



shire of
meekatharra
a golden prospect

Annual Report

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Shire Presidents Report

It is a pleasure to report on another successful year for the Shire of Meekatharra. Despite high staff turnover in some areas, our staff and contractors have capably completed most of our budgeted projects this year.

My thanks and appreciation to our Deputy Shire President, Cr Norm Trenfield for his support and valuable input during the year. Thanks also to all our 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 and for managing to keep up with the ever increasing list of statutory and compliance tasks. We are also fortunate that Roy and his team have maintained sound governance and management processes throughout the year.

The State Government, Federal Government and agencies continue to increase Councils compliance and reporting responsibilities. Unfortunately every time we absorb these extra tasks and duties into our existing structure it means our staff have less time to spend on core tasks and services.

Council maintains a sound overall financial position with no debt and adequate cash reserves.

Tom Hutchinson
Shire President



Chief Executive Officers Report

Thanks go to all our staff and contractors for their dedication, hard work and assistance during the year.

My sincere thanks to Shire President Tom Hutchinson for his ongoing support, encouragement and willingness to help out wherever possible. Thanks also to all our Shire Councillors for their hard work and contributions during the year.

A special note of appreciation and gratitude goes to my three most senior officers; Cameron Watson, Alan Haslett and Stella Johnson – thank you for your commitment, support and loyalty during the year. Late in the year Cameron and Stella left us. I welcome Krys East to the role of Corporate and Development Services Manager and Kelly Fuhrmann as Community Development/Admin Officer. Krys has been with us for six years, demonstrating that she is worthy of promotion to our number 2 position. Both Krys and Kelly have taken to their new roles with great enthusiasm and we look forward to working with them into the future.

During the year we also invited tenders for our Town Maintenance Contract. I am pleased that B & E Trenfield Contractors were successful in being awarded the contract again. I am sure it will continue to be a pleasure to have Rigby and Eveanne on board and doing a great job.

Special thanks go to our grader operators for their excellent work this year – Leading Hand (Construction) Adrian Baumgarten and Maintenance Grader Michael Walley. Unfortunately Michael left us during the year – we wish him the best for the future.

Our major road works this year included upgrades on Landor Road (\$1,132,126) including a primer seal of over 12 kilometres, Mt Clere Road (\$506,405) and Ashburton Downs Road (\$218,772). The Landor Road upgrade and primer seal was largely funded by a grant of \$941,218 from the State Royalties for Regions program.

This year, in the Meekatharra town site, we completed extensive reseals on a number of town streets and also extended and improved the footpath network. Over \$300,000 was spent on capital works on town road infrastructure. A total of \$2.3 million dollars was spent on capital improvements to our road network.

Council continued its program to upgrade its housing and accommodation. Over \$500,000 was spent on capital improvements to housing and accommodation including conversion of a residence into two units. The swimming pool was also re-roofed and fully renovated at a cost of \$110,000.

Council continues its great support of community and recreational programs with over \$1.5 million being spent during the year on community development, youth and recreation programs and facilities.

Roy McClymont
Chief Executive Officer

Disability Access and Inclusion Plan

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

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

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

Record Keeping Plan

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

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

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

National Competition Policy

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

1. Council does not undertake any business enterprises that are classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
2. Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
3. The principals of competitive neutrality were implemented in respect of any relevant activity undertaken during the 2009/10 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 2010

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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

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 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 2010 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 *23 FEBRUARY 2011*



L P Strugnell
Acting Chief Executive Officer

The Shire of Meekatharra
Main Sreet
Meekatharra WA 6642

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAMME

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance			0	457
General Purpose Funding		5,297,962	4,953,620	5,573,218
Law, Order, Public Safety		102,274	32,140	30,065
Health		173	950	500
Education and Welfare		86,881	126,168	165,752
Housing		16,798	19,000	18,221
Community Amenities		100,557	89,500	87,614
Recreation and Culture		79,737	69,150	141,106
Transport		1,095,792	2,520,297	2,546,894
Economic Services		77,536	266,887	168,877
Other Property and Services		221,432	75,473	38,684
		<u>7,079,142</u>	<u>8,153,185</u>	<u>8,771,388</u>
EXPENSES FROM ORDINARY ACTIVITIES (Excluding Borrowing Costs expense)				
Governance		362,885	400,595	311,145
General Purpose Funding		1,044,642	278,740	166,784
Law, Order, Public Safety		124,770	132,516	104,613
Health		70,834	89,327	58,042
Education and Welfare		344,718	448,261	347,252
Housing		6,540	13,750	88,139
Community Amenities		370,986	441,305	325,510
Recreation & Culture		668,704	835,193	627,191
Transport		3,126,324	3,416,656	2,728,914
Economic Services		283,336	336,109	300,715
Other Property and Services		647,408	1,000	452,386
		<u>7,051,147</u>	<u>6,393,452</u>	<u>5,510,691</u>
Total Comprehensive Income		<u><u>27,995</u></u>	<u><u>1,759,733</u></u>	<u><u>3,260,697</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 2010

