



A YEAR IN PROGRESS

2017 - 2018 ANNUAL REPORT

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Shire Presidents Report

I am pleased to report another successful year for the Shire of Meekatharra.

Our staff and contractors continue to perform to a very high standard whilst managing to maintain full compliance and sound management processes.

We completed another 13.5 kilometres of sealing on Landor Road in our final year of this 3 year, \$5M project to upgrade and seal a further 20 kilometres of Landor Road. The project was completed on time and on budget with almost 28 kilometres of the road upgraded and sealed over the three year period. This project was funded with \$3M from the Mid-West Development Commission through the Royalties for Regions Mid-West Investment Plan initiative, \$1M from the Federal Roads to Recovery program and \$1M of Shire funds. Our construction crew and contractors continue to do a great job maintaining our huge road network. This year we spent a total of \$10M on our road network.

We made a start on the restoration works on the Mt Gould Lock Up. This historic Police Station is on Landor Road, 160 kilometres west of Meekatharra. The restoration works will be undertaken using traditional methods and will include the installation of a perimeter fence to prevent further damage from cattle and other animals.

Planning and documentation were finalised for a new Small Wheel (Skate) Park and for the renovations to the old Lloyds Building on Main Street. We aim to complete these exciting projects in the 2019/20 financial year.

Although the Shire is not a funding body, this year we made a number of donations to local organisations including St Johns Ambulance, Fire and Rescue Service, Meekatharra Race Club, Mid West Agriculture Societies, Meeka Dirt Kart Club and the Meeka Gymkhana Club. We also donated \$87,000 to the Royal Flying Doctor Service as part of our ongoing commitment to donate all landing fees back to the RFDS.

My thanks to Deputy Shire President, Cr Peter Clancy for his support and assistance during the year. Also thanks to my fellow Councillors for their dedication and hard work during the year. The role of Councillor can be quite demanding and it is very pleasing for me to be able to work with such a solid and reliable group of Councillors. Cr Ross Howden retired from Council after 26 years of dedicated service to the Shire. My sincere thanks to Ross for his long and loyal service on Council. Matthew Hall was elected to Council in October 2017 and I wish Matthew all the best for his time with us.

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

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

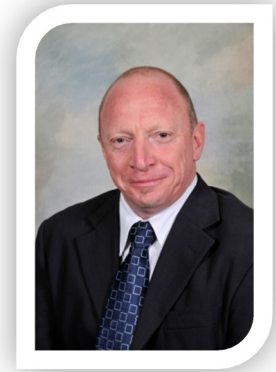
Norm Trenfield
Shire President



Chief Executive Officers Report

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

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



A special note of appreciation and gratitude goes to my three Managers; Krys East, Deputy CEO; Doug Davey, Works and Services Manager and Geoff Carberry, Community and Development Services Manager – thank you for your hard work, support and loyalty during the year. Thanks also to Dave Macdonald who continues to deliver many and varied projects as our Project Officer.

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

We had another busy and successful year with a large number of special projects and tasks completed. Major road and infrastructure works included flood damage reinstatement works (\$4.9M), Landor Road resheeting, upgrading and sealing (\$3.2M), Mt Clere Road (\$290,000) Ashburton Downs Road (\$231,000) and Sylvania Road (\$191,000).

We continue to keep our plant fleet well maintained and up to date and this year we replaced our Pad Foot Roller and a number of light vehicles. We installed CCTV security cameras at all our 21 residential properties and other locations. These cameras will further enhance the safety and security for our employees and are another small measure that will improve our ability to recruit and retain good people.

Some other projects and achievements during the year included:

- Purchase of a management level house on Hill Street, finalising our capital housing program for the foreseeable future (\$250K).
- Over \$99K in donations during the year including \$87,000 to RFDS.
- Significant lobbying efforts to have the Meekatharra District Hospital replaced and the Goldfields Highway to Wiluna sealed.
- Upgrading of the Town Hall including kitchen and patio areas (\$150K) and installed new air conditioning at the Indoor Cricket Centre.
- Completion of a further upgrades to the Meekatharra Airport including the Terminal building, apron and aircraft parking areas (\$70K).
- Installed LED lighting at a number of properties and houses thereby reducing power consumption and costs in future years.

