



shire of  
**meekatharra**  
*a golden prospect*

# Annual Report

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## Shire Presidents Report

I am pleased to report another successful year for the Shire of Meekatharra. Despite difficulties recruiting suitable people, CEO Roy McClymont, our staff and contractors have progressed a number of major projects and managed to attend to several compliance issues.

Thanks to Deputy Shire President, Brian O'Dwyer for his support and assistance during the year. Also thanks to my fellow Councillors for their dedication and hard work during the year.

Cr Ann Smith resigned during the year, having moved from Meekatharra. Thanks to Ann for her work during her time on council.

During the year, Council reviewed its management structure and functions. In March 2007, Council adopted a new structure which included three new positions of Works and Services Manager, Debtor/Creditor Officer and Admin/Relief Officer.

Difficulties recruiting suitable people have delayed the full implementation of the new structure, however we anticipate this problem will be overcome late in 2007. The new structure will be reviewed and further refined during the next financial year.

The new structure will improve service delivery in some areas however above all it will place Council in a position to cope with a backlog of/and ever increasing compliance functions, roles and tasks. The State Government and agencies continue to bombard Councils with laws and requests to take on additional responsibilities, functions and compliance requirements.

During the year, Council also reviewed the operational structure of the Meekatharra Airport, resolving to go to contract for the management and operation of the Airport.

Council continues to maintain a strong overall financial position with no debt and adequate cash reserves.

We continue to receive very positive comments about our town and airport from visitors. Thanks to all our employees and contractors involved for a great job.

**Tom Hutchinson**  
**Shire President**



## Chief Executive Officers Report

I thank all our staff and contractors for their dedication, hard work and assistance during the year.

Sincere thanks to Shire President Tom Hutchinson for his ongoing support, encouragement and willingness to help out wherever possible. President Tom's words of advice and encouragement have meant a great deal to me in my first year back as a CEO.

I also thank Councillor Norm Trenfield for his advice and assistance during the fires in October and November 2006. As Deputy Chief Bush Fire Control Officer, Norm was always available to help out with advice or to assist at the fire front. We had 19 reported fires during a six week period late in 2006. Norm's advice and assistance with Council's road programs is also much appreciated.

In terms of staff, we experienced difficulties in attracting people. This is becoming an all too common problem in Western Australia and particularly in the more remote rural areas. People from all walks of life are increasingly moving to the mining sector to cash in on high wages with relatively little responsibility and work stress.

We welcomed Cameron Watson as Corporate and Development Services Manager, Steve Kelly as Ranger/Security Officer, Kerry Salmon as Debtor/Creditor Officer, May Andrew as Customer Service Officer and Anthony Lloyd as Youth/Recreation officer.

We also welcomed John Brown as Rubbish Removal Contractor and John McLean as Plant Operator with the Road Construction Crew.

Adrian Baumgarten was promoted to Leading Hand of the Road Construction Crew and thanks go to Adrian for his excellent work in this new role.

Deputy CEO Natalie Hope left us during the year. Nat's local knowledge and dedication will be missed. Others to leave our ranks were Terry Clarke, Rebecca Cowell and Emilie Bertrand.

Our major road works this year were focused on repairing flood damage on the Carnarvon – Meekatharra Road (Landor Road) and Mt Clere Roads. We put over \$1.4M into these roads to bring them back to an excellent standard following flood damage early in 2005. Other roads to benefit from our construction program were Ashburton Downs Road, Mt Hale Road, Polelle Road and the Milgun-Yarlarweelor Road.

Work on Council's Trails projects continued with the Town Heritage Walk being opened and significant progress being made on the three drive trails.

**Roy McClymont**  
**Chief Executive Officer**

# Disability Access and Inclusion Plan

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

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

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

## Record Keeping Plan

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

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

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

The Shire is working towards complete compliance by 30<sup>th</sup> June 2008.

## National Competition Policy

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

1. Council does not undertake any business enterprises that are classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
2. Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
3. The principals of competitive neutrality were implemented in respect of any relevant activity undertaken during the 2006/07 financial year.

## Freedom of Information

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

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

## Public Interest Disclosures

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

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

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

## Plan for the future of the District

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

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

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Meekatharra being the annual financial report, supporting notes and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 2007 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

**Signed on the      Fourteenth Day of September 2007**



R McClymont  
Chief Executive Officer

*The Shire of Meekatharra  
Main Sreet  
Meekatharra WA 6642*

# SHIRE OF MEEKATHARRA

## FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

### INCOME STATEMENT BY PROGRAMME

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
<b>Revenues and Expenses from Ordinary Activities</b>				
<b>Classified According to Programme</b>				
Governance		0	0	0
General Purpose Funding		4,052,716	3,931,643	3,723,237
Law, Order, Public Safety		24,008	15,895	28,955
Health		383	100	18,201
Education and Welfare		241,079	237,377	261,114
Housing		6,803	8,820	6,817
Community Amenities		88,414	85,300	84,050
Recreation and Culture		69,227	84,211	190,660
Transport		1,770,039	2,315,418	1,763,775
Economic Services		49,350	238,242	56,837
Other Property and Services		74,035	16,000	40,854
		<u>6,376,054</u>	<u>6,933,006</u>	<u>6,174,500</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
<b>(Excluding Borrowing Costs expense)</b>				
Governance		328,145	322,066	281,182
General Purpose Funding		261,354	209,792	207,663
Law, Order, Public Safety		124,619	224,133	138,676
Health		59,120	107,438	109,809
Education and Welfare		394,729	540,366	410,190
Housing		6,803	8,820	0
Community Amenities		223,899	287,824	229,870
Recreation & Culture		616,494	759,873	598,577
Transport		2,823,478	2,216,445	2,074,707
Economic Services		271,079	282,610	200,124
Other Property and Services		237,743	44,000	365,069
		<u>5,347,463</u>	<u>5,003,367</u>	<u>4,615,867</u>
<b>BORROWING COST EXPENSE</b>		0	0	0
<b>Net Result</b>		<u><u>1,028,591</u></u>	<u><u>1,929,639</u></u>	<u><u>1,558,633</u></u>



