)	(95,408)	(80,441)
Education and welfare		(573,578)	(751,729)	(548,546)
Housing		(47,983)	(28,860)	(12,746)
Community amenities		(479,276)	(630,968)	(425,762)
Recreation and culture		(1,131,051)	(1,315,585)	(947,676)
Transport		(4,508,364)	(4,205,650)	(7,271,586)
Economic services		(313,980)	(399,796)	(358,006)
Other property and services		(603,532)	(207,964)	(807,147)
		<u>(8,593,318)</u>	<u>(8,568,049)</u>	<u>(11,247,569)</u>
		(292,797)	396,942	4,050,353
Non-operating grants, subsidies and contributions	30	8,049,983	10,017,224	1,644,646
Profit on disposal of assets	21	0	20,621	0
(Loss) on disposal of assets	21	(1,256,814)	(156,815)	(66,150)
(Loss) on revaluation of furniture and equipment	7(b)	(42,895)	0	0
		<u>6,750,274</u>	<u>9,881,030</u>	<u>1,578,496</u>
Net result		6,457,477	10,277,972	5,628,849
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	717,400	0	11,037,426
Total other comprehensive income		717,400	0	11,037,426
Total comprehensive income		7,174,877	10,277,972	16,666,275

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

**SHIRE OF MEEKATHARRA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	18,499,553	17,748,260
Trade and other receivables	5	2,604,340	1,282,549
Inventories	6	<u>137,965</u>	<u>135,207</u>
TOTAL CURRENT ASSETS		<u>21,241,858</u>	<u>19,166,016</u>
NON-CURRENT ASSETS			
Investments	4	50,879	50,879
Property, plant and equipment	7	17,221,989	17,096,697
Infrastructure	8	<u>45,722,952</u>	<u>40,236,970</u>
TOTAL NON-CURRENT ASSETS		<u>62,995,820</u>	<u>57,384,546</u>
TOTAL ASSETS		<u>84,237,678</u>	<u>76,550,562</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,180,105	708,670
Provisions	11	<u>267,262</u>	<u>221,032</u>
TOTAL CURRENT LIABILITIES		<u>1,447,367</u>	<u>929,702</u>
NON-CURRENT LIABILITIES			
Provisions	11	<u>30,557</u>	<u>35,983</u>
TOTAL NON-CURRENT LIABILITIES		<u>30,557</u>	<u>35,983</u>
TOTAL LIABILITIES		<u>1,477,924</u>	<u>965,685</u>
NET ASSETS		<u>82,759,754</u>	<u>75,584,877</u>
EQUITY			
Retained surplus		43,374,972	39,646,938
Reserves - cash backed	12	15,543,832	12,814,389
Revaluation surplus	13	<u>23,840,950</u>	<u>23,123,550</u>
TOTAL EQUITY		<u>82,759,754</u>	<u>75,584,877</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 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		36,527,301	10,305,177	12,086,124	58,918,602
Comprehensive income					
Net result		5,628,849	0	0	5,628,849
Changes on revaluation of assets	13	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
Balance as at 30 June 2015		39,646,938	12,814,389	23,123,550	75,584,877
Comprehensive income					
Net result		6,457,477	0	0	6,457,477
Changes on revaluation of assets	13	0	0	717,400	717,400
Total comprehensive income		6,457,477	0	717,400	7,174,877
Transfers from/(to) reserves		(2,729,443)	2,729,443	0	0
Balance as at 30 June 2016		43,374,972	15,543,832	23,840,950	82,759,754