Finally, congratulations to everyone involved in organising this years Meeka Festival. Special thanks go to Emily Bailey who did a great job coordinating her first festival.

Roy McClymont
Chief Executive Officer



Disability Access & Inclusion Plan (DAIP)

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

Council reviewed and amended the DAIP in January 2017 for implementation in 2017-2021. The Shire of Meekatharra is committed to achieving the seven desired outcomes of its DAIP.



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

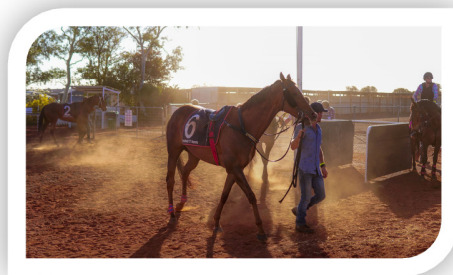
Record Keeping Plan

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

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

1. The efficiency and effectiveness of the organisation's 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 organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.



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

The Shire of Meekatharra completed a full review of its record keeping plan in May 2018, and this was submitted and has been accepted by the State Records Office. The review highlighted some changes were required to the plan. The plan will be updated by May 2019.

Complaints of Minor Breaches

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

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

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

There were nil complaints for the 2017/2018 reporting year.

National Competition Policy

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

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The Council has reviewed all areas of operation to determine the existence or otherwise of significant business activities.

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

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

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act. A full review of all of the Shire of Meekatharra Local Laws took place during 2006/2007, and was gazetted 29 July 2008. A full review commenced in 2016/2017, and will be completed in 2018/19.



Annual Salaries

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

For the 2017-18 period the Shire of Meekatharra had 6 employees whose salary exceeded \$100,000.

Of these employees:

- Two employees had a salary of between \$100,000 and \$110,000
- Two employees had a salary of between \$120,000 and \$130,000
- One employee had a salary of between \$210,000 and \$220,000

Freedom of Information

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

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

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

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

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

Public Interest Disclosures

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



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

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

In the financial year 2017-18 no disclosures relating to improper conduct were made to the Shire, and no disclosures were referred to the Ombudsman

Integrated Planning & Reporting

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

In June 2013 Council adopted a 10 year Strategic Community Plan, a 10 year Building & Structures Asset Management Plan, a 4 year Workforce Plan, and a 10 year Plant Replacement Plan. Council were further progressing with preparing a Long Term Financial Plan and Corporate Business Plan (Corporate Business Plan). These were adopted in July and October 2013 respectively.

A review of the various plans commenced in 2017/18 with some completed in that year. All others will be completed in 2018/19. Copies of all available plans are available at the Shire Office if you wish to peruse them.

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

- 1.1.4 Continue to run and support programs and events through existing structures (Community, Youth, Sport & Recreation).
- 1.4.4 Develop, advocate and lobby a strategy for the upgrade/replacement of Meekatharra Hospital.

- 3.2.6 Preparing a Business Plan for whole of life construction program for the Landor-Meekatharra Road Meekatharra shire section, with analysis of potential funding options.
- 3.2.8 Maintaining the airport to a high standard and respond positively and promptly to all requests and demands by governing authorities.



During 2017/18 period some major projects were completed, commenced and/or continued. These included:

- Continuation of upgrading and sealing of the Landor-Meekatharra Road. Approximately 86.7km (48%) of Landor-Meekatharra Road in the Shire of Meekatharra has been sealed. A further 93km of this route within the Shire is unsealed (52% of the road).

To date, \$13.9 million has been expended on sealing sections of Landor-Meekatharra Road, with 32% of funding being contributed by the Shire, 18% contributed through the Roads to Recovery program, 1% through Main Roads Group, and 49% through the State Government's Royalties for Regions program (including Individual and Group CLGF allocations).

- Rural road construction, which included funded flood damage re-construction due to extensive damage caused to roads in the Meekatharra Shire in January and February 2017.

Staff arranged inspection of the roads and submission of a claim under the WA Natural Disaster Relief and Recovery Arrangements. \$6,927,325 was approved for reinstatement to twenty eight of the rural roads within the Shire. The reinstatement works commenced in in 2017/18 and will be completed in 2018/19.