**SHIRE OF MEEKATHARRA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**INCOME STATEMENT BY NATURE OR TYPE**

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
<b>Revenues and Expenses from Ordinary Activities</b>				
<b>Classified According to Nature and Type</b>				
<b>Ordinary Revenues</b>				
Rates	19	1,446,951	1,363,975	1,276,977
Grants and Subsidies - operating	12	2,438,309	2,431,035	2,409,187
Contributions Reimbursements and Donations		66,258	53,000	91,814
Fees and Charges	24	753,179	685,180	641,832
Interest Earnings	3a	415,905	380,000	376,235
Other Revenue		41,797	1,000	24,389
		<u>5,162,399</u>	<u>4,914,190</u>	<u>4,820,434</u>
<b>Ordinary Expenses</b>				
Employee Costs		1,240,084	1,635,526	1,383,054
Materials and Contracts		1,314,082	1,350,261	1,126,021
Utilities (gas, electricity, water, etc)		188,782	175,863	179,527
Depreciation on Non-current Assets	3a	2,348,497	1,673,853	1,673,615
Insurance		169,005	157,864	142,076
Other		8,713	2,000	15,269
Interest on Debentures		0	0	0
		<u>5,269,163</u>	<u>4,995,367</u>	<u>4,519,562</u>
		(106,764)	(81,177)	300,872
Grants and Subsidies - non-operating	12	1,180,024	1,984,816	1,291,972
Profit on Asset Disposals	32	33,631	34,000	62,094
Loss on Asset Disposals	32	(78,300)	(8,000)	(96,305)
<b>NET RESULT</b>		<u><b>1,028,591</b></u>	<u><b>1,929,639</b></u>	<u><b>1,558,633</b></u>

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

**SHIRE OF MEEKATHARRA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**BALANCE SHEET**

	NOTE	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	7,028,799	5,975,659
Trade and Other Receivables	5	264,060	205,124
Inventories	6	77,352	95,964
<b>TOTAL CURRENT ASSETS</b>		<u>7,370,211</u>	<u>6,276,747</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	5,361,550	5,523,599
Infrastructure	8	17,929,121	17,625,772
<b>TOTAL NON-CURRENT ASSETS</b>		<u>23,290,671</u>	<u>23,149,371</u>
<b>TOTAL ASSETS</b>		<u><b>30,660,882</b></u>	<u><b>29,426,118</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	432,183	230,199
Provisions	10	70,661	69,030
<b>TOTAL CURRENT LIABILITIES</b>		<u>502,844</u>	<u>299,229</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	26,260	23,702
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>26,260</u>	<u>23,702</u>
<b>TOTAL LIABILITIES</b>		<u><b>529,104</b></u>	<u><b>322,931</b></u>
<b>NET ASSETS</b>		<u><u><b>30,131,778</b></u></u>	<u><u><b>29,103,187</b></u></u>
<b>EQUITY</b>			
Retained Surplus		22,445,705	21,702,075
Reserves - Cash Backed	11	4,817,224	4,532,263
Reserves - Asset Revaluation	11	2,868,849	2,868,849
<b>TOTAL EQUITY</b>		<u><b>30,131,778</b></u>	<u><b>29,103,187</b></u>

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

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**STATEMENT OF CHANGES IN EQUITY**

	NOTE	2007 Actual \$	2006 Actual \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2006		21,702,075	20,436,116
Net Result		1,028,591	1,558,633
Transfer from/(to) Reserves		(284,961)	(292,674)
Balance as at 30 June 2007		<u>22,445,705</u>	<u>21,702,075</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2006		4,532,263	4,239,589
Amount Transferred (to)/from Retained Surplus		284,961	292,674
Balance as at 30 June 2007	11	<u>4,817,224</u>	<u>4,532,263</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2006		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2007	11	<u>2,868,849</u>	<u>2,868,849</u>
<b>TOTAL EQUITY</b>		<u><u>30,131,778</u></u>	<u><u>29,103,187</u></u>

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

# SHIRE OF MEEKATHARRA

## FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

### CASH FLOW STATEMENT

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
<b>Cash Flows From</b>				
<b>Operating Activities</b>				
<b>Receipts</b>				
Rates		1,422,437	1,334,562	1,263,622
Grants and Subsidies - operating		2,472,659	2,684,833	2,466,943
Contributions, Reimbursements & Donations		83,756	38,000	74,316
Fees and Charges		721,346	758,171	691,219
Interest Earnings		415,907	423,000	394,593
Goods and Services Tax		361,232	380,000	435,802
Other		41,797	1,000	24,389
		<u>5,519,134</u>	<u>5,619,566</u>	<u>5,350,884</u>
<b>Payments</b>				
Employee Costs		(1,234,024)	(1,586,999)	(1,463,372)
Materials and Contracts		(1,089,635)	(1,119,615)	(1,283,142)
Utilities (gas, electricity, water, etc)		(188,782)	(175,863)	(193,287)
Insurance		(169,005)	(157,864)	(142,076)
Interest		0		0
Goods and Services Tax		(336,144)	(423,000)	(418,686)
Other		(14,435)	(1,561)	(14,718)
		<u>(3,032,025)</u>	<u>(3,464,902)</u>	<u>(3,515,281)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>2,487,109</u>	<u>2,154,664</u>	<u>1,835,603</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of				
Property, Plant & Equipment		(511,817)	(1,333,400)	(1,299,067)
Payments for Construction of				
Infrastructure		(2,109,922)	(3,157,009)	(2,133,504)
Grants and Contributions for				
the Development of Assets		1,100,497	1,738,718	1,375,649
Proceeds from Sale of				
Plant & Equipment		87,273	167,000	389,375
		<u>87,273</u>	<u>167,000</u>	<u>389,375</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		(1,433,969)	(2,584,691)	(1,667,547)
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		0	0	0
Proceeds from Self Supporting Debentures		0	0	0
Proceeds from new Debentures		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		0	0	0
<b>Net Increase (Decrease) in Cash Held</b>		1,053,140	(430,027)	168,056
Cash at Beginning of year		5,975,659	5,975,659	5,807,603
<b>Cash at End of Year</b>	13(a)	<u><u>7,028,799</u></u>	<u><u>5,545,632</u></u>	<u><u>5,975,659</u></u>