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,493,471	3,995,353	5,248,742
Operating grants, subsidies and contributions		1,382,625	3,909,243	8,071,088
Fees and charges		1,063,706	844,014	1,408,632
Interest earnings		590,456	498,803	523,682
Goods and services tax		1,242,364	950,000	71,962
Other revenue		396,450	332,578	463,204
		<u>8,169,072</u>	<u>10,529,991</u>	<u>15,787,310</u>
Payments				
Employee costs		(1,544,594)	(1,436,078)	(1,269,445)
Materials and contracts		(1,624,987)	(2,636,747)	(5,577,205)
Utility charges		(276,573)	(320,961)	(308,284)
Insurance expenses		(207,973)	(293,422)	(260,262)
Goods and services tax		(1,181,041)	(950,000)	0
Other expenditure		(207,342)	(189,241)	(110,401)
		<u>(5,042,510)</u>	<u>(5,826,449)</u>	<u>(7,525,597)</u>
Net cash provided by (used in) operating activities	14(b)	<u>3,126,562</u>	<u>4,703,542</u>	<u>8,261,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,966,555)	(2,166,280)	(1,070,479)
Payments for construction of infrastructure		(8,810,082)	(14,773,816)	(4,100,559)
Non-operating grants, subsidies and contributions		8,049,983	10,017,224	1,644,646
Proceeds from sale of fixed assets		351,385	236,000	212,727
Net cash provided by (used in) investment activities		<u>(2,375,269)</u>	<u>(6,686,872)</u>	<u>(3,313,665)</u>
Net increase (decrease) in cash held		751,293	(1,983,330)	4,948,048
Cash at beginning of year		17,748,260	17,746,780	12,800,211
Cash and cash equivalents at the end of the year	14(a)	<u>18,499,553</u>	<u>15,763,450</u>	<u>17,748,260</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 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>5,642,957</u> 5,642,957	<u>5,745,230</u> 5,745,230	<u>3,653,308</u> 3,653,308
Revenue from operating activities (excluding rates)			
Governance	80	80	240
General purpose funding	2,298,276	2,303,308	5,919,059
Law, order, public safety	276,443	21,530	8,319
Health	7,872	1,915	1,618
Education and welfare	100,947	125,635	135,350
Housing	34,824	28,860	33,867
Community amenities	132,500	140,100	122,870
Recreation and culture	156,667	304,455	205,242
Transport	1,059,966	1,867,462	3,596,499
Economic services	169,699	276,450	189,256
Other property and services	211,744	120,464	701,649
	<u>4,449,018</u>	<u>5,190,259</u>	<u>10,913,969</u>
Expenditure from operating activities			
Governance	(523,654)	(587,642)	(551,902)
General purpose funding	(229,495)	(195,830)	(126,811)
Law, order, public safety	(139,269)	(148,617)	(116,946)
Health	(86,029)	(95,408)	(80,441)
Education and welfare	(573,578)	(751,729)	(548,546)
Housing	(47,983)	(28,860)	(12,746)
Community amenities	(1,498,558)	(630,968)	(425,762)
Recreation and culture	(1,131,051)	(1,315,585)	(947,676)
Transport	(4,745,898)	(4,362,465)	(7,331,849)
Economic services	(313,980)	(399,796)	(358,006)
Other property and services	(603,532)	(207,964)	(813,034)
	<u>(9,893,027)</u>	<u>(8,724,864)</u>	<u>(11,313,719)</u>
Operating activities excluded from budget			
Initial recognition of Equity in LG House	0	0	(50,879)
(Profit) on disposal of assets	21	0	(20,621)
Loss on disposal of assets	21	1,256,814	156,815
(Loss) on revaluation of furniture and equipment	6(b)	42,895	0
Movement in employee benefit provisions (non-current)	9	(5,426)	0
Movement in Employee Provisions provided in Budget		46,229	0
Depreciation and amortisation on assets	2(a)	4,231,669	3,446,600
Amount attributable to operating activities	<u>5,771,129</u>	<u>5,793,419</u>	<u>7,081,882</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	30	8,049,983	10,017,224
Proceeds from disposal of assets	21	351,385	236,000
Purchase of property, plant and equipment	7(b)	(1,966,555)	(2,166,280)
Purchase and construction of infrastructure	8(b)	(8,810,082)	(14,773,816)
Amount attributable to investing activities	<u>(2,375,269)</u>	<u>(6,686,872)</u>	<u>(3,313,665)</u>
FINANCING ACTIVITIES			
Transfers to reserves (restricted assets)	12	(2,971,443)	(2,901,900)
Transfers from reserves (restricted assets)	12	242,000	0
Amount attributable to financing activities	<u>(2,729,443)</u>	<u>(2,901,900)</u>	<u>(2,509,213)</u>
Surplus(deficiency) before general rates	<u>666,417</u>	<u>(3,795,353)</u>	<u>1,259,004</u>
Total amount raised from general rates	23	<u>3,851,503</u>	<u>3,795,353</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>4,517,921</u></u>	<u><u>0</u></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 2016

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 20 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 2016

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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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 2016

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 2016

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	1 to 20 years
Plant and Equipment	1 to 20 years
Roads Unformed	Not Depreciated
Roads Formed	Not Depreciated
Roads Gravel	15 years
Roads Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 to 20 years
Drains and Sewers	80 to 100 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 2016

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 2016

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 in accordance with the regulatory framework.

(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 2016

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 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 2016

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 2016

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 2016

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 17.