During January 2018 flooding again impacted 9 gravel roads. Another claim was submitted and \$2,086,456 was approved for further reinstatement works. This work will be undertaken in 2018/19.

- The public consultation for the Facilities Revitalisation Plan identified the revitalisation of the Lloyd's building as one of the highest priorities.

During 2017/18 the Lloyd's project design was completed and the tender phase commenced.

Funding will be sought in 2018/19 and the tender awarded with works commencing late in the period.

- As a result of the Facilities Revitalisation Plan it was identified that a small wheel (skate) park should be built at the site of the old BMX track.

Council further discussed options during the 2016/2017 budget deliberations committing \$200,000 of a project cost of \$400,000 towards the construction of a facility. Progress of this project stalled during the year as indication from the public during this year revealed that there is no longer an interest in having a Small Wheel Park.



However after renewed interest Council in May 2017 decided to proceed with the project as they determine the long term benefit to the youth of Meekatharra was a worthwhile investment.

In 2017/18 the small wheel went through the tender stage. It will be awarded early 2018/19. Funding will also be sought. Once funding is approved the design will be finalized and construction commenced.

Completion of the construction phase is anticipated to be in 2019/20.

- Council has been keen to provide a further industrial area as the area located east of Oliver Street is for light industrial use only. Meekatharra is very reliant on the mining industry, and during periods of increased mining activity interest in purchasing industrial land has been shown to be of interest for those that would like to have a permanent presence in Meekatharra. However, lack of available land to purchase has proven to be a deterrent. Whilst mining activity appears to have receded in the last couple of years it is perceived just a matter of time until there is resurgence. By making the land ready for purchase it would be conducive to encouraging businesses to make Meekatharra a permanent business location.

The industrial park planning has been delayed pending final approval of the Local Planning Scheme. The land is also subject to a mining tenement, as well the need for water and drainage studies to be carried out.

A basic concept layout has been put together, however development is not expected to commence until possibly 2019/20, as the required approvals and studies will be very time-consuming. \$800,000 was put aside in reserve funds to progress this project when all planning, studies and approvals have been completed.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

A PLACE OF OPPORTUNITIES, A PLACE OF PROSPERITY

Principal place of business:
54 Main Street
MEEKATHARRA WA 6642

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Meekatharra for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Meekatharra at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the Twelfth

day of December 2018



Roy W. McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	25(a)	4,040,695	3,935,465	3,822,107
Operating grants, subsidies and contributions	2(a)	3,982,544	2,422,570	6,015,214
Fees and charges	2(a)	1,414,258	1,364,293	1,356,351
Interest earnings	2(a)	565,597	597,797	534,421
Other revenue	2(a)	505,662	1,278,718	345,049
		<u>10,508,756</u>	<u>9,598,843</u>	<u>12,073,142</u>
Expenses				
Employee costs		(1,473,844)	(1,636,282)	(1,446,889)
Materials and contracts		(1,973,315)	(3,362,005)	(1,656,838)
Utility charges		(318,434)	(283,040)	(274,087)
Depreciation on non-current assets	10(b)	(6,246,801)	(5,671,846)	(5,330,220)
Insurance expenses		(209,646)	(213,754)	(213,591)
Other expenditure		(446,443)	(326,113)	(260,058)
		<u>(10,668,483)</u>	<u>(11,493,040)</u>	<u>(9,181,683)</u>
		(159,727)	(1,894,197)	2,891,459
Non-operating grants, subsidies and contributions	2(a)	5,071,585	8,283,453	8,429,250
Profit on asset disposals	10(a)	3,854	5,992	6,962
(Loss) on asset disposals	10(a)	(33,370)	(59,789)	(16,022)
Net result		4,882,342	6,335,459	11,311,649
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	34,317,806	-	1,533,935
Total other comprehensive income		34,317,806	-	1,533,935
Total comprehensive income		39,200,148	6,335,459	12,845,584