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

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**RATE SETTING STATEMENT**

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
<b>OPERATING REVENUES</b>				
Governance		0	0	0
General Purpose Funding		2,605,765	2,567,668	2,446,260
Law, Order, Public Safety		24,008	15,895	28,955
Health		383	100	18,201
Education and Welfare		241,079	237,377	261,114
Housing		6,803	8,820	6,817
Community Amenities		88,414	85,300	84,050
Recreation and Culture		69,227	84,211	190,660
Transport		1,770,039	2,315,418	1,763,775
Economic Services		49,350	238,242	56,837
Other Property and Services		74,035	16,000	40,854
		<u>4,929,103</u>	<u>5,569,031</u>	<u>4,897,523</u>
<b>OPERATING EXPENSES</b>				
Governance		(328,145)	(322,066)	(281,182)
General Purpose Funding		(261,354)	(209,792)	(207,663)
Law, Order, Public Safety		(124,619)	(224,133)	(138,676)
Health		(59,120)	(107,438)	(109,809)
Education and Welfare		(394,729)	(540,366)	(410,190)
Housing		(6,803)	(8,820)	0
Community Amenities		(223,899)	(287,824)	(229,870)
Recreation & Culture		(616,494)	(759,873)	(598,577)
Transport		(2,823,478)	(2,216,445)	(2,074,707)
Economic Services		(271,079)	(282,610)	(200,124)
Other Property and Services		(237,743)	(44,000)	(365,069)
		<u>(5,347,463)</u>	<u>(5,003,367)</u>	<u>(4,615,867)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Income</b>				
(Profit)/Loss on Asset Disposals	32	44,669	(26,000)	34,212
Depreciation on Assets	3(i)	2,348,497	1,673,853	1,673,615
Accruals - Long Service, Annual & RDO Leave		4,189	40,000	(20,362)
<b>Capital Expenditure and Income</b>				
Purchase Land and Buildings	31	(104,011)	(494,550)	(97,120)
Purchase Infrastructure Assets	31	(2,109,922)	(3,157,009)	(2,133,504)
Purchase Plant and Equipment	31	(355,730)	(774,650)	(1,169,870)
Purchase Furniture and Equipment	31	(52,076)	(64,200)	(32,079)
Proceeds from Disposal of Assets	31	87,273	167,000	389,375
Transfers to Reserves (Restricted Assets)	11	(284,961)	(370,000)	(583,718)
Transfers from Reserves (Restricted Assets)	11	0	0	291,044
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,514,285	1,075,917	1,604,059
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,120,804	0	1,514,285
<b>Amount Req'd to be Raised from Rates</b>		<u>(1,446,951)</u>	<u>(1,363,975)</u>	<u>(1,276,977)</u>

## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

##### (a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards the Local Government Act (as amended) and accompanying regulations (as amended). The report has been prepared on the accrual basis under the convention of historical cost accounting.

##### Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

##### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

##### (b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

**(b) The Local Government Reporting Entity - Continued**

Monies held in the Trust Fund, which Council holds in a custodial role are excluded from the financial statements but a separate statement of those monies appears at Note 15 to this financial report.

**(c) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

**(e) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

**(f) Inventories**

*General*

Inventories are valued at the lower of cost and net realisable value.

*Land Held for Resale*

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

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

**(g) Fixed Assets**

*Initial Recognition*

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

*Revaluation*

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

**(g) Fixed Assets (Continued)**

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

**Land under Roads**

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

**(h) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Buildings	40 Years
Furniture and Equipment	3-10 Years
Plant and Equipment	5-10 Years
Roads - Unformed	Not Depreciated
Roads - Formed	Not Depreciated
Roads - Gravel	15 Years
Roads - Sealed	50 Years
Kerbing & Footpaths	20 Years
Drains & Sewers	40 Years
Grids	20 Years
Airfields & Runways	20 Years

**(i) Investments and Other Financial Assets**

Financial Assets in the scope of AASB 139 '*Financial Instruments: Recognition and Measurement*' are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

**(j) Impairment**

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

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

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

**(k) Trade and Other Payables**

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**



## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30 JUNE 2007

**(l) Employee Benefits**

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

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

**(ii) Annual Leave and Long Service Leave (Long-term Benefits)**

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

**(m) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***Borrowing Costs***

Borrowing costs are recognised as an expense when incurred.

**(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 municipality, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Superannuation**

## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30 JUNE 2007

The Shire of Meekatharra contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

**(q) Interest Rate Risk**

Information on interest rate risk as it applies to financial instruments is disclosed in Note 33.

**(r) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report.

The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial financial instruments entered into by the Shire.

**(s) Liquidity Risk**

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

**(t) Fair Value**

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**(u) Rounding Off Figures**

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

**(v) Comparative Figures**

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

## SHIRE OF MEEKATHARRA

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30 JUNE 2007

## 2. STATEMENT OF OBJECTIVES

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

### PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:

The Shire of Meekatharra

Main Street, Meekatharra Western Australia 6642.

### GOVERNANCE

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

### GENERAL PURPOSE FUNDING

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

### LAW, ORDER, PUBLIC SAFETY

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

### HEALTH

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

### EDUCATION AND WELFARE

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

### DOMESTIC VIOLENCE PROGRAMME

To provide an accounting service to the Domestic Violence Program.  
The program is run by its own Committee with the Shire providing an accounting service only. Decision making, operational issues and progress of the program are the responsibility of the Committee.