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	16	2,240,349	2,241,675	1,978,990
Grants,Subsidies,Contributions - Operating	9	2,915,574	2,786,590	3,365,590
Fees and Charges	21	744,955	770,030	747,675
Interest Earnings	1	500,787	360,500	508,440
Other Revenue		480	31,497	83,515
		<u>6,402,145</u>	<u>6,190,292</u>	<u>6,684,210</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		1,209,413	1,626,051	1,168,334
Materials and Contracts		2,747,802	1,833,292	1,532,346
Utilities (gas, electricity, water, etc)		216,275	263,130	156,251
Depreciation on Non-current Assets	1	2,659,357	2,422,145	2,425,022
Insurance		182,344	218,924	179,755
Other Expenses		35,956	29,910	44,685
		<u>7,051,147</u>	<u>6,393,452</u>	<u>5,506,393</u>
		(649,002)	(203,160)	1,177,817
Grants,Subsidies,Contributions - Non Operatir	9	655,407	1,923,854	2,055,880
Profit on Asset Disposals	28(b)	21,590	39,039	31,298
Loss on Asset Disposals	28(b)	0	0	(4,298)
Total Comprehensive Income		<u><u>27,995</u></u>	<u><u>1,759,733</u></u>	<u><u>3,260,697</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 2010

STATEMENT OF FINANCIAL POSITION

	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	2	7,901,498	8,792,791
Trade and Other Receivables	3	507,721	804,295
Inventories	4	122,564	80,075
TOTAL CURRENT ASSETS		<u>8,531,783</u>	<u>9,677,161</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	5(a)	6,979,638	6,492,679
Infrastructure	5(b)	20,257,018	19,727,008
TOTAL NON-CURRENT ASSETS		<u>27,236,656</u>	<u>26,219,687</u>
TOTAL ASSETS		<u>35,768,439</u>	<u>35,896,848</u>
CURRENT LIABILITIES			
Trade and Other Payables	6	190,832	345,460
Provisions	7	92,450	87,074
TOTAL CURRENT LIABILITIES		<u>283,282</u>	<u>432,534</u>
NON-CURRENT LIABILITIES			
Provisions	7	13,552	20,704
TOTAL NON-CURRENT LIABILITIES		<u>13,552</u>	<u>20,704</u>
TOTAL LIABILITIES		<u>296,834</u>	<u>453,238</u>
NET ASSETS		<u><u>35,471,605</u></u>	<u><u>35,443,610</u></u>
EQUITY			
Retained Surplus		26,084,103	26,704,080
Reserves - Cash Backed	8	6,518,653	5,870,681
Reserves - Asset Revaluation	8	2,868,849	2,868,849
TOTAL EQUITY		<u><u>35,471,605</u></u>	<u><u>35,443,610</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 2010

STATEMENT OF CHANGES IN EQUITY

	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2009		26,704,080	23,299,018
Net Result		27,995	3,260,697
Transfer from/(to) Reserves		(647,972)	144,365
Balance as at 30 June 2010		<u>26,084,103</u>	<u>26,704,080</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2009		5,870,681	6,015,046
Amount Transferred (to)/from Retained Surplus		647,972	(144,365)
Balance as at 30 June 2010	8	<u>6,518,653</u>	<u>5,870,681</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2009		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2010	8	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL EQUITY		<u><u>35,471,605</u></u>	<u><u>35,443,610</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 2010

STATEMENT OF CASH FLOWS

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,523,985	2,241,675	1,592,591
Grants, Subsidies, Contributions		2,963,987	2,786,590	3,278,677
Fees and Charges		716,392	1,225,030	740,505
Interest Earnings		500,787	360,500	508,440
Goods and Services Tax		364,969	270,000	552,971
Other		480	31,497	83,515
		<u>7,070,600</u>	<u>6,915,292</u>	<u>6,756,699</u>
Payments				
Employee Costs		(1,211,286)	(1,628,677)	(1,122,633)
Materials and Contracts		(2,867,456)	(1,904,075)	(1,577,157)
Utilities (gas, electricity, water, etc)		(225,446)	(263,130)	(147,080)
Insurance		(182,344)	(218,924)	(179,755)
Goods and Services Tax		(508,721)	(270,000)	(508,660)
Other		(104,150)	(29,910)	(18,666)
		<u>(5,099,403)</u>	<u>(4,314,716)</u>	<u>(3,553,951)</u>
Net Cash Provided By (Used In) Operating Activities	10(b)	<u>1,971,197</u>	<u>2,600,576</u>	<u>3,202,748</u>
Cash Flows from Investing Activities:				
Payments for Purchase of Property, Plant & Equipment		(1,262,125)	(2,718,850)	(2,112,706)
Payments for Construction of Infrastructure		(2,447,157)	(4,391,715)	(2,654,896)
Grants and Contributions for the Development of Assets		792,247	1,923,854	1,919,040
Proceeds from Sale of Plant & Equipment		54,546	167,273	169,910
		<u>54,546</u>	<u>167,273</u>	<u>169,910</u>
Net Cash Provided By (Used In) Investing Activities:		<u>(2,862,489)</u>	<u>(5,019,438)</u>	<u>(2,678,652)</u>
Cash Flows from Financing Activities:		0	0	0
Net Increase (Decrease) in Cash Held		(891,292)	(2,418,862)	524,095
Cash at Beginning of year		8,792,791	8,661,101	8,268,696
Cash at End of Year	10(a)	<u><u>7,901,498</u></u>	<u><u>6,242,239</u></u>	<u><u>8,792,791</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 2010