(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 2016

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 2016**

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 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<p>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.</p> <p>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.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>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.</p> <p>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.</p>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>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.</p> <p>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.</p>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	<p>December 2014</p>	<p>1 January 2017</p>	<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>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	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. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii) 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.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
Significant expense and revenue		
The Net result includes:		
(i) Charging as an expense:		
Transport	<u>3,811,382</u>	<u>2,665,866</u>
Relates to WANDRRA Road funding - represented in Non-Operating Expenditure in 15-16 in Operating expenditure in prior years		
Auditors remuneration		
- Audit of the Annual Financial Report	15,316	15,873
Doubtful Debts		
- Rates	50,463	35,880
- Sundry	<u>14,960</u>	<u>535</u>
	<u>65,423</u>	<u>36,415</u>
Depreciation		
Buildings - Non Specialised	293,718	275,152
Furniture & Equipment	45,374	40,748
Plant & Equipment	646,206	609,326
Infrastructure - Roads	2,698,994	2,486,301
Infrastructure - Footpaths	12,222	0
Infrastructure - Other Infrastructure	341,362	130,863
Infrastructure - Airport	<u>193,793</u>	<u>185,054</u>
	<u>4,231,669</u>	<u>3,727,444</u>
(ii) Crediting as revenue:		
Significant revenue		
Transport - WANDRRA Funding	<u>3,387,379</u>	<u>2,706,858</u>
Relates to WANDRRA Road funding - represented - in Non-Operating revenue in 15-16 - in Operating revenue in prior years		
Other revenue		
Reimbursements and recoveries	298,632	396,198
Other	<u>97,818</u>	<u>153,120</u>
	<u>396,450</u>	<u>549,318</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	428,506	358,803
- Other funds	37,735	80,000
- Landor Rd Business Case	25,503	0
Other interest revenue (refer note 28)	<u>98,713</u>	<u>60,000</u>
	<u>590,456</u>	<u>498,803</u>
	<u>590,456</u>	<u>523,682</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
DFES Operational Grant	Law, Order & Public Safety	0	4,500	(4,500)	0	8,000	(8,000)	0
DFES Operational Grant - SES	Law, Order & Public Safety	0	0	0	0	2,367	(2,367)	0
Dept of LG & Communities - Workforce Plan Grant	Other Property and Services	0	23,300	(23,300)	0	0	0	0
Youth Grant - Midwest Development Commission	Education & Welfare	0	1,000	(1,000)	0	0	0	0
Youth Grant - OSHC Program	Education & Welfare	0	23,629	(23,629)	0	18,806	(18,806)	0
Dept Community Development	Education & Welfare	0	0	0	0	0	0	0
Youth Services Grant - DCP - WA	Education & Welfare	0	80,480	(80,480)	0	82,009	(82,009)	0
Youth Centre Grant - Lotterywest	Education & Welfare	0	30,000	(30,000)	0	0	0	0
Dept Sport & Recreation - Kidsport	Education & Welfare	0	0	0	0	40,000	(40,000)	0
FESA - Flood Damage	Transport	0	2,706,858	(2,706,858)	0	3,387,379	(3,387,379)	0
Landor Business Case	Transport	0	0	0	0	3,025,503	(1,000,000)	2,025,503
CSRFF Grant - Kidzone Playground	Recreation & Culture	0	106,271	(106,271)	0	0	0	0
Dept Transport Roads to Recovery	Transport	0	525,497	(498,141)	27,356	1,501,713	(1,116,426)	412,643
Main Roads - Regional Roads Group	Transport	0	1,012,605	(1,012,605)	0	120,000	(120,000)	0
Royalties for Regions	Transport	0	0	0	0	1,000,000	(1,000,000)	0
Northern Planning Program - Meeka Revitalisation	Economic Services	37,083	0	(37,083)	0	0	0	0
Dept of Planning - Economic Development Strategy	Economic Services	7,302	0	(6,903)	399	0	(399)	0
RADS	Transport	0	0	0	0	35,000	(35,000)	0
Trails Grant	Economic Services	0	0	0	0	18,000	0	18,000
Swimming Pool	Recreation & Culture	0	30,000	(30,000)	0	35,200	(35,200)	0
Total		44,385	4,544,140	(4,560,770)	27,755	9,273,977	(6,845,586)	2,456,146

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.

(4) - Economic dependency

A significant portion of revenue is received by way of grants from the State and Federal Government. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted Cash		499,575	4,906,116
Restricted Cash		<u>17,999,978</u>	<u>12,842,144</u>
		<u>18,499,553</u>	<u>17,748,260</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	166,253	160,989
Plant Reserve	12	2,958,655	2,526,214
Building Reserve	12	1,748,025	1,687,812
Shire Water Reserve	12	288,862	279,714
Airport Runway Reserve	12	2,634,988	2,551,478
Airport Reserve	12	929,645	900,181
Transport Reserve	12	628,585	608,670
Infrastructure & Development Reserve	12	910,841	881,961
Reseals & Rejuvenation Reserve	12	2,465,844	2,038,310
Interpretive Centre Reserve	12	1,217,656	1,179,061
Roads -Second / Final Seals Reserve	12	1,087,032	0
Lloyd'S Revitalisation Reserve	12	507,447	0
Unspent grants	2(c)	<u>2,456,146</u>	<u>27,755</u>
		<u>17,999,978</u>	<u>12,842,144</u>

Unspent grants as at 30 June 2016 includes \$2,025,503 in restricted unspent funds held with WATC for the Upgrade and Seal Meekatharra Carnarvon Route - Landor Road, as disclosed in Note 2c.