### HOUSING

Maintenance of staff and rental housing

### COMMUNITY AMENITIES

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

### RECREATION AND CULTURE

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

### TRANSPORT

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

### ECONOMIC SERVICES

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

### OTHER PROPERTY & SERVICES

Private works operations and miscellaneous

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

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

<b>3. REVENUES AND EXPENSES</b>	<b>NOTE</b>	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
<b>(a) Result from Ordinary Activities includes:</b>			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
- Audit		9,475	7,140
- Other Services		0	1,721
<b>Doubtful Debts</b>			
- Rate Debtors		43,094	(2,724)
- Sundry Debtors		3,514	1,338
<b>Depreciation</b>			
Buildings		123,041	121,748
Furniture and Equipment		29,573	25,600
Machinery & Equipment		20,607	25,246
Plant		447,003	436,196
Shire Water Scheme		0	344
Infrastructure - Roads		1,487,236	840,334
Infrastructure - Airport		158,334	157,048
Infrastructure - Other		82,703	67,100
		<u>2,348,497</u>	<u>1,673,616</u>
<b>Rental Charges</b>			
Operating leases	1(n)	<u>5,362</u>	<u>2,960</u>
		<u>5,362</u>	<u>2,960</u>
(ii) Crediting as Revenues:			
		<b>2007 Actual \$</b>	<b>2007 Budget \$</b>
		<b>2006 Actual \$</b>	
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	11	284,961	270,000
- Municipal Funds		111,707	100,000
- Other Interest Earnings	23	19,237	10,000
		<u>415,905</u>	<u>380,000</u>
		<u>415,905</u>	<u>376,235</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 Actual \$	2006 Actual \$
<b>4. CASH and CASH EQUIVALENTS</b>			
Unrestricted		1,506,121	887,624
Restricted		<u>5,522,678</u>	<u>5,088,035</u>
		<u><u>7,028,799</u></u>	<u><u>5,975,659</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	11	1,307,648	1,230,294
Building Reserve	11	254,778	239,707
Shire Water Reserve	11	113,399	106,691
Information Technolgy Reserve	11	0	0
Airprt Runway Reserve	11	1,674,073	1,575,044
Airport Operation Reserve	11	590,622	555,684
Transport Reserve	11	258,953	243,635
Infrastructure & Development Reserve	11	578,668	544,437
Long Service Leave Reserve	11	39,083	36,771
Insurance Reserve	11	0	0
	<i>sub total</i>	4,817,224	4,532,263
Unspent Grants	12	705,454	555,772
Less Accrued Interest on Reserves			
		<u><u>5,522,678</u></u>	<u><u>5,088,035</u></u>
<b>5. TRADE and OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		170,363	103,282
Sundry Debtors		153,135	90,109
GST Receivable		28,698	53,788
Less Provision for Doubtful Debts		<u>(88,302)</u>	<u>(42,055)</u>
		<u><u>263,894</u></u>	<u><u>205,124</u></u>
<b>Non Current</b>			
Defered Rates Outstanding (Pensioners)		<u>166</u>	<u>0</u>
		<u><u>166</u></u>	<u><u>0</u></u>
<b>6. INVENTORIES</b>			
<b>Current</b>			
Stores and Materials - at cost		<u>77,352</u>	<u>95,964</u>
		<u><u>77,352</u></u>	<u><u>95,964</u></u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Land & Buildings - Cost	4,134,675	4,030,664
Less Accumulated Depreciation	<u>(1,729,916)</u>	<u>(1,606,875)</u>
	2,404,759	2,423,789
Furniture and Equipment - Cost	354,145	302,070
Less Accumulated Depreciation	<u>(221,908)</u>	<u>(192,336)</u>
	132,237	109,734
Machinery & Equipment - Cost	237,129	237,129
Less Accumulated Depreciation	<u>(173,543)</u>	<u>(152,936)</u>
	63,586	84,193
Plant - Cost	5,138,709	4,952,949
Less Accumulated Depreciation	<u>(2,377,741)</u>	<u>(2,047,066)</u>
	2,760,968	2,905,883
Shire Water Scheme	38,709	38,709
Less Accumulated Depreciation	<u>(38,709)</u>	<u>(38,709)</u>
	0	0
	<u>5,361,550</u>	<u>5,523,599</u>

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

**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Land &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Machinery &amp; Equipment \$</b>	<b>Plant \$</b>	<b>Shire Water Scheme \$</b>	<b>Total \$</b>
Balance as at 1 July 2006	2,423,789	109,734	84,193	2,905,883	0	5,523,599
Additions	104,011	52,076	0	355,730	0	511,817
Disposals	0	0	0	(169,970)	0	(169,970)
Revaluations - Increment	0	0	0	0	0	0
- (Decrement)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation Written Back	0	0	0	116,328	0	116,328
Depreciation Expense	(123,041)	(29,573)	(20,607)	(447,003)	0	(620,224)
Balance as at 30 June 2006	<u>2,404,759</u>	<u>132,237</u>	<u>63,586</u>	<u>2,760,968</u>	<u>0</u>	<u>5,361,550</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
<b>8. INFRASTRUCTURE</b>		
Roads - Cost	29,958,603	27,984,997
Less Accumulated Depreciation	<u>(15,363,869)</u>	<u>(13,876,633)</u>
	14,594,734	14,108,364
Airport - Cost	3,250,125	3,250,125
Less Accumulated Depreciation	<u>(1,842,429)</u>	<u>(1,684,095)</u>
	1,407,696	1,566,030
Infrastructure Other - Cost	2,388,757	2,332,146
Less Accumulated Depreciation	<u>(462,066)</u>	<u>(380,768)</u>
	1,926,691	1,951,378
	<u>17,929,121</u>	<u>17,625,772</u>

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

**Movements in Carrying Amounts**

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

	<b>Roads \$</b>	<b>Airport \$</b>	<b>Other \$</b>	<b>Total \$</b>
Balance as at 1 July 2006	14,108,364	1,566,030	1,951,378	17,625,772
Additions	1,973,606	0	136,316	2,109,922
Disposals	0	0	(79,704)	(79,704)
Revaluations - Increment	0	0	0	0
- (Decrement)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation Written Back	0	0	1,404	1,404
Depreciation Expense	(1,487,236)	(158,334)	(82,703)	(1,728,273)
Balance as at 30 June 2006	<u>14,594,734</u>	<u>1,407,696</u>	<u>1,926,691</u>	<u>17,929,121</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

NOTE	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
<b>9. TRADE and OTHER PAYABLES</b>		
<b>Current</b>		
Creditors - Sundry	351,999	146,164
Excess Rates	69,717	75,439
Accrued Salaries and Wages	10,467	8,596
	<u>432,183</u>	<u>230,199</u>
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave & RDO's	56,680	46,398
Provision for Long Service Leave	13,981	22,632
	<u>70,661</u>	<u>69,030</u>
<b>Non Current</b>		
Provision for Annual Leave	6,001	9,685
Provision for Long Service Leave	20,259	14,017
	<u>26,260</u>	<u>23,702</u>