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

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		-	160	-
General purpose funding		8,186,162	6,452,641	9,840,883
Law, order, public safety		17,208	15,722	8,430
Health		6,086	5,935	6,878
Education and welfare		118,575	144,903	115,488
Housing		27,716	25,500	28,789
Community amenities		121,251	136,942	132,544
Recreation and culture		104,748	188,920	199,100
Transport		1,453,836	1,325,145	1,347,085
Economic services		152,263	198,283	302,376
Other property and services		320,911	1,104,693	91,569
		<u>10,508,756</u>	<u>9,598,844</u>	<u>12,073,142</u>
Expenses	2(a)			
Governance		(557,386)	(571,441)	(511,273)
General purpose funding		(217,262)	(196,309)	(228,898)
Law, order, public safety		(190,880)	(178,526)	(159,655)
Health		(89,451)	(80,500)	(66,462)
Education and welfare		(533,044)	(660,001)	(469,717)
Housing		(29,758)	(25,500)	(21,368)
Community amenities		(537,530)	(675,163)	(478,303)
Recreation and culture		(1,455,248)	(1,495,750)	(1,226,412)
Transport		(6,043,757)	(5,915,820)	(5,138,070)
Economic services		(496,599)	(526,923)	(357,615)
Other property and services		(517,568)	(1,167,108)	(523,910)
		<u>(10,668,483)</u>	<u>(11,493,041)</u>	<u>(9,181,683)</u>
		(159,727)	(1,894,197)	2,891,459
Non-operating grants, subsidies and contributions	2(a)	5,071,585	8,283,453	8,429,250
Profit on disposal of assets	10(a)	3,854	5,992	6,962
(Loss) on disposal of assets	10(a)	(33,370)	(59,789)	(16,022)
		<u>5,042,069</u>	<u>8,229,656</u>	<u>8,420,190</u>
Net result		4,882,342	6,335,459	11,311,649
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	34,317,806	-	1,533,935
Total other comprehensive income		34,317,806	-	1,533,935
Total comprehensive income		39,200,148	6,335,459	12,845,584

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

**SHIRE OF MEEKATHARRA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	23,259,476	22,573,208
Trade and other receivables	6	2,225,338	1,782,430
Inventories	7	96,870	130,438
TOTAL CURRENT ASSETS		<u>25,581,684</u>	<u>24,486,076</u>
NON-CURRENT ASSETS			
Investments	4	46,400	46,428
Property, plant and equipment	8	17,997,450	18,602,763
Infrastructure	9	92,938,763	53,233,131
TOTAL NON-CURRENT ASSETS		<u>110,982,613</u>	<u>71,882,322</u>
TOTAL ASSETS		<u>136,564,297</u>	<u>96,368,398</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,343,834	397,675
Provisions	14	385,960	339,540
TOTAL CURRENT LIABILITIES		<u>1,729,794</u>	<u>737,215</u>
NON-CURRENT LIABILITIES			
Provisions	14	29,017	25,845
TOTAL NON-CURRENT LIABILITIES		<u>29,017</u>	<u>25,845</u>
TOTAL LIABILITIES		<u>1,758,811</u>	<u>763,060</u>
NET ASSETS		<u>134,805,486</u>	<u>95,605,338</u>
EQUITY			
Retained surplus		55,481,194	52,668,872
Reserves - cash backed	5	19,631,602	17,561,582
Revaluation surplus	11	59,692,690	25,374,885
TOTAL EQUITY		<u>134,805,486</u>	<u>95,605,338</u>

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

**SHIRE OF MEEKATHARRA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		43,374,972	15,543,833	23,840,950	82,759,754
Comprehensive income					
Net result		11,311,649	-	-	11,311,649
Changes on revaluation of assets	11	-	-	1,533,935	1,533,935
Total comprehensive income		11,311,649	-	1,533,935	12,845,584
Transfers from/(to) reserves		(2,017,750)	2,017,750	-	-
Balance as at 30 June 2017		52,668,872	17,561,582	25,374,885	95,605,338
Comprehensive income					
Net result		4,882,342	-	-	4,882,342
Changes on revaluation of assets	11	-	-	34,317,806	34,317,806
Total comprehensive income		4,882,342	-	34,317,806	39,200,148
Transfers from/(to) reserves		(2,070,020)	2,070,020	-	-
Balance as at 30 June 2018		55,481,194	19,631,602	59,692,690	134,805,486