4. INVESTMENTS - Non-Current

Equity in Local Government House		<u>50,879</u>	<u>50,879</u>
Equity in Local Government House			
At the beginning of the year		50,879	0
Additions		0	50,879
Disposals		<u>0</u>	<u>0</u>
At the end of the year		<u>50,879</u>	<u>50,879</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	1,078,421	720,389
Sundry debtors	1,591,286	521,539
GST receivable	0	61,324
Provision For Doubtful Debts	(65,423)	(36,415)
Other Tax Receivable	0	15,712
Items Held In Trust	56	0
	<u>2,604,340</u>	<u>1,282,549</u>
6. INVENTORIES		
Current		
Fuel and materials	<u>137,965</u>	<u>135,207</u>
	<u>137,965</u>	<u>135,207</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2014 - level 2	416,000	466,000
	<u>416,000</u>	<u>466,000</u>
Land - vested in and under the control of Council at:		
- Management Valuation 2014 - Level 3	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
	<u>456,000</u>	<u>506,000</u>
Buildings - Non Specialised at:		
- Independent valuation 2014 - level 2	10,514,198	11,663,200
- Additions after valuation - cost	1,414,015	663,481
Less: accumulated depreciation	<u>(511,568)</u>	<u>(275,300)</u>
	11,416,645	12,051,381
Total land and buildings	<u>11,872,645</u>	<u>12,557,381</u>
Furniture & Equipment at:		
- Independent Valuation 2013 - level 2	0	227,522
- Independent valuation 2016 - level 2	201,786	0
- Additions after valuation - cost	0	98,875
Less accumulated depreciation	<u>0</u>	<u>(76,445)</u>
	201,786	249,952
Plant & Equipment at:		
- Independent Valuation 2013 - level 2	0	5,119,861
- Independent Valuation 2016 - level 2	5,147,558	0
- Additions after valuation - cost	0	326,233
Less accumulated depreciation	<u>0</u>	<u>(1,156,730)</u>
	5,147,558	4,289,364
	<u>17,221,989</u>	<u>17,096,697</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2016

7. 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 \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - Freehold	466,000	0	(50,000)	0	0	0	0	0	416,000
Land - vested in and under the control of Council	40,000	0	0	0	0	0	0	0	40,000
Total land	506,000	0	(50,000)	0	0	0	0	0	456,000
Buildings - Non Specialised	12,051,381	750,534	(1,091,552)	0	0	0	(293,718)	0	11,416,645
Buildings - Non Specialised	0	0	0	0	0	0	0	0	0
Total buildings	12,051,381	750,534	(1,091,552)	0	0	0	(293,718)	0	11,416,645
Total land and buildings	12,557,381	750,534	(1,141,552)	0	0	0	(293,718)	0	11,872,645
Furniture & Equipment	249,952	64,419	(7,995)	(16,321)	(42,895)	0	(45,374)	0	201,786
Plant & Equipment	4,289,364	1,151,602	(380,923)	733,721	0	0	(646,206)	0	5,147,558
Total property, plant and equipment	17,096,697	1,966,555	(1,530,470)	717,400	(42,895)	0	(985,298)	0	17,221,989

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. 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
Land and buildings					
Land - Freehold	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2014	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2014	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Buildings - Non Specialised	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2014	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture & Equipment	2	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant & Equipment	2	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2016	Construction/Purchase 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 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 2016

	2016 \$	2015 \$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation June 2015 - Level 3	32,105,396	32,105,396
- Additions after valuation - cost	8,424,140	0
Less accumulated depreciation	<u>(2,698,994)</u>	<u>0</u>
	37,830,542	32,105,396
Infrastructure - Footpaths		
- Management valuation June 2015 - Level 3	266,181	266,181
Less accumulated depreciation	<u>(12,222)</u>	<u>0</u>
	253,959	266,181
Infrastructure - Other Infrastructure		
- Management valuation July 2015 - Level 3	3,982,820	3,982,820
- Additions after valuation - cost	198,229	0
Less accumulated depreciation	<u>(334,093)</u>	<u>0</u>
	3,846,956	3,982,820
Infrastructure - Airport		
- Independent Valuation July 2015 - level 3	3,882,573	3,882,573
- Additions after valuation - cost	102,715	0
Less accumulated depreciation	<u>(193,793)</u>	<u>0</u>
	3,791,495	3,882,573
	<u>45,722,952</u>	<u>40,236,970</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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 2016