RATE SETTING STATEMENT

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
OPERATING REVENUES				
Governance		0	0	457
General Purpose Funding		3,057,613	2,711,945	3,594,228
Law, Order, Public Safety		102,274	32,140	30,065
Health		173	950	500
Education and Welfare		86,881	126,168	165,752
Housing		16,798	19,000	18,221
Community Amenities		100,557	89,500	87,614
Recreation and Culture		79,737	69,150	141,106
Transport		1,095,792	2,520,297	2,546,894
Economic Services		77,536	266,887	168,877
Other Property and Services		221,432	75,473	38,684
		<u>4,838,793</u>	<u>5,911,510</u>	<u>6,792,398</u>
OPERATING EXPENSES				
Governance		(362,885)	(400,595)	(311,145)
General Purpose Funding		(1,044,642)	(278,740)	(166,784)
Law, Order, Public Safety		(124,770)	(132,516)	(104,613)
Health		(70,834)	(89,327)	(58,042)
Education and Welfare		(344,718)	(448,261)	(347,252)
Housing		(6,540)	(13,750)	(88,139)
Community Amenities		(370,986)	(441,305)	(325,510)
Recreation & Culture		(668,704)	(835,193)	(627,191)
Transport		(3,126,324)	(3,416,656)	(2,728,914)
Economic Services		(283,336)	(336,109)	(300,715)
Other Property and Services		(647,408)	(1,000)	(452,386)
		<u>(7,051,147)</u>	<u>(6,393,452)</u>	<u>(5,510,691)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals		(21,590)	(39,039)	(27,000)
Depreciation on Assets		2,659,357	2,422,145	2,425,022
Movement in Employee Benefits		(1,776)	0	6,655
Capital Expenditure and Income				
Purchase Land and Buildings		(329,997)	(1,251,100)	(1,170,156)
Purchase Infrastructure Assets - Roads		(2,284,360)	(3,964,562)	(2,594,838)
Purchase Plant and Equipment		(916,561)	(1,263,500)	(921,520)
Purchase Furniture and Equipment		(15,567)	(204,250)	(21,030)
Purchase Infrastructure - Other		(162,797)	(427,153)	(60,058)
Proceeds from Disposal of Assets		54,546	167,273	169,910
Repayment of Debentures		0	0	0
Proceeds from Debentures		0	0	0
Transfers to Reserves (Restricted Assets)		(647,972)	(374,483)	(744,635)
Transfers from Reserves (Restricted Assets)		0		889,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		3,461,021	3,274,256	2,248,973
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,822,298	99,320	3,461,020
Amount Req'd to be Raised from Rates	16	<u>(2,240,349)</u>	<u>(2,241,675)</u>	<u>(1,978,990)</u>

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

1. REVENUES AND EXPENSES	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		14,411	13,384
- Other Services		0	0
Doubtful Debts			
- Rate Debtors		783,669	0
- Sundry Debtors		1,459	1,179
Depreciation			
	5		
- Buildings		143,769	116,083
- Furniture and Equipment		39,500	38,542
-Machinery & Equipment		9,123	12,735
-Plant		549,818	481,576
- Infrastructure - Roads		1,659,509	1,521,205
- Infrastructure - Airport		160,555	159,728
- Infrastructure - Other		97,083	95,153
		<u>2,659,357</u>	<u>2,425,022</u>
Rental Charges			
- Operating leases		<u>0</u>	
(ii) Crediting as Revenues:			
		2009/2010 Actual \$	2009/2010 Budget \$
			2008/2009 Actual \$
Interest Earnings			
- Investments			
- Reserve Funds		333,589	210,000
- Municipal Funds		81,016	100,000
- Other Interest Earnings	20	<u>86,181</u>	<u>50,500</u>
		<u>500,786</u>	<u>360,500</u>
			<u>508,440</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
2. CASH AND CASH EQUIVALENTS			
Cash on Hand		600	600
Cash at Bank		7,900,898	8,792,191
		<u>7,901,498</u>	<u>8,792,791</u>
Represented by:			
Unrestricted		1,162,229	1,905,912
Restricted		6,739,269	6,886,879
		<u>7,901,498</u>	<u>8,792,791</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	8	1,504,003	1,423,136
Building Reserve	8	777,578	735,770
Shire Water Reserve	8	136,820	129,463
Airport Runway Reserve	8	2,019,824	1,911,223
Airport Operations Reserve	8	712,605	674,290
Transport Reserve	8	312,435	295,636
Infrastructure & Development Reserve	8	698,183	660,643
Long Service Leave Reserve	8	42,822	40,520
Reseal & Rejuvenation Reserve	8	164,383	
Digital TV Reserve	8	150,000	
	<i>sub total</i>	6,518,653	5,870,681
Unspent Grants	9	220,616	1,016,198
		<u>6,739,269</u>	<u>6,886,879</u>
3. TRADE and OTHER RECEIVABLES			
Current			
Rates Outstanding		992,456	492,423
Sundry Debtors		134,959	296,920
Tax Receivable		165,434	16,227
Less Provision for Doubtful Debts		(785,128)	(1,275)
		<u>507,721</u>	<u>804,295</u>
4. INVENTORIES			
Current			
Stores and Materials - at cost		122,564	80,075
		<u>122,564</u>	<u>80,075</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual \$	2009 Actual \$
5a. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings - Cost	5,893,358	5,563,361
Less Accumulated Depreciation	<u>(2,110,373)</u>	<u>(1,966,604)</u>
	3,782,985	3,596,757
Furniture and Equipment - Cost	437,984	422,417
Less Accumulated Depreciation	<u>(332,214)</u>	<u>(292,714)</u>
	105,770	129,703
Machinery & Equipment - Cost	236,653	236,653
Less Accumulated Depreciation	<u>(212,226)</u>	<u>(203,103)</u>
	24,427	33,550
Plant - Cost	6,640,356	5,811,507
Less Accumulated Depreciation	<u>(3,573,900)</u>	<u>(3,078,838)</u>
	3,066,456	2,732,669
Shire Water Scheme	0	0
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	0	0
	<u><u>6,979,638</u></u>	<u><u>6,492,679</u></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.