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

**SHIRE OF MEEKATHARRA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,939,038	4,642,182	3,954,084
Operating grants, subsidies and contributions		3,760,277	4,972,570	6,766,255
Fees and charges		1,414,258	1,364,294	1,356,351
Interest earnings		565,597	597,797	534,477
Goods and services tax		1,055,056	950,000	1,347,867
Other revenue		505,690	1,278,718	345,049
		<u>11,239,916</u>	<u>13,805,561</u>	<u>14,304,083</u>
Payments				
Employee costs		(1,402,012)	(1,636,283)	(1,424,230)
Materials and contracts		(1,015,828)	(2,799,086)	(2,361,877)
Utility charges		(318,434)	(283,040)	(274,087)
Insurance expenses		(209,646)	(213,754)	(213,591)
Goods and services tax		(1,174,041)	(950,000)	(1,429,538)
Other expenditure		(446,443)	(326,113)	(260,058)
		<u>(4,566,404)</u>	<u>(6,208,276)</u>	<u>(5,963,381)</u>
Net cash provided by (used in) operating activities	15	<u>6,673,512</u>	<u>7,597,285</u>	<u>8,340,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,466,880)	(2,882,175)	(1,253,235)
Payments for construction of infrastructure		(9,835,133)	(13,760,804)	(11,482,829)
Non-operating grants, subsidies and contributions		5,071,585	8,283,453	8,429,250
Proceeds from sale of fixed assets		243,184	237,800	39,767
Net cash provided by (used in) investment activities		<u>(5,987,244)</u>	<u>(8,121,726)</u>	<u>(4,267,047)</u>
Net increase (decrease) in cash held		686,268	(524,441)	4,073,655
Cash at beginning of year		22,573,208	20,150,147	18,499,553
Cash and cash equivalents at the end of the year	15	<u><u>23,259,476</u></u>	<u><u>19,625,706</u></u>	<u><u>22,573,208</u></u>

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

**SHIRE OF MEEKATHARRA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		6,526,819	6,353,095	4,517,921
		<u>6,526,819</u>	<u>6,353,095</u>	<u>4,517,921</u>
Revenue from operating activities (excluding rates)				
Governance		-	160	-
General purpose funding		4,145,467	2,517,176	6,018,776
Law, order, public safety		17,208	15,722	8,430
Health		6,086	5,935	6,878
Education and welfare		118,575	144,903	115,488
Housing		27,716	25,500	28,789
Community amenities		121,251	136,942	132,544
Recreation and culture		108,307	189,474	199,100
Transport		1,453,836	1,325,145	1,354,047
Economic services		152,263	198,283	302,376
Other property and services		321,206	1,110,130	91,569
		<u>6,471,915</u>	<u>5,669,370</u>	<u>8,257,997</u>
Expenditure from operating activities				
Governance		(557,386)	(571,441)	(511,273)
General purpose funding		(217,262)	(196,309)	(228,898)
Law, order, public safety		(190,880)	(178,526)	(166,529)
Health		(89,451)	(80,500)	(66,462)
Education and welfare		(533,044)	(660,001)	(469,717)
Housing		(29,758)	(25,500)	(21,368)
Community amenities		(537,530)	(675,163)	(478,303)
Recreation and culture		(1,455,248)	(1,495,750)	(1,226,412)
Transport		(6,067,214)	(5,939,154)	(5,147,218)
Economic services		(496,599)	(526,923)	(357,615)
Other property and services		(527,481)	(1,203,562)	(523,910)
		<u>(10,701,853)</u>	<u>(11,552,829)</u>	<u>(9,197,705)</u>
Operating activities excluded				
(Profit) on disposal of assets	10(a)	(3,854)	(5,992)	(6,962)
Loss on disposal of assets	10(a)	33,370	59,789	16,022
Decrease/(Increase) in equity - Local Government House		28	-	4,451
Movement in employee benefit provisions		49,592	-	67,564
Depreciation and amortisation on assets	10(b)	6,246,801	5,671,846	5,330,220
Amount attributable to operating activities		<u>8,622,817</u>	<u>6,195,279</u>	<u>8,989,508</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,071,585	8,283,453	8,429,250
Proceeds from disposal of assets	10(a)	243,184	237,800	39,767
Purchase of property, plant and equipment	8(b)	(1,466,880)	(2,882,175)	(1,253,235)
Purchase and construction of infrastructure	9(b)	(9,835,133)	(13,760,804)	(11,482,829)
Amount attributable to investing activities		<u>(5,987,244)</u>	<u>(8,121,726)</u>	<u>(4,267,047)</u>
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	5	(3,586,791)	(3,403,699)	(2,225,514)
Transfers from reserves (restricted assets)	5	1,516,771	1,394,681	207,764
Amount attributable to financing activities		<u>(2,070,020)</u>	<u>(2,009,018)</u>	<u>(2,017,750)</u>
Surplus(deficiency) before general rates		<u>565,553</u>	<u>(3,935,465)</u>	<u>2,704,712</u>
Total amount raised from general rates	25	<u>4,040,695</u>	<u>3,935,465</u>	<u>3,822,107</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	26	<u>4,606,248</u>	<u>-</u>	<u>6,526,819</u>