8. 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	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	32,105,396	8,424,140	0	0	0	0	(2,698,994)	37,830,542
Infrastructure - Footpaths	266,181	0	0	0	0	0	(12,222)	253,959
Infrastructure - Other Infrastructure	3,982,820	283,227	(77,729)	0	0	0	(341,362)	3,846,956
Infrastructure - Airport	3,882,573	102,715	0	0	0	0	(193,793)	3,791,495
Total infrastructure	<u>40,236,970</u>	<u>8,810,082</u>	<u>(77,729)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,246,371)</u>	<u>45,722,952</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2015	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airport	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	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 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	1,008,724	520,331
Accrued salaries and wages	5,224	49,174
GST due to ATO	24,958	0
Rates in Advance	86,984	97,763
Other Payables	54,215	41,402
	<u>1,180,105</u>	<u>708,670</u>

10. LONG-TERM BORROWINGS

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

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	104,879	116,153	221,032
Non-current provisions	0	35,983	35,983
	<u>104,879</u>	<u>152,135</u>	<u>257,014</u>
Additional provision	129,159	10,370	139,529
Amounts used	(87,780)	(10,944)	(98,724)
Balance at 30 June 2016	<u>146,258</u>	<u>151,561</u>	<u>297,819</u>
Comprises			
Current	146,258	121,004	267,262
Non-current	0	30,557	30,557
	<u>146,258</u>	<u>151,561</u>	<u>297,819</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave Reserve	160,989	5,264	0	166,253	160,989	4,508		165,497	155,801	5,188	0	160,989
Plant Reserve	2,526,214	432,441	0	2,958,655	2,526,214	420,734		2,946,948	831,960	1,694,254		2,526,214
Building Reserve	1,687,812	302,213	(242,000)	1,748,025	1,687,812	297,259		1,985,071	1,639,027	48,785	0	1,687,812
Shire Water Reserve	279,714	9,148	0	288,862	279,714	7,832		287,546	270,700	9,014	0	279,714
Airport Runway Reserve	2,551,478	83,510	0	2,634,988	2,551,478	71,441		2,622,919	2,469,103	82,375	0	2,551,478
Airport Reserve	900,181	29,464	0	929,645	900,181	25,205		925,386	871,116	29,065	0	900,181
Transport Reserve	608,670	19,915	0	628,585	608,670	17,043		625,713	589,023	19,647	0	608,670
Infrastructure & Development Reserve	881,961	28,880	0	910,841	881,961	24,695		906,656	853,485	28,476	0	881,961
Reseals & Rejuvenation Reserve	2,038,310	427,534	0	2,465,844	2,038,310	429,072		2,467,382	1,483,979	554,331	0	2,038,310
Interpretive Centre Reserve	1,179,061	38,595	0	1,217,656	1,179,060	33,014		1,212,074	1,140,982	38,079	0	1,179,061
Roads -Second / Final Seals Reserve	0	1,087,032	0	1,087,032	0	1,071,097		1,071,097	0	0	0	0
Lloyd'S Revitalisation Reserve	0	507,447	0	507,447	0	500,000		500,000	0	0	0	0
	<u>12,814,389</u>	<u>2,971,443</u>	<u>(242,000)</u>	<u>15,543,832</u>	<u>12,814,389</u>	<u>2,901,900</u>	<u>0</u>	<u>15,716,289</u>	<u>10,305,175</u>	<u>2,509,213</u>	<u>0</u>	<u>12,814,389</u>