	Land & Buildings \$	Furniture & Equipment \$	Machinery & Equipment \$	Plant \$	Total \$
Balance as at 1 July 2009	3,596,757	129,703	33,550	2,732,669	6,492,679
Additions	329,997	15,567	0	916,561	1,262,125
Disposals	0	0	0	(87,712)	(87,712)
Revaluations - Increment	0	0	0	0	0
- (Decrement)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation Operating Expense	(143,769)	(39,500)	(9,123)	(549,818)	(742,210)
Depreciation Written back				54,756	54,756
Balance as at 30 June 2010	<u><u>3,782,985</u></u>	<u><u>105,770</u></u>	<u><u>24,427</u></u>	<u><u>3,066,456</u></u>	<u><u>6,979,638</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual \$	2009 Actual \$
5b. INFRASTRUCTURE		
Roads - Cost	37,185,201	34,900,841
Less Accumulated Depreciation	<u>(19,891,459)</u>	<u>(18,231,950)</u>
	17,293,742	16,668,891
Airport - Cost	3,356,340	3,280,950
Less Accumulated Depreciation	<u>(2,321,165)</u>	<u>(2,160,610)</u>
	1,035,175	1,120,340
Infrastructure Other - Cost	2,667,258	2,579,851
Less Accumulated Depreciation	<u>(739,157)</u>	<u>(642,074)</u>
	1,928,101	1,937,777
	<u><u>20,257,018</u></u>	<u><u>19,727,008</u></u>

Council have adopted a policy of revaluing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

Movements in Carrying Amounts

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

	Roads \$	Airport \$	Other \$
Balance as at 1 July 2009	16,668,891	1,120,340	1,937,777
Additions	2,284,360	75,390	87,407
Disposals	0	0	0
Revaluations - Increment	0	0	0
- (Decrement)	0	0	0
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation Expense	(1,659,509)	(160,555)	(97,083)
Depreciation Written back			
Balance as at 30 June 2010	<u><u>17,293,742</u></u>	<u><u>1,035,175</u></u>	<u><u>1,928,101</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