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Significant revenue		
Relates to WANDRAA road funding represented in non-operating revenue	3,772,257	6,012,633
	3,772,257	6,012,633
Other revenue		
Reimbursements and recoveries	395,124	193,245
Other	110,538	151,804
	505,662	345,049
Fees and Charges		
General purpose funding	13,879	14,524
Law, order, public safety	2,876	2,990
Health	6,086	6,878
Housing	24,799	23,166
Community amenities	119,933	132,544
Recreation and culture	31,987	38,048
Transport	1,099,912	1,006,069
Economic services	112,144	128,464
Other property and services	2,640	3,668
	1,414,258	1,356,351

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	3,562,551	5,472,999
Law, order, public safety	14,332	5,440
Education and welfare	115,180	114,307
Recreation and culture	-	88,140
Transport	290,481	265,516
Economic services	-	68,812
	<u>3,982,544</u>	<u>6,015,214</u>
Non-operating grants, subsidies and contributions		
Transport	5,071,585	8,429,250
	<u>5,071,585</u>	<u>8,429,250</u>
Total grants, subsidies and contributions	<u>9,054,129</u>	<u>14,444,464</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)
 a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 24. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

Interest earnings

- Reserve funds
 - Other funds
 Other interest revenue (refer note 25(e))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Reserve funds	411,416	429,797	403,402
- Other funds	34,026	45,000	13,808
Other interest revenue (refer note 25(e))	120,156	123,000	117,211
	<u>565,597</u>	<u>597,797</u>	<u>534,421</u>

(b) Expenses

Significant expense

Relates to WANDRAA road expenditure represented in non-operating expenditure

Auditors remuneration

- Audit of the Annual Financial Report

	2018	2017
	\$	\$
Significant expense	3,772,257	6,012,633
Auditors remuneration		
- Audit of the Annual Financial Report	16,400	16,100
	<u>16,400</u>	<u>16,100</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS

	NOTE	2018 \$	2017 \$
Unrestricted		3,627,874	5,011,626
Restricted		19,631,602	17,561,582
		23,259,476	22,573,208

The following restrictions have been imposed by regulations or other externally imposed requirements:

Plant Reserve	5	3,110,553	3,032,837
Building Reserve	5	1,366,100	1,571,902
Shire Water Reserve	5	303,724	296,120
Airport Runway Reserve	5	2,770,566	2,701,200
Airport Reserve	5	897,477	898,004
Transport Reserve	5	904,830	644,380
Infrastructure & Development Reserve	5	957,706	933,728
Leave Reserve	5	374,807	170,430
Reseals & Rejuvenation Reserve	5	3,536,578	3,042,005
Interpretive Centre Reserve	5	1,780,308	1,248,253
Roads - Second / Final Seals Reserve	5	1,642,419	1,114,081
Lloyds Revitalisation Reserve	5	1,033,302	520,073
Unspent Committed Grants Reserve	5	153,232	1,388,569
Industrial Park Reserve	5	800,000	-
		19,631,602	17,561,582