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

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

12. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant Reserve	Ongoing	- to be used for the acquisitions of major plant on an ongoing basis.
Building Reserve	Ongoing	- to be used for the future building requirements for Council purposes.
Shire Water Reserve	Ongoing	- to be used for capital water requirements of parks and gardens administered by the Shire.
Airport Runway Reserve	Ongoing	- to be used to fund the future construction, requirements of the airport runway.
Airport Reserve	Ongoing	- to be used to fund the capital improvements of the airport infrastructure.
Transport Reserve	Ongoing	- to be used to fund the expansion of the road network that cannot be met by Operating Income.
Infrastructure & Development Reserve	Ongoing	- 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.
Reseals & Rejuvenation Reserve	Ongoing	- to be used to fund reseals and rejuvenation of sealed roads.
Interpretive Centre Reserve	Ongoing	- to be used to acquire and refurbish the Interpretive Centre.
Roads -Second / Final Seals Reserve	Ongoing	- to be used to fund final seals to roads that have previously been primer sealed.
Lloyd'S Revitalisation Reserve	Ongoing	- to be used to fund the renovations and building works as per Meeks Revitalisation plan at Lloyd's building.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016 Opening Balance	2016 Revaluation Increment	2016 Revaluation Decrement	2016 Total Movement on Revaluation	2016 Closing Balance	2015 Opening Balance	2015 Revaluation Increment	2015 Revaluation Decrement	2015 Total Movement on Revaluation	2015 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	466,000	0	0	0	466,000	466,000	0	0	0	466,000
Buildings	6,994,234	0	0	0	6,994,234	6,994,234	0	0	0	6,994,234
Plant & Equipment	1,740,720	733,721	0	733,721	2,474,441	1,740,720	0	0	0	1,740,720
Furniture & Equipment	16,321	0	(16,321)	(16,321)	0	16,321	0	0	0	16,321
Infrastructure - Roads	8,726,036	0	0	0	8,726,036	2,602,669	6,123,367	0	6,123,367	8,726,036
Infrastructure - Footpaths	266,181	0	0	0	266,181	266,181	0	0	0	266,181
Infrastructure - Other Infrastructure	2,060,469	0	0	0	2,060,469	0	2,060,469	0	2,060,469	2,060,469
Infrastructure - Airport	2,853,589	0	0	0	2,853,589	0	2,853,589	0	2,853,589	2,853,589
	<u>23,123,550</u>	<u>733,721</u>	<u>(16,321)</u>	<u>717,400</u>	<u>23,840,950</u>	<u>12,086,124</u>	<u>11,037,426</u>	<u>0</u>	<u>11,037,426</u>	<u>23,123,550</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. 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:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>18,499,553</u>	<u>15,763,450</u>	<u>17,748,260</u>

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

Net result	6,457,477	10,277,972	5,628,849
Non-cash flows in Net result:			
Depreciation	4,231,669	3,446,600	3,727,444
(Profit)/Loss on sale of asset	1,256,814	136,194	66,150
Loss on revaluation of fixed assets	42,895	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(1,321,791)	615,000	489,388
(Increase)/Decrease in inventories	(2,759)	(55,000)	79,653
Increase/(Decrease) in payables	471,435	300,000	(170,733)
Increase/(Decrease) in provisions	40,805	0	85,608
Grants contributions for the development of assets	<u>(8,049,983)</u>	<u>(10,017,224)</u>	<u>(1,644,646)</u>
Net cash from operating activities	<u>3,126,562</u>	<u>4,703,542</u>	<u>8,261,713</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
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	<u>(230)</u>	<u>0</u>
Total amount of credit unused	<u>1,004,770</u>	<u>1,005,000</u>
Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	<u>0</u>	<u>0</u>
Total facilities in use at balance date	<u>0</u>	<u>0</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

15. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liability.

16. CAPITAL AND LEASING 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.

17. JOINT VENTURE ARRANGEMENTS

The Shire of Meekatharra has no joint venture arrangements at reporting date.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	58,609	171,922
General purpose funding	0	0
Law, order, public safety	3,330,623	235,884
Health	0	2,460
Education and welfare	1,684,799	1,702,362
Housing	2,423,818	3,591,696
Community amenities	257,774	2,907,065
Recreation and culture	9,261,219	7,326,298
Transport	54,340,691	43,665,021
Economic services	1,399,106	502,021
Other property and services	10,952,887	7,743,874
Unallocated	528,152	8,701,960
	<u>84,237,678</u>	<u>76,550,562</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	2.53	7.77	4.72
Asset sustainability ratio	1.54	1.00	3.56
Debt service cover ratio	n/a	n/a	n/a
Operating surplus ratio	(0.27)	0.59	0.75
Own source revenue coverage ratio	0.59	0.59	0.51

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 2016

20. 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:

	1 July 2015	Amounts Received	Amounts Paid	30 June 2016
	\$	\$	(\$)	\$
Donations	0			0
Unclaimed Monies	23,403	3,588	0	26,991
Library Membership Deposits	405	0	0	405
Building Industry Training Levy	0	159	(55)	104
Building Registration Board	0	312	(268)	44
Nomination Deposits	0	560	(560)	0
Miscellaneous Deposits	3,580	835	(110)	4,305
Sale of Housing	60,577	0	0	60,577
Bus Hire	525	0	0	525
	<u>88,490</u>			<u>92,950</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities								
Paddy's Flat	1,219,282	200,000	0	(1,019,282)	0	0	0	0
Transport								
P445 - 2012 Toyota Hilux 4x4 3.0L - Leading Hand (1EOU 688)	0	0	0	0	20,961	28,000	7,039	0
P425 - 2010 Mazda BT-50 4x2 Utility - Town Crew (1DLW347)	0	0	0	0	8,984	10,000	1,016	0
P426 - 2010 Mazda BT-50 4x2 Utility - Ops Officer (1DLW348)	0	0	0	0	8,984	12,000	3,016	0
P402 - 2008 Toyota Hilux Ute (1CYW 828)	0	0	0	0	8,984	10,000	1,016	0
P421 - 2010 Ford Ranger Crew Cab XLT 4x4 (1DVV920)	12,537	7,364	0	(5,173)	15,571	16,000	429	0
P100 - 2005 Road Sweeper Tennant (MK3652)	0	0	0	0	15,988	10,000	0	(5,988)
P405 - 2008 WA Hino Dual Cab Truck (1DAC180)	79,743	33,637	0	(46,106)	87,928	35,000	0	(52,928)
P349 - 2001 Volvo G720 Grader (1CLH589)	76,630	48,000	0	(28,630)	79,945	35,000	0	(44,945)
P109 - 2005 Nissan UD Prime Mover (1CBX525)	0	0	0	0	67,953	15,000	0	(52,953)
P437 - 2012 Toyota Landcruiser GXL - Works Manager (MK3800)	27,455	25,455	0	(2,000)	32,939	35,000	2,061	0
P371 - 2003 Toyota Hilux Workmate - Handyman	2,000	930	0	(1,070)	0	0	0	0
P387 - 2006 Nissan Truck 1CMA732	64,437	36,000	0	(28,437)	0	0	0	0
Assets disposed as a result of revaluation	126,115	0	0	(126,115)	0	0	0	0
Other property and services								
P422 - 2009 Toyota Prado GXL - Project Officer (1EKA761)	0	0	0	0	23,956	30,000	6,044	0
	<u>1,608,199</u>	<u>351,385</u>	<u>0</u>	<u>(1,256,814)</u>	<u>372,194</u>	<u>236,000</u>	<u>20,621</u>	<u>(156,815)</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire of Meekatharra has no borrowings on issue.

(b) New Debentures - 2015/16

The Shire of Meekatharra did not borrow any funds during the 15/16 financial year.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council has an overdraft facility of \$1,000,000 with Westpac Bank to assist with short term liquidity requirements.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Townsites	8.6281	307	4,108,900	354,520	0	0	354,520	351,702	0	0	351,702
Unimproved value valuations											
Rural/Pastoral	5.4945	41	4,925,336	270,623	0	0	270,623	270,623	0	0	270,623
Mining	19.0389	770	16,752,080	3,189,412	(117,225)	(4,826)	3,067,361	3,008,878	0	1,000	3,009,878
Sub-Total		1,118	25,786,316	3,814,554	(117,225)	(4,826)	3,692,503	3,631,203	0	1,000	3,632,203
Minimum payment	Minimum \$										
Gross rental value valuations											
Townsites	400	100	56,819	40,000	0	0	40,000	36,800	0	0	36,800
Unimproved value valuations											
Rural/Pastoral	350	7	17,706	2,450	0	0	2,450	2,450	0	0	2,450
Mining	350	333	307,052	116,550	0	0	116,550	123,900	0	0	123,900
Sub-Total		440	381,577	159,000	0	0	159,000	163,150	0	0	163,150
		1,558	26,167,893	3,973,554	(117,225)	(4,826)	3,851,503	3,794,353	0	1,000	3,795,353
Discounts/concessions (refer note 27)							0				0
Total amount raised from general rate							3,851,503				3,795,353
Totals							<u>3,851,503</u>				<u>3,795,353</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July brought forward	<u>4,517,921</u>	<u>5,642,957</u>	<u>5,642,957</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted Cash	499,575	4,906,116	4,906,116
Restricted Cash	17,999,978	12,842,144	12,842,144
Receivables			
Rates outstanding	1,078,421	720,389	720,389
Sundry debtors	1,591,286	521,539	521,539
GST receivable	0	61,324	61,324
Provision For Doubtful Debts	(65,423)	(36,415)	(36,415)
Other Tax Receivable	0	15,712	15,712
Items Held In Trust	56	0	0
Inventories			
Fuel and materials	137,965	135,207	135,207
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,008,724)	(520,331)	(520,331)
Accrued salaries and wages	(5,224)	(49,174)	(49,174)
GST due to ATO	(24,958)	0	0
Rates in Advance	(86,984)	(97,763)	(97,763)
Other Payables	(54,215)	(41,402)	(41,402)
Provisions			
Provision for annual leave	(146,258)	(104,879)	(104,879)
Provision for long service leave	(121,004)	(116,153)	(116,153)
Unadjusted net current assets	<u>19,794,491</u>	<u>18,236,314</u>	<u>18,236,314</u>
Adjustments			
Less: Reserves - restricted cash	(15,543,832)	(12,814,389)	(12,814,389)
Add: Current provisions provided in Budget	267,262	221,032	221,032
Adjusted net current assets - surplus/(deficit)	<u>4,517,921</u>	<u>5,642,957</u>	<u>5,642,957</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Meekatharra did not levy a Specified Area Rate during the year.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Meekatharra did not impose any service charges during the year.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