**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**12. ECONOMIC DEPENDANCY AND GRANTS**

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

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

Government Source	Purpose of Grant or Contribution	2005/2006	2006/2007	2006/2007	2006/2007
		Grants Unspent Brought Forward	Grants Received	Grants Expended	Unexpended Grants
<b>OPERATING GRANTS</b>					
<b>GENERAL PURPOSE FUNDING</b>					
Grants Commission	Untied Financial Assistance Grant	0	1,339,274	1,339,274	0
Grants Commission	Untied Roads Financial Grant	0	842,029	842,029	0
		<b>0</b>	<b>2,181,303</b>	<b>2,181,303</b>	<b>0</b>
<b>LAW, ORDER, &amp; PUBLIC SAFETY</b>					
FESA Operational Grant	Fire Prevention	0	6,827	6,827	0
FESA Operational Grant	SES Services	0	11,262	11,262	0
Safer WA(Dept of Justice)	Community Safety & Crime Prevention	14807	1,200	5,497	10,510
HYPE Programme					0
		<b>14,807</b>	<b>19,289</b>	<b>23,586</b>	<b>10,510</b>
<b>HEALTH SERVICES</b>					
Department of Health	Aboriginal Health Workers	0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>WELFARE SERVICES</b>					
Department of Justice	Domestic Violence programme	72375	133,798	118,229	87,944
	Domestic Violence Misc Grants	0	15,000	3,727	11,273
CDO Miscellaneous	Community Development Misc Small Grants	5500	602	6,102	0
Youth Miscellaneous	Youth Centre Misc Small Grants	0	4,000	4,000	0
Iris Curley Contribution	Benefit of Meekatharra Youth (ADJ)	24058	0	0	24,058
YAS	Youth Centre Operations	0	11,084	11,084	0
OSCH	Youth Centre Operations	0	7,451	7,451	0
Dept of Community Development	Youth Centre Operations	0	51,782	51,782	0
	Indigenous Youth	0	10,000	10,000	0
		<b>101,933</b>	<b>233,717</b>	<b>212,375</b>	<b>123,275</b>
<b>RECREATION &amp; CULTURE</b>					
	Swimming Pool Subsidy	0	3,000	3,000	0
Recreation Miscellaneous	Recreation Misc Small Grants	1896	1,000	2,896	0
		<b>1,896</b>	<b>4,000</b>	<b>5,896</b>	<b>0</b>
<b>TRANSPORT</b>					
Main Roads Department	Street Lighting Subsidy	0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OPERATING GRANTS</b>		<b>118,636</b>	<b>2,438,309</b>	<b>2,423,160</b>	<b>133,785</b>
<b>NON OPERATING GRANTS</b>					
<b>RECREATION &amp; Culture</b>					
DYSR	Pool Plant Room	0	23,283	0	23,283
	Youth Spaces Bike Trail		8,492	8,492	0
		<b>0</b>	<b>31775</b>	<b>8492</b>	<b>23283</b>
<b>TRANSPORT</b>					
Main Roads Department	Direct Grant	0	144,958	144,958	0
Dept of Transport & Regional Services	Roads to Recovery - General/Various	438369	100,000	0	538,369
Main Roads Department	Regional Road Group	0	120,496	120,496	0
Main Roads Department	Flood Damage	0	782,795	782,795	0
Main Roads Department	Black Spot Program	12567	0	2,550	10,017
		<b>450936</b>	<b>1148249</b>	<b>1050799</b>	<b>548386</b>
<b>ECONOMIC SERVICES</b>					
Aboriginal Affairs	MRDT Stage 2	1480	0	1,480	0
		<b>1480</b>	<b>0</b>	<b>1480</b>	<b>0</b>
<b>TOTAL NON OPERATING GRANTS</b>		<b>452416</b>	<b>1180024</b>	<b>1060771</b>	<b>571669</b>
<b>TOTAL GRANTS</b>		<b>571,052</b>	<b>3,618,333</b>	<b>3,483,931</b>	<b>705,454</b>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
<b>11. RESERVES - CASH BACKED</b>				
<b>(a) Plant Reserve</b>	3			
Opening Balance		1,230,294	1,230,294	1,159,351
Amount Set Aside / Transfer to Reserve		77,354	65,145	70,943
Amount Used / Transfer from Reserve		0	0	0
		<u>1,307,648</u>	<u>1,295,439</u>	<u>1,230,294</u>
<b>(b) Building Reserve</b>	3			
Opening Balance		239,707	239,707	222,954
Amount Set Aside / Transfer to Reserve		15,071	112,693	16,753
Amount Used / Transfer from Reserve		0	0	0
		<u>254,778</u>	<u>352,400</u>	<u>239,707</u>
<b>(c) Shire Water Reserve</b>				
Opening Balance		106,691	106,691	100,542
Amount Set Aside / Transfer to Reserve		6,708	5,650	6,149
Amount Used / Transfer from Reserve		0	0	0
		<u>113,399</u>	<u>112,341</u>	<u>106,691</u>
<b>(d) Information Technology Reserve</b>	3			
Opening Balance		0	0	288,368
Amount Set Aside / Transfer to Reserve		0	0	0
Amount Used / Transfer from Reserve		0	0	(288,368)
		<u>0</u>	<u>0</u>	<u>0</u>
<b>(e) Airport Runway (Capital) Reserve</b>	3			
Opening Balance		1,575,044	1,575,044	1,490,462
Amount Set Aside / Transfer to Reserve		99,029	83,522	84,582
Amount Used / Transfer from Reserve		0	0	0
		<u>1,674,073</u>	<u>1,658,566</u>	<u>1,575,044</u>
<b>(f) Airport Operating Reserve</b>	3			
Opening Balance		555,684	555,684	523,646
Amount Set Aside / Transfer to Reserve		34,938	29,425	32,038
Amount Used / Transfer from Reserve		0	0	0
		<u>590,622</u>	<u>585,109</u>	<u>555,684</u>
<b>(g) Transport Reserve</b>	3			
Opening Balance		243,635	243,635	229,587
Amount Set Aside / Transfer to Reserve		15,318	12,900	14,048
Amount Used / Transfer from Reserve		0	0	0
		<u>258,953</u>	<u>256,535</u>	<u>243,635</u>
<b>(h) Infrastructure &amp; Economic Development Reserve</b>	3			
Opening Balance		544,437	544,437	222,003
Amount Set Aside / Transfer to Reserve		34,231	28,830	322,434
Amount Used / Transfer from Reserve		0	0	0
		<u>578,668</u>	<u>573,267</u>	<u>544,437</u>
<b>(i) Insurance Reserve</b>	3			
Opening Balance		0	0	2,676
Amount Set Aside / Transfer to Reserve		0	0	0
Amount Used / Transfer from Reserve		0	0	(2,676)
		<u>0</u>	<u>0</u>	<u>0</u>
<b>(j) LSL Reserve</b>	3			
Opening Balance		36,771	36,771	0
Amount Set Aside / Transfer to Reserve		2,312	31,835	36,771
Amount Used / Transfer from Reserve		0	0	0
		<u>39,083</u>	<u>68,606</u>	<u>36,771</u>
<b>Total Cash Backed Reserves</b>		<u><b>4,817,224</b></u>	<u><b>4,902,263</b></u>	<u><b>4,532,263</b></u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**11. RESERVES - CASH BACKED (Continued)**

All of the cash backed reserve accounts are supported by money held in financial institutions. In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Plant Reserve

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

Building Reserve

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

Shire Water Reserve

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

Information Technology Reserve

- Closed

Airport Runway Reserve

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

Airport Operating Reserve

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

Transport Reserve

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

Infrastructure & Economic Development Reserve

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

Insurance Reserve

- Closed

Long Service Leave Reserve

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

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

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

**RESERVES - ASSET REVALUATION**

	<b>2007</b>	<b>2006</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>

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

(a) **Roads**

Balance as at 1 July 2006	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	2,868,849	2,868,849
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b>2,868,849</b>	<b>2,868,849</b>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	NOTE	2007 Actual \$	2007 Budget \$	2006 Actual \$
Cash - Unrestricted	4	1,506,121	205,000	887,624
Cash - Restricted	4	5,522,678	5,340,632	5,088,035
		<u>7,028,799</u>	<u>5,545,632</u>	<u>5,975,659</u>