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

4. INVESTMENTS

Equity in Local Government House

At the beginning of the year
Increment
Decrement
At the end of the year

	2018	2017
	\$	\$
Equity in Local Government House	46,400	46,428
At the beginning of the year	46,428	50,879
Increment	-	-
Decrement	(28)	(4,451)
At the end of the year	46,400	46,428

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

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

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

(ii) Held-to-maturity investments

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

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

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

Impairment

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments and any reduction for impairment; and
- plus or minus the cumulative amortisation of the difference, (if any) between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Derecognition

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Reserve	3,032,837	77,716	-	3,110,553	3,032,837	79,460	-	3,112,297	2,958,655	74,182	-	3,032,837
Building Reserve	1,571,902	45,969	(251,771)	1,366,100	1,571,902	41,184	-	1,613,086	1,748,025	-	(176,123)	1,571,902
Shire Water Reserve	296,120	7,604	-	303,724	296,120	7,758	-	303,878	288,862	7,258	-	296,120
Airport Runway Reserve	2,701,200	69,366	-	2,770,566	2,701,200	70,771	-	2,771,971	2,634,988	66,212	-	2,701,200
Airport Reserve	898,004	24,473	(25,000)	897,477	898,004	23,528	-	921,532	929,645	-	(31,641)	898,004
Transport Reserve	644,380	260,450	-	904,830	644,380	260,785	-	905,165	628,585	15,795	-	644,380
Infrastructure & Development Reserve	933,728	23,978	-	957,706	933,728	24,464	-	958,192	910,841	22,887	-	933,728
Leave Reserve	170,430	204,377	-	374,807	170,430	4,465	-	174,895	166,253	4,177	-	170,430
Reseals & Rejuvenation Reserve	3,042,005	494,573	-	3,536,578	3,042,005	509,701	-	3,551,706	2,465,844	576,161	-	3,042,005
Interpretive Centre Reserve	1,248,253	532,055	-	1,780,308	1,248,253	532,704	-	1,780,957	1,217,656	30,597	-	1,248,253
Roads - Second / Final Seals Reserve	1,114,081	528,338	-	1,642,419	1,114,081	529,189	-	1,643,270	1,087,032	27,049	-	1,114,081
Lloyds Revitalisation Reserve	520,073	513,229	-	1,033,302	520,073	513,626	-	1,033,699	507,447	12,627	-	520,073
Unspent Committed Grants Reserve	1,388,569	4,663	(1,240,000)	153,232	1,388,617	6,064	(1,394,681)	-	-	1,388,569	-	1,388,569
Industrial Park Reserve	-	800,000	-	800,000	-	800,000	-	800,000	-	-	-	-
	17,561,582	3,586,791	(1,516,771)	19,631,602	17,561,630	3,403,699	(1,394,681)	19,570,648	15,543,832	2,225,514	(207,764)	17,561,582

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant Reserve	Ongoing	- To be used for the acquisition of major plant on an ongoing basis.
Building Reserve	Ongoing	- To be used for the future building requirements for Council purposes.
Shire Water Reserve	Ongoing	- To be used for capital water requirements of parks and gardens administered by the Shire.
Airport Runway Reserve	Ongoing	- To be used to fund the future construction requirements of the airport runway.
Airport Reserve	Ongoing	- To be used to fund the capital improvements of the airport infrastructure.
Transport Reserve	Ongoing	- To be used to fund the expansion of the road network that cannot be met by operating income.
Infrastructure & Development Reserve	Ongoing	- To be used to development 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.
Leave Reserve	Ongoing	- To used to fund annual and long service leave requirements.
Reseals & Rejuvenation Reserve	Ongoing	- To be used to fund reseals and rejuvenation of sealed roads.
Interpretive Centre Reserve	Ongoing	- To be used to acquire and refurbish the Interpretive Centre.
Roads - Second / Final Seals Reserve	Ongoing	- To be used to fund final seals to roads that have previously been primer sealed.
Lloyds Revitalisation Reserve	Ongoing	- To be used to fund the renovations and building works as per Meeka Revitalisation plan at Lloyd's building.
Unspent Committed Grants Reserve	Ongoing	- To be used to hold unspent tied grant funding.
Industrial Park Reserve	Ongoing	- To be used to fund the development of a new industrial park within the Shire