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

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	28-Aug-15			
Option Two				
First Instalment	28-Aug-15	\$15		
Second Instalment	01-Nov-15		5.50%	10.00%
Third Instalment	05-Jan-16		5.50%	10.00%
Fourth Instalment	11-Mar-16		5.50%	10.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			88,608	30,000
Interest on instalment plan			9,938	28,000
Charges on instalment plan			10,110	22,000
Interest on unpaid debtors			166	2,000
			108,823	82,000

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	14,933	37,078
Law, order, public safety	3,476	2,559
Health	7,872	1,618
Housing	30,276	32,140
Community amenities	132,500	122,870
Recreation and culture	32,797	30,200
Transport	705,617	563,794
Economic services	136,113	131,526
Other property and services	122	486,847
	<u>1,063,706</u>	<u>1,408,632</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,692,941	5,295,093
Law, order, public safety	272,967	5,760
Education and welfare	100,815	135,109
Housing	0	234
Recreation and culture	75,200	30,000
Transport	238,483	2,931,674
Economic services	18,000	231
Other property and services	0	34,236
	<u>2,398,406</u>	<u>8,432,337</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	0	106,271
Transport	8,049,983	1,538,375
	<u>8,049,983</u>	<u>1,644,646</u>
	<u>10,448,389</u>	<u>10,076,983</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>22</u>	<u>20</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	18,100	26,400	21,000
President's allowance	8,000	8,000	8,000
Deputy President's allowance	2,000	2,000	2,000
Members Travelling	1,575	5,000	5,867
Telephone Allowance	0	500	0
	<u>29,675</u>	<u>41,900</u>	<u>36,867</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

34. 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

	2016	2015
	\$	\$
Operating Income	164,630	168,572
Operating Expenses	(137,857)	(138,017)
Change in Net Assets resulting	<u>26,773</u>	<u>30,555</u>
 Statement of Financial Position		
Current Assets		
Cash at Bank	74,017	73,133
Trade Debtors	0	0
Current Liabilities		
Trade Creditors (Shire of Meekatharra)	(74,017)	(73,133)
(Air BP)	0	0
	<u>0</u>	<u>0</u>
 Equity		
Opening Balance	0	0
Cash Transferred to/(from Muni)	(26,773)	(30,555)
Change in Net Assets	<u>26,773</u>	<u>30,555</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 2016

35. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	18,499,553	17,748,260	18,499,553	17,748,260
Receivables	2,604,340	1,282,549	2,604,340	1,282,549
	<u>21,154,772</u>	<u>19,081,688</u>	<u>21,154,772</u>	<u>19,081,688</u>
Financial liabilities				
Payables	1,180,105	708,670	1,180,105	708,670
Borrowings	0	0	0	0
	<u>1,180,105</u>	<u>708,670</u>	<u>1,180,105</u>	<u>708,670</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	184,996	177,483
- Statement of Comprehensive Income	184,996	177,483

Notes:

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

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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

The Shire'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. The Shire 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 the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire 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.

The Shire 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 Shire's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	80%	95%
- Overdue	20%	5%

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. 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>2016</u>					
Payables	1,180,105	0	0	1,180,105	1,180,105
	<u>1,180,105</u>	<u>0</u>	<u>0</u>	<u>1,180,105</u>	<u>1,180,105</u>
<u>2015</u>					
Payables	708,670	0	0	708,670	708,670
	<u>708,670</u>	<u>0</u>	<u>0</u>	<u>708,670</u>	<u>708,670</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

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

The Shire of Meekatharra had no borrowings at 30 June 2016

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Meekatharra, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2016, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Management determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report of the Shire of Meekatharra:

- i. gives a true and fair view of the Shire of Meekatharra's financial position as at 30 June 2016 and of its performance for the financial year ended 30 June 2016;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls or any other written law noted during the course of our audit.
- iii. The asset consumption ratio and asset renewal ratios included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO
Director

Bunbury, Western Australia

Dated this 8th day of December 2016

**SHIRE OF MEEKATHARRA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	0.94	0.97	0.58
Asset renewal funding ratio	0.75	0.60	0.56

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