NOTES	2009/2010 Actual \$	2008/2009 Actual \$
6. TRADE AND OTHER PAYABLES		
Current		
Creditors - Sundry	79,018	170,809
Excess Rates	58,864	127,058
GST Payable		
Accrued Salaries and Wages	16,052	12,011
PAYG & FBT Liability	36,898	35,582
	<u>190,832</u>	<u>345,460</u>
7. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	58,599	60,396
Provision for Long Service Leave	33,851	26,678
	<u>92,450</u>	<u>87,074</u>
Non Current		
Provision for Long Service Leave	13,552	20,704
	<u>13,552</u>	<u>20,704</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 Actual \$	2010 Budget \$	2009 Actual \$
8. RESERVES - CASH BACKED				
(a) Plant Reserve	2			
Opening Balance		1,423,136	1,534,117	1,531,188
Amount Set Aside / Transfer to Reserve		80,867	57,100	90,948
Amount Used / Transfer from Reserve				(199,000)
		<u>1,504,003</u>	<u>1,591,217</u>	<u>1,423,136</u>
(b) Building Reserve	2			
Opening Balance		735,770	650,004	980,192
Amount Set Aside / Transfer to Reserve		41,808	11,100	445,578
Amount Used / Transfer from Reserve				(690,000)
		<u>777,578</u>	<u>661,104</u>	<u>735,770</u>
(c.) Shire Water Reserve				
Opening Balance		129,463	128,584	122,205
Amount Set Aside / Transfer to Reserve		7,357	4,900	7,258
Amount Used / Transfer from Reserve		0	0	0
		<u>136,820</u>	<u>133,484</u>	<u>129,463</u>
(e) Airport Runway (Capital) Reserve	2			
Opening Balance		1,911,223	1,898,239	1,804,066
Amount Set Aside / Transfer to Reserve		108,601	73,000	107,157
Amount Used / Transfer from Reserve		0	0	0
		<u>2,019,824</u>	<u>1,971,239</u>	<u>1,911,223</u>
(f) Airport Operating Reserve	2			
Opening Balance		674,290	669,710	636,484
Amount Set Aside / Transfer to Reserve		38,315	25,700	37,806
Amount Used / Transfer from Reserve		0	0	0
		<u>712,605</u>	<u>695,410</u>	<u>674,290</u>
(g) Transport Reserve	2			
Opening Balance		295,636	293,628	279,061
Amount Set Aside / Transfer to Reserve		16,799	11,300	16,575
Amount Used / Transfer from Reserve		0	0	0
		<u>312,435</u>	<u>304,928</u>	<u>295,636</u>
(h) Infrastructure & Economic Development Reserve	2			
Opening Balance		660,643	656,154	623,602
Amount Set Aside / Transfer to Reserve		37,540	25,200	37,041
Amount Used / Transfer from Reserve		0	0	0
		<u>698,183</u>	<u>681,354</u>	<u>660,643</u>
(j) LSL Reserve	2			
Opening Balance		40,520	40,245	38,248
Amount Set Aside / Transfer to Reserve		2,302	1,700	2,272
Amount Used / Transfer from Reserve		0	0	0
		<u>42,822</u>	<u>41,945</u>	<u>40,520</u>
(k) Reseal & Rejuvenation Reserve				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		164,383	164,483	0
Amount Used / Transfer from Reserve		0	0	0
		<u>164,383</u>	<u>164,483</u>	<u>0</u>
(l) Digital TV Reserve				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		150,000	0	0
Amount Used / Transfer from Reserve		0	0	0
		<u>150,000</u>	<u>0</u>	<u>0</u>
Total Cash Backed Reserves		<u>6,518,653</u>	<u>6,245,164</u>	<u>5,870,681</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

8. RESERVES - CASH BACKED (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions and are included in the amount shown as restricted cash at note 4.

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

Plant Reserve

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

Building Reserve

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

Shire Water Reserve

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

Airport Runway Reserve

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

Airport Operating Reserve

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

Transport Reserve

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

Infrastructure & Economic Development Reserve

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

Long Service Leave Reserve

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

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

	2010	2009
	Actual	Actual
	\$	\$

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

(a) **Roads**

Balance as at 1 July 2009	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL ASSET REVALUATION RESERVES	<u>2,868,849</u>	<u>2,868,849</u>

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2010

9. ECONOMIC DEPENDANCY AND GRANTS

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

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

Government Source	Purpose of Grant or Contribution	2008/2009 Grants Unspent Brought Forward	2009/2010 Grants Received	2009/2010 Grants Expended	2009/2010 Unexpended Grants
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant	0	1,622,051	1,622,051	0
Grants Commission	Untied Roads Financial Grant	0	930,170	930,170	0
		0	2,552,221	2,552,221	0
LAW, ORDER, & PUBLIC SAFETY					
FESA Operational Grant	Fire Prevention	0	9,143	9,143	0
FESA Operational Grant	SES Services	0	18,220	18,220	0
Safer WA(Dept of Justice)	Community Safety & Crime Prevention	3,002	1,200	0	4,202
		3,002	28,563	27,363	4,202
WELFARE SERVICES					
Department of Justice	Domestic Violence programme	44,463			44,463
Attorney General	Youth After Dark	4,885		4,885	0
Iris Curley Contribution	Benefit of Meekatharra Youth (ADJ)	22,630			22,630
	Youth Linx programme	0	5,714	5,714	0
OSCH	Youth Centre Operations	0	12,638	12,638	0
Dept of Community Development	Youth Centre Operations	0	66,891	66,891	0
		71,978	85,243	90,128	67,093
RECREATION & CULTURE					
	Swimming Pool Subsidy	0	3,000	3,000	0
		0	3,000	3,000	0
TRANSPORT					
Main Roads Department	Street Lighting Subsidy	0			0
		0	0	0	0
OTHER					
Royalties for Regions	Forward Plan	0	35,000	840	34,160
		0	35,000	840	34,160
TOTAL OPERATING GRANTS		74,980	2,704,027	2,673,552	105,455

9. ECONOMIC DEPENDANCY AND GRANTS (Continued)

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.