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

Net Profit (or Loss)		1,028,591	1,929,639	1,558,633
Depreciation	3(a)	2,348,497	1,673,853	1,673,615
Impairment (Loss)/Reversal				
(Profit)/Loss on Sale of Asset	32	44,669	(26,000)	34,210
(Increase)/Decrease in Receivables		(105,183)	36,278	196,827
Increase/(Decrease) in Doubtful Debts		46,247	0	(1,386)
(Increase)/Decrease in Inventories		18,612	35,964	(33,037)
Increase/(Decrease) in Payables		201,984	195,121	(197,249)
Increase/(Decrease) in Employee Provisions		4,189	48,527	(20,361)
Grants/Contributions for the Development of Assets		(1,100,497)	(1,738,718)	(1,375,649)
<b>Net Cash from Operating Activities</b>		<u>2,487,109</u>	<u>2,154,664</u>	<u>1,835,603</u>

**(c) Credit Standby Arrangements**

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

**(d) Loan Facilities**

Loan Facilities Liability - Current	18	0	0	0
Loan Facilities - Non-Current	18	0	0	0
<b>Total Facilities in Use at Balance Date</b>	18	<u>0</u>	<u>0</u>	<u>0</u>
<b>Unused Loan Facilities at Balance Date</b>	18	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>14. CAPITAL AND LEASING COMMITMENTS</b>		
(a) Finance Leasing and Hire Purchase Commitments	Nil	Nil
(b) Operating Lease Commitments	Nil	Nil
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	5,342	5,920
- later than one year but not later than five years	13,354	8,880
- later than five years	<u>0</u>	<u>0</u>
	<u><u>18,696</u></u>	<u><u>14,800</u></u>
 (c) Capital Expenditure Commitments	 Nil	 Nil

**15. TRUST FUNDS**

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

	<b>Balance</b>	<b>Amounts</b>	<b>Amounts</b>	<b>Balance</b>
	<b>1/07/2006</b>	<b>Received</b>	<b>Paid</b>	<b>30/06/2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Donations	5,000	0	0	5,000
Unclaimed Monies	9,212	0	0	9,212
Bus Hire Bond	0	0	0	0
Library Deposits	2,194	144	32	2,306
Surplus Funds	334	0	0	334
Building Industry Training Levy	48	0	0	48
Nomination Deposits	0	0	0	0
Stockyard Caretaking	21	0	0	21
Miscellaneous Deposits	3,312	150	140	3,322
Picture Fund	1,000	0	0	1,000
	<u>21,121</u>	<u>294</u>	<u>172</u>	<u>21,243</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

<b>16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
Governance	0	0
General Purpose Funding	92,249	91,555
Law, Order, Public Safety	9,062	11,876
Health	4,520	5,736
Education and Welfare	349,270	386,921
Housing	395,640	398,075
Community Amenities	180,922	186,046
Recreation and Culture	2,191,664	2,151,672
Transport	16,567,734	16,135,175
Economic Services	846,282	935,870
Other Property and Services	2,994,740	3,147,533
Unallocated (Cash)	7,028,799	5,975,659
	<u>30,660,882</u>	<u>29,426,118</u>

<b>17. FINANCIAL RATIOS</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Current Ratio	3.98	3.97	4.59
Untied Cash to Trade Creditors Ratio	4.28	6.07	4.75
Debt Ratio	0.02	0.01	0.02
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets	0.00	0.00	0.00
Rate Coverage Ratio	0.23	0.23	0.22
Outstanding Rates Ratio	0.11	0.07	0.07

The above rates are calculated as follows:

Current Ratio equals 
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Trade Creditors Ratio 
$$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$$

Debt Ratio equals 
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals 
$$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$$

Gross Debt to Revenue Ratio 
$$\frac{\text{Gross debt}}{\text{Total revenue}}$$

Gross Debt to Economically Realisable Assets Ratio 
$$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$$

Rate Coverage Ratio equals 
$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio equals 
$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**18. BORROWINGS**

- (a) **Debenture Repayments**  
Council had no amounts owing on debentures as at 30 June 2007
- (b) **New Debentures - 2006/07**  
Council had no new debentures for 2006/2007
- (c) **Unspent Debentures**  
Council has no unspent Debentures at 30 June 2007
- (d) **Overdraft**  
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2007
- (e) **Interest Rate Risk**  
Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is nil.

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**19. RATING INFORMATION - 2006/2007 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$ (cents)</b>	<b>Number of Properties</b>	<b>Rateable Value</b>	<b>Rate Revenue</b>	<b>Interim &amp; Back Rates</b>	<b>Total Revenue</b>	<b>Budget Rate Revenue</b>	<b>Budget Interim Rate</b>	<b>Budget Back Rate</b>	<b>Budget Total Revenue</b>
<b>General Rate</b>										
- Gross rental value	9.1099	340	2,160,596	196,828	10,810	207,638	196,828	0	0	196,828
- Unimproved Value Mining	9.4721	553	10,975,582	1,039,618	108,597	1,148,215	1,039,618	0	0	1,039,618
- Unimproved Value Pastoral	5.0000	43	1,775,578	88,779	(33,921)	54,858	88,779	0	0	88,779
<b>Sub-Totals</b>		936	14,911,756	1,325,225	85,486	1,410,711	1,325,225	0	0	1,325,225
<b>Minimum Rate</b>	<b>Minimum \$</b>									
- Gross rental value	130	57	7,845	6,730	0	6,730	7,410	0	0	7,410
- Unimproved Value Mining	130	215	150,082	28,990	0	28,990	27,950	0	0	27,950
- Unimproved Value Pastoral	130	3	1,499	520	0	520	390	0	0	390
<b>Sub-Totals</b>		275	159,426	36,240	0	36,240	35,750	0	0	35,750
Ex Gratia						1,446,951				1,360,975
<b>Totals</b>						<b>1,446,951</b>				<b>1,363,975</b>

Prior Year Rates written off (Not included above)	These Rates relate to previous years and were treated as an expense.	3,712	25,000
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**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**20. SPECIFIED AREA RATE - 2006/2007 FINANCIAL YEAR** NIL

**21. SERVICE CHARGES - 2006/2007 FINANCIAL YEAR** NIL

**22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2006/2007 FINANCIAL YEAR**

	<b>Type</b>	<b>Disc %</b>	<b>Total Cost/ Value</b>	<b>Budget Cost/ Value</b>
Debtor - Rates	Write-Off	N/A	3,712	25,000

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

The Shire waives Hall Hire Charges for selected events that are considered to be for the overall benefit of the Community.  
The financial consideration is not calculated.