NON OPERATING GRANTS					
LAW, ORDER, & PUBLIC SAFETY					
FESA Equipment Grant	SES Services	0	71,543	71,543	0
		0	71,543	71,543	0
RECREATION & Culture					
Dep Infrastructure	Recreation Grant	0	27,273		27,273
		0	27273	0	27273
TRANSPORT					
Main Roads Department	Direct Grant	0	153,196	153,196	0
Dept of Transport & Regional Services	Roads to Recovery - General/Various	0	306,660	218,772	87,888
Main Roads Department	Regional Road Group	0	50,000	50,000	0
State	Royalties for Regions	941,218		941,218	0
RADS	Airport	0	46,735	46,735	0
		941,218	556,591	1409921	87888
OTHER					
		0			0
		0	0	0	0
TOTAL NON OPERATING GRANTS		941,218	655,407	1,481,464	115,161
Reimbursements, Contributions and Subsidies (Operating)					
		0	211547	211547	0
		0	211,547	211,547	0
TOTAL GRANTS, REIMBURSEMENTS, CONTRIBUTIONS and SUBSIDIES		1,016,198	3,570,981	4,366,563	220,616

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

10. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
Cash - Unrestricted	2	1,162,229	(2,925)	1,905,912
Cash - Restricted	2	6,739,269	6,245,164	6,886,879
		<u>7,901,498</u>	<u>6,242,239</u>	<u>8,792,791</u>

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

Net Profit (or Loss)	27,995	1,759,733	3,260,697
Depreciation	2,659,357	2,422,145	2,425,022
(Profit)/Loss on Sale of Asset	(21,590)	(39,039)	(27,000)
(Increase)/Decrease in Receivables	(487,279)	455,000	(546,292)
Increase/(Decrease) in Doubtful Debts	783,853	0	(28,892)
(Increase)/Decrease in Inventories	(42,489)	50,000	30,791
Increase/(Decrease) in Payables	(154,628)	(120,783)	807
Increase/(Decrease) in Employee Provisions	(1,775)	(2,626)	6,655
Grants/Contributions for the Development of Assets	(792,247)	(1,923,854)	(1,919,040)
Net Cash from Operating Activities	<u>1,971,197</u>	<u>2,600,576</u>	<u>3,202,748</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
Total Amount of Credit Unused	<u>0</u>	<u>0</u>	<u>0</u>

(d) Loan Facilities

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

11. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2010

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2010

(c) Capital Expenditure Commitments

There are no capital commitments to report for the year ended 30 June 2010

12. TRUST FUNDS

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

	Balance 1-Jul-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	\$	\$	\$
Donations	5,000			5,000
Unclaimed Monies	9,212	11,286		20,498
Library Deposits	2,338	144		2,482
Surplus Funds	334			334
Building Industry Training Levy	343	5,401	5,705	39
Builders Registration Board	0	548	548	0
Housing Bonds	0		170	(170)
Nomination Deposits	0	320		320
Stockyard Caretaking	21			21
Miscellaneous Deposits	5,138	4,703	1,054	8,787
Picture Fund	1,000			1,000
Cash at Bank	23,386	22,402	7,477	38,311
Trust Debtor		562		562
Total Trust Funds	23,386	22,964	7,477	38,873

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2009/2010 Actual \$	2008/2009 Actual \$
Governance	1,169	1,336
General Purpose Funding	208,787	491,148
Law, Order, Public Safety	4,100	7,875
Health	2,858	3,412
Education and Welfare	310,020	329,306
Housing	1,719,823	1,547,436
Community Amenities	172,245	178,732
Recreation and Culture	2,338,629	2,319,757
Transport	18,807,715	18,379,013
Economic Services	811,690	848,215
Other Property and Services	3,324,471	2,981,600
Unallocated (Cash)	8,066,932	8,814,473
	<u>35,768,439</u>	<u>35,902,303</u>

14. FINANCIAL RATIOS	2009/2010	2008/2009	2007/2008
Current Ratio	7.19	6.88	5.10
Untied Cash to Trade Creditors Ratio	14.71	11.16	7.13
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets	0.00	0.00	0.00
Rate Coverage Ratio	0.33	0.23	0.24
Outstanding Rates Ratio	0.36	0.23	0.07

The above rates are calculated as follows:

Current Ratio equals	<u>Current assets minus restricted current assets</u> Current liabilities minus liabilities associated with restricted assets
Untied Cash to Trade Creditors Ratio	<u>Untied cash</u> Unpaid trade creditors
Debt Ratio equals	<u>Total liabilities</u> Total assets
Debt Service Ratio equals	<u>Debt Service Cost (Principal & Interest)</u> Available operating revenue
Gross Debt to Revenue Ratio	<u>Gross debt</u> Total revenue
Gross Debt to Economically Realisable Assets Ratio	<u>Gross debt</u> Economically realisable assets
Rate Coverage Ratio equals	<u>Net rate revenue</u> Operating revenue
Outstanding Rates Ratio equals	<u>Rates outstanding</u> Rates collectable

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

15. BORROWINGS

- (a) Debenture Repayments
Council had no amounts owing on debentures as at 30 June 2010
- (b) New Debentures
Council had no new debentures for 2009/2010
- (c) Unspent Debentures
Council has no unspent Debentures at 30 June 2010
- (d) Overdraft
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2010
- (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
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

16. RATING INFORMATION - 2009/2010 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Back Rate	Budget Total Revenue
General Rate								
- Gross rental value	10.7547	323	2,056,060	221,123	(2,290)	218,833	0	223,161
- Unimproved Value Mining	12.6073	668	13,932,328	1,756,490	26,469	1,782,959	0	1,817,268
- Unimproved Value Pastoral	6.3087	44	1,876,874	118,406	150	118,556	0	118,996
Sub-Totals		1,035	17,865,262	2,096,020	24,329	2,120,349	0	2,159,425
Minimum Rate	Minimum \$							
- Gross rental value	250	75	6,300	18,750	0	18,750	0	18,000
- Unimproved Value Mining	250	400	1,036,545	100,000	0	100,000	0	85,000
- Unimproved Value Pastoral	250	5	2,320,396	1,250		1,250	0	1,250
Sub-Totals		480	3,363,241	120,000	0	120,000	0	104,250
Ex Gratia						2,240,349		2,263,675
Totals						0		3,000
						2,240,349		2,266,675

Prior Year Rates written off (Not included above)	These Rates relate to previous years and were treated as an expense.	5,693	25,000
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Rates from Nature & Type variance 2,240,349 (0)

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

17. SPECIFIED AREA RATE - 2009/2010 FINANCIAL YEAR NIL

18. SERVICE CHARGES - 2009/2010 FINANCIAL YEAR NIL

**19. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/2010 FINANCIAL YEAR**

Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Write-Off	N/A		

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

20. INTEREST CHARGES AND INSTALMENTS - 2009/2010 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	N/A	83,560	45,000
Interest on Instalments Plan	5.5	N/A	2,621	5,500
Charges on Instalment Plan	N/A	15	4,125	6,600
			90,306	57,100

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

21. FEES & CHARGES	2009/2010 Actual \$	2008/2009 Actual \$
General Purpose Funding	4,125	5,427
Governance	0	0
Law, Order, Public Safety	2,168	1,537
Health	173	500
Education & Welfare	40	0
Housing	16,239	15,257
Community Amenities	99,882	87,614
Recreation & Culture	25,738	17,860
Transport	516,228	539,298
Economic Services	77,248	79,371
Other Property & Services	3,114	811
	<u>744,955</u>	<u>747,675</u>

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

22. COUNCILLORS' REMUNERATION	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
Meeting Fees	10,170	15,520	10,979
Travelling Expenses	2,676	2,000	658
Telecommunications	626	500	272
President's Allowance	11,333	11,333	8,000
Deputy Presidents Allowance	2,000	2,000	2,000
	<u>26,805</u>	<u>31,353</u>	<u>21,909</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

23. EMPLOYEES' REMUNERATION

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

Salary Range \$	2010	2009
130,000 - 139,000	<u>1</u>	<u>1</u>

24. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2010	2009
<u>24</u>	<u>25</u>

25. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the period.

26. MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

27. OTHER TRADING UNDERTAKINGS

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

Current Year Transactions	2010 \$	2009 \$
Operating Income	109,677	121,985
Operating Expenses	(80,231)	(76,246)
Change in Net Assets resulting	<u>29,446</u>	<u>45,739</u>

Statement of Financial Position

Current Assets		
Cash at Bank	9,794	2,929
Trade Debtors	0	0
Current Liabilities		
Trade Creditors	0	0
	<u>9,794</u>	<u>2,929</u>
Equity		
Opening balance	2,929	11,261
Cash Transferred to Municipal	(22,581)	(54,071)
Change in Net Assets	29,446	45,739
	<u>9,794</u>	<u>2,929</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

28. DISPOSAL & REPLACEMENT OF ASSETS

28 a. The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
Furniture and Fittings				\$ 132,500
Pool Table	3059	2445	1,415	6,150
Tennis table	3060	2445	925	
Chaise Lounge	3061	2445	1,091	
Office - Airconditioner	3063	1324	3,836	15,000
Container	3062	1324	8,300	
Hall Equipment		3534		600
GYM - Airconditioner		3654		20,000
Rec Centre - Light & BBQ		3784		12,000
Sports Complex Equipment		3894		18,000
<i>sub total</i>			15,567	204,250
Buildings				521,000
Youth Centre Toilets - Painting	1100	2447	2,090	27,000
Office - Kitchen - Painting	1003	2447	4,820	
Office - Storm water drain	1003	2447	1,698	
Lot 303 - Improvements	1018	921	17,037	40,000
Lot 206 - Improvements	1070	922	4,583	10,000
Lot 213 - Improvements	1067	925	20,548	15,000
Lot 87 - Improvements	1068	926	121,109	175,000
Lot 255 - Improvements	1017	929	4,506	165,000
Sports Complex Residence - Improvements				20,000
Lot 205 - Improvements	1042	932	63,133	57,000
Lot 207 - Improvements	1041	933	62,033	57,000
Airport Residence - Improvements	1086	934	13,033	15,100
1/16 Regan St - Improvements		935		5,000
2/16 Regan St Improvements		936		5,000
Lot 17 - Improvements	1110	939	6,775	8,000
Town Hall - Improvements	1021	3544	8,632	28,000
Oval Toilets		3634		100,000
Tennis Practice Wall		3635		3,000
<i>sub total</i>			329,997	1,251,100
Plant and Equipment				\$ 193,000
CEO Vehicle	P422	1224	50,694	53,000
Misc Plant	552	5014	2,925	10,000
Graders	419	5134	365,107	350,000
Works - Vehicle	421	5144	37,966	
Engines & Pumps	424	5154	5,485	20,000
Dolly Trailer	414 - 417	5164	105,752	117,500
Caravans & Equipment	110	5034	108,385	165,000