**23. INTEREST CHARGES AND INSTALMENTS - 2006/2007 FINANCIAL YEAR**

	<b>Interest Rate (%)</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	10	N/A	15,017	7,000
Interest on Instalments Plan	5.5	N/A	4,220	3,000
Charges on Instalment Plan	N/A	15	1,935	2,000
			21,172	12,000

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

<b>24. FEES &amp; CHARGES</b>	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>
General Purpose Funding	8,551	8,107
Law, Order, Public Safety	1,831	6,838
Health	383	(1,054)
Education & Welfare	2,001	10,390
Housing	6,803	6,817
Community Amenities	88,414	84,050
Recreation & Culture	18,185	49,409
Transport	577,775	459,491
Economic Services	48,038	17,784
Other Property & Services	1,198	0
	<u>753,179</u>	<u>641,832</u>

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

<b>25. COUNCILLORS' REMUNERATION</b>	<b>2007 Actual \$</b>	<b>2007 Budget \$</b>	<b>2006 Actual \$</b>
Meeting Fees	11,119	14,400	13,560
Travelling Expenses	4,889	10,000	6,851
Telecommunications	0	2,000	0
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,000	2,000	2,000
	<u>26,008</u>	<u>36,400</u>	<u>30,411</u>

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

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**26. EMPLOYEES' REMUNERATION**

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range \$	2007	2006
100,000 - 109,999	<u>1</u>	<u>1</u>

**27. EMPLOYEE NUMBERS**

The number of full-time equivalent Employees at balance date

2007	2006
<u>27</u>	<u>25</u>

**28. MAJOR LAND TRANSACTIONS**

No major land transactions occurred during the period.

**29. MAJOR TRADING UNDERTAKINGS**

No major trading undertakings occurred during the period.

**30. OTHER TRADING UNDERTAKINGS**

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

Current Year Transactions	2007 \$	2006 \$
Operating Income	128,728	114,094
Operating Expenses	(86,771)	(97,079)
Change in Net Assets resulting	<u>41,957</u>	<u>17,015</u>

**Statement of Financial Position**

Current Assets		
Cash at Bank	4,825	2,940
Trade Debtors	0	0
Current Liabilities		
Trade Creditors	0	0
	<u>4,825</u>	<u>2,940</u>
Equity		
Opening balance	2,940	5,799
Cash Transferred to Municipal	(40,072)	(19,874)
Change in Net Assets	41,957	17,015
	<u>4,825</u>	<u>2,940</u>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**31. PURCHASE OF ASSETS**

The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
<b>Plant &amp; Equipment</b>				
Security Camera - Main St		2027	0	30,000
Oval Line Marking Machine		3636	0	750
Cornish Lift		3624	0	6,000
T A Dolly			0	10,000
Misc Small Plant	552	5014	8,341	20,000
Traffic Counters	3053	5324	6,704	6,000
Security Camera - Depot	550	5209	35,861	50,000
Vehicle		5205	0	40,000
Vehicle - Works Supervisor		5004	0	40,000
Pedestrian Roller		5208	0	14,000
Rubber Tyre Roller (2nd Hnd)	390	5206	37,012	50,000
Towable Road Sweeper (2nd Hnd)		5207	0	25,000
Maintenance Caravan		5034	0	65,000
Trailer for Caravan & Fuel Tank		5210	0	20,000
Bobcat		5211	0	40,000
Truck Prime Mover	387	5124	171,380	170,000
2 x Rubbish Trucks	115/116	5184	45,000	45,000
Pumps & Generators	553	5284	9,827	10,000
Airport Lawn Mower	551	5377	1,401	1,500
Security Alarm (Domestic Violence)	554	2546	3,584	0
RADS Cones & PAL	455	5375	2,172	5,000
Aerodrome Fire Fighting Unit	389	5215	5,962	5,500
Airport Fire Fighting System		5216	0	25,000
Vehicle - CEO		1224	0	40,000
Vehicle - DCEO	388	1355	28,486	30,000
	<i>sub total</i>		<i>355,730</i>	<i>748,750</i>
<b>Land &amp; Buildings</b>				
New Staff Housing	1041/1042	2715	25,785	301,345
Paddys Flat - Power Upgrade	1014	3254	2,494	4,205
Town Hall - Sand & Treat Floor	1021	3483	9,091	10,000
Upgrade Pool Change Rooms		3667	0	50,000
Upgrade Pool Grounds	1058	3666	35,795	35,000
Construct Oval Toilets		3634	0	50,000
Tennis Practice Wall		3635	0	3,000
Replace Pine Rails around Oval	1030	3638	4,506	8,000
Airport Terminal Paint	1085	5217	19,200	10,000
Airport Terminal Toilets	1085	5219	7,140	10,000
Repair Ceiling - Office Passageway		1328	0	2,000
External Office Paint		1329	0	6,000
	<i>sub total</i>		<i>104,011</i>	<i>489,550</i>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**31. PURCHASE OF ASSETS - Continued**

The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual \$	Budget \$
<b>Furniture and Equipment</b>				
Council Chambers Fridge		1230	0	2,000
Air Conditioner - Gym		3654	0	5,000
BBQ for Town Hall Outdoors	2185	3484	1,670	8,500
Airport Terminal - Replace Aircon	2186	5218	4,000	3,700
"Heatwave" Replace Aircons		5775	0	4,000
Collection of Mining Relics		5397	0	10,000
Office Furniture	2187	1326	7,921	10,000
Office Furniture (Old Railway Station)	2188	1327	8,688	12,500
I T Equipment	2182	1244	25,925	25,900
I T Equipment (Domestic Violence)	2183	2550	1,587	0
Telephone & Data Cables - Chambers			0	500
Shelving - Depot Archives	3050	1234	2,285	8,000
<i>sub total</i>			<i>52,076</i>	<i>90,100</i>
<b>Infrastructure - Roads</b>				
Additions to Gravel Roads	8530		1,948,857	2,218,805
Additions to Sealed Roads	8540		24,749	310,000
Waterbores			0	10,000
<i>sub total</i>			<i>1,973,606</i>	<i>2,538,805</i>
<b>Infrastructure - Other</b>				
Wash Down Bay - Sanitation Site			0	10,000
Viewing Platform -at Headframe		3637	0	7,000
Oval Lights	400	3664	64,034	140,000
BBQ Light at Oval		3784	0	5,000
Oval Water Tank	400	3639	19,410	50,000
Bike Trails	7118	3630	11,726	5,000
MRDT Stage 2		5390	0	28,500
Meeka Heritage Trails	7121	5394	2,306	280,000
Town Heritage Walk	7128	5389	33,363	29,704
Entry Statement & Signs		5424	0	60,000
Tourist Rest Area	7116	5395	5,477	8,000
			<i>136,316</i>	<i>623,204</i>
<b>Airport Infrastructure</b>				
Airport Fencing			0	0
<i>sub total</i>			<i>0</i>	<i>0</i>
			<b>2,621,739</b>	<b>4,490,409</b>