SHIRE OF MEEKATHARRA

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SES Vehicle	420	2028	63,635	
Generator		5284		25,000
Street Sweeper	309	5330	5,289	150,000
Gym Equipment	423	3974	5,290	
Vibrating Roller	418	5332	166,033	180,000
<i>sub total</i>			<i>916,561</i>	<i>1,263,500</i>

28. DISPOSAL & REPLACEMENT OF ASSETS (continued)

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

	Asset No	G/L Account	Actual \$	Budget \$
Infrastructure - Roads				1,142,401
Road Construction	8530	4200	1,881,820	2,053,314
Town Streets - Upgrade	8540	4530	402,540	500,000
<i>sub total</i>			<i>2,284,360</i>	<i>3,695,715</i>
Infrastructure - Airport				
Airport - Construction	5001	5104	75,390	115,000
<i>sub total</i>			<i>75,390</i>	<i>115,000</i>
Infrastructure - Other				
Cornish Lift		3624		35,000
Headframe - Viewing Platform		3637		30,000
Street Lighting	7133	3754	2,699	
Replace Pine Rails Oval	7130	3638	6,400	10,000
Parks & Gardens Capital	400	4026	58,815	236,000
Main St Security Lighting & Cameras	7133	2027	9,308	100,000
Race Course Improvements	7131	4016	1,145	20,000
Mining Relics - Collection		5397		
Entry Statements & Signs		5424		30,000
Pump & Fittings - Oval	7103	3914	5,650	30,000
Luke Pit Water Scheme	7050	3944	3,390	90,000
<i>sub total</i>			<i>87,407</i>	<i>581,000</i>
			3,709,282	7,110,565

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

28. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

28 b. The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price	
				Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment							
Toyota Prado	384	40,323	34,269	6,054		27,273	
Toyota Prado	393	47,389	20,487	26,902		27,273	
		87,712	54,756	32,956	0	54,546	0

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FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

29. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value
	2010	2009	2010
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	7,901,498	8,792,791	7,901,498
Receivables	507,721	804,295	507,721
Financial Assets at Fair Value	0	0	0
Available for Sale Financial Assets	0	0	0
	<u>8,409,219</u>	<u>9,597,086</u>	<u>8,409,219</u>
Financial Liabilities			
Payables	<u>190,832</u>	<u>345,460</u>	<u>190,832</u>
	<u>190,832</u>	<u>345,460</u>	<u>190,832</u>

Fair value is determined as follows:

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	79,015	87,928
- Income Statement	79,015	87,928

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	60.04%	22.17%
- Overdue	39.96%	77.83%
Percentage of Other Receivables		
- Current	77.22%	97.96%
- Overdue	22.78%	2.04%

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

29. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Carrying values \$
<u>2010</u>				
Payables	190832	0	0	190,832
Borrowings	0	0	0	0
	<u>190,832</u>	<u>0</u>	<u>0</u>	<u>190,832</u>
<u>2009</u>				
Payables	345460	0	0	345,460
Borrowings	0	0	0	0
	<u>345,460</u>	<u>0</u>	<u>0</u>	<u>345,460</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

30. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS:

The Principal place of Business of the Local Government is:
The Shire of Meekatharra
Main Street, Meekatharra Western Australia 6642.

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES:

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting 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 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.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 12 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.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

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.

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

(g) Fixed Assets

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.

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

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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
Other Infrastructure	20 years
Drains and Sewers	40 years
Grids	20 years
Airfields & Runways	20 years

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

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.

(l) 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.

(m) 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) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) 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 except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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 company, 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.

(q) Joint Venture

The Shire of Meekatharra has not entered into any Joint Ventures

(r) 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 grants and 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 at Note 9. 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.

(s) Superannuation

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

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual report relate to the original budget estimate for the relevant term of the disclosure.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(x) New Accounting Standards and Interpretations

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 2010.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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(vi) (Continued)	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
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	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting 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 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.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 12 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.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

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.

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

(g) Fixed Assets

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.

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

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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
Other Infrastructure	20 years
Drains and Sewers	40 years
Grids	20 years
Airfields & Runways	20 years

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

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.

(l) 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.

(m) 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) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) 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 except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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 company, 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.

(q) Joint Venture

The Shire of Meekatharra has not entered into any Joint Ventures

(r) 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 grants and 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 at Note 9. 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.

(s) Superannuation

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

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual report relate to the original budget estimate for the relevant term of the disclosure.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

31. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

We have audited the accompanying financial report of the Shire of Meekatharra, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council 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) and the Local Government Act 1995. This responsibility also 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 directors, 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 the Australian professional accounting bodies.



Auditor's Opinion


In our opinion the financial report presents fairly, in all material respects, the financial position of the Shire of Meekatharra as of 30 June 2010 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Accounting Interpretations), the Local Government Act 1995, and Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are no further matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 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.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BDO Audit (WA) Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australian
Dated this 23rd day of February 2011