**SHIRE OF MEEKATHARRA**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

**32. DISPOSAL & REPLACEMENT OF ASSETS**

The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		(Profit) Loss	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant</b>									
Vehicle - Supervisor P386	3,019	0	0	0	39,000	0	35,000	0	4,000
Truck P341	341	130,360	87,961	42,399	50,000	60,000	80,000	(17,601)	(30,000)
Vehicle CEO P384		0	0	0	34,000	0	30,000	0	4,000
Vehicle DCEO P368	368	39,610	28,367	11,243	18,000	27,273	22,000	(16,030)	(4,000)
<b>Other Infrastructure</b>									
MRDT Stage 2	7,120	79,704	1,404	78,300	0	0	0	78,300	0
<b>Total</b>		<b>249,674</b>	<b>117,732</b>	<b>131,942</b>	<b>141,000</b>	<b>87,273</b>	<b>167,000</b>	<b>44,669</b>	<b>(26,000)</b>

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR YEAR ENDED 30 JUNE 2007**

**33. INTEREST RATE RISK**

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

<u>Year Ended 30 June 2007</u>	<u>&lt;1 year</u> \$	<u>&gt;1&lt;2 years</u> \$	<u>&gt;2&lt;3 years</u> \$	<u>&gt;3&lt;4 years</u> \$	<u>&gt;4&lt;5 years</u> \$	<u>&gt;5 years</u> \$	<u>Total</u> \$	<u>Weighted Average Effective Interest Rate</u> %
<b>FINANCIAL ASSETS</b>								
<b>Fixed Rate</b>								
Other Financial Assets	0	0	0	0	0	0	0	<b>0.00%</b>
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Floating Rate</b>								
Cash and Cash Equivalents	5,377,224	0	0	0	0	0	5,377,224	<b>6.98%</b>
Weighted Average Effective Interest Rate	6.98%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>FINANCIAL LIABILITIES</b>								
<b>Fixed Rate</b>								
Debentures	0	0	0	0	0	0	0	<b>0.00%</b>
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR YEAR ENDED 30 JUNE 2007**

**34. INTEREST RATE RISK (Continued)**

<u>Year Ended 30 June 2006</u>	<u>&lt;1 year</u> \$	<u>&gt;1&lt;2 years</u> \$	<u>&gt;2&lt;3 years</u> \$	<u>&gt;3&lt;4 years</u> \$	<u>&gt;4&lt;5 years</u> \$	<u>&gt;5 years</u> \$	<u>Total</u> \$	<u>Weighted Average Effective Interest Rate</u> %
<b>FINANCIAL ASSETS</b>								
<b>Fixed Rate</b>								
Other Financial Assets	0	0	0	0	0	0	0	<b>0.00%</b>
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Floating Rate</b>								
Cash and Cash Equivalents	7,028,799	0	0	0	0	0	7,028,799	<b>0.00%</b>
Weighted Average Effective Interest Rate	6.64%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>FINANCIAL LIABILITIES</b>								
<b>Fixed Rate</b>								
Debentures	0	0	0	0	0	0	0	<b>0.00%</b>
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		



14 November 2007

The Shire President  
Shire of Meekatharra  
PO Box 129  
MEEKATHARRA WA 6642

Dear Cr Hutchinson

**MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2007**

We advise that we have completed our audit procedures for the year ended 30 June 2007 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

**Month End Procedures**

Reconciliations of the following subsidiary ledgers to corresponding general ledger control accounts were performed as required:

- rates debtors;
- sundry debtors;
- sundry creditors;
- payroll; and
- rate valuations.

However, they did not always have evidence of having been reviewed by a senior officer independent of preparation.

To help ensure the above reconciliations are correct and prepared regularly, we recommend they be reviewed by a senior staff member independent of preparation. This review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.

This will also help to identify if appropriate follow up of outstanding debtors and creditors is occurring and ensure the amounts owing to and by Council are controlled.

We noted no other matters we wish to draw to Council's attention.

**Corrected Misstatement**

We advise that we have informed the Shire management of several misstatements above \$1,000 which were corrected during the course of our audit and are reflected in the financial report. These corrected misstatements are attached at Appendix 1 to this letter.

**Uncorrected Misstatement**

We advise that we have informed Shire management that there were no uncorrected misstatements above \$1,000 noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



DAVID TOMASI  
PARTNER

Encl

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**SHIRE OF MEEKATHARRA  
 APPENDIX 1  
 FORMING PART OF THE MANAGEMENT REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2007**

Item	Description	DR (\$)	CR (\$)
1.	Sundry Debtors (Balance Sheet) GST Receivable (Balance Sheet) Sundry Creditors (Balance Sheet)  To reclassify GST receivable as assets	19,291 7,344	26,635
2.	Materials and Contracts (Income Statement) GST Receivable (Balance Sheet) Sundry Creditors (Balance Sheet)  To accrue 2006/2007 expense	6,080 608	6,688
3.	Inventory (Balance Sheet) Materials and Contracts (Income Statement)  To adjust understatement of inventory	3,236	3,236
4.	Provision for Doubtful Debts (Balance Sheet) Other Revenues (Income Statement)  To adjust overprovision of doubtful debts	18,434	18,434
5	Current – Provision for Annual Leaves (Balance Sheet) Non-current – Provision for Long Service Leaves (Balance Sheet) Employee Costs (Income Statement)  To adjust overprovision of employee benefits	5,769 7,826	13,595
		68,588	68,588

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

**Report on the Financial Report**

We have audited the accompanying financial report of the Shire of Meekatharra, which comprises the balance sheet as at 30 June 2007 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

**Council's Responsibility for the Financial Report**

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

**Auditor's Responsibility**

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

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

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

**Independence**

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

**Auditor's Opinion**

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**UHY** Haines Norton - ABN 358 5397 1745

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

**Statutory Compliance**

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

**Monthly Financial Report**

The monthly financial report did not include the explanations for material variances between the year to date actual and budgeted figures as required by Financial Management Regulation 34(2)(b).

**Rate Instalment Reminder**

The instalment reminder notice is not fully compliant with the requirements of Financial Management Regulation 57 and did not include the following information:


- the valuation of the land (Regulation 57(1)(a));
- the rate of interest (Regulation 57(2)); and
- a brief statement of the consequences of default in payment of rates and service charges (Regulation 57(2)).

**Other Matters**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, 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 of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

Address: Perth, WA  
Date: 14 November 2007

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS  
  
DAVID TOMASI  
PARTNER

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