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

6. TRADE AND OTHER RECEIVABLES

Current

	2018	2017
	\$	\$
Rates outstanding	1,023,143	921,486
Sundry debtors	1,107,707	712,997
GST receivable	200,655	81,671
Provision for Doubtful Debts	(106,167)	(106,167)
Prepayments	-	172,443
	2,225,338	1,782,430

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired	916,976	815,319
Impaired	106,167	106,167

Sundry debtors

Includes:

Past due and not impaired	1,107,707	712,997
Impaired	-	-

The table below illustrates the sundry debtors aging analysis

Up to one month	558,100	675,948
One to three months	549,607	37,049
Three months to one year	-	-
	1,107,707	712,997

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

7. INVENTORIES

Current

Fuel, Oil & Materials

	2018	2017
	\$	\$
	96,870	130,438
	<u>96,870</u>	<u>130,438</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	697,200	697,200
- Independent valuation 2017 - level 3	192,200	192,200
	<u>889,400</u>	<u>889,400</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	47,500	47,500
	<u>47,500</u>	<u>47,500</u>
Total land	<u>936,900</u>	<u>936,900</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,757,650	2,757,650
- Independent valuation 2017 - level 3	10,010,543	10,010,543
Additions after Valuation	933,958	85,276
Less: accumulated depreciation	(708,730)	-
	<u>12,993,421</u>	<u>12,853,469</u>
Total buildings	<u>12,993,421</u>	<u>12,853,469</u>
Total land and buildings	<u>13,930,321</u>	<u>13,790,369</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 2	201,786	201,786
Additions after Valuation	21,962	12,270
Less: accumulated depreciation	(92,490)	(51,636)
	<u>131,258</u>	<u>162,420</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	4,728,248	5,085,248
Additions after Valuation	1,188,979	580,474
Less: accumulated depreciation	(1,981,356)	(1,015,748)
	<u>3,935,871</u>	<u>4,649,974</u>
Total property, plant and equipment	<u>17,997,450</u>	<u>18,602,763</u>

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	416,000	40,000	456,000	11,416,645	11,416,645	11,872,645	201,786	5,147,558	17,221,989
Additions	-	-	-	660,491	660,491	660,491	12,270	580,474	1,253,235
(Disposals)	-	-	-	-	-	-	-	(48,826)	(48,826)
Revaluation increments/ (decrements) transferred to Revaluation surplus	473,400	7,500	480,900	1,053,035	1,053,035	1,533,935	-	-	1,533,935
Depreciation (expense)	-	-	-	(276,702)	(276,702)	(276,702)	(51,636)	(1,029,232)	(1,357,570)
Carrying amount at 30 June 2017	889,400	47,500	936,900	12,853,469	12,853,469	13,790,369	162,420	4,649,974	18,602,763
Additions	-	-	-	848,681	848,681	848,681	9,693	608,505	1,466,880
(Disposals)	-	-	-	-	-	-	-	(272,700)	(272,700)
Depreciation (expense)	-	-	-	(708,730)	(708,730)	(708,730)	(40,855)	(1,049,909)	(1,799,493)
Carrying amount at 30 June 2018	889,400	47,500	936,900	12,993,421	12,993,421	13,930,321	131,258	3,935,871	17,997,450

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2017	Price per hectare/market borrowing rate
Land - freehold land	3	Market approach using recent observable market data for similar properties with adjustments to reflect the existing use or zoning of the land restrictions	Independent registered valuer	2017	Price per hectare/market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	2017	Market sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuer	2017	Construction costs and current condition, residual values and remaining useful life assessments inputs
Furniture and equipment					
Furniture and equipment	2	Market approach using recent observable market data for similar assets (Gross valuation method)	Independent registered valuer	2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs
Plant and equipment					
Plant and equipment	2	Market approach using recent observable market data for similar assets (Gross valuation method)	Independent registered valuer	2016	Market price of similar assets per item

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

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	-	32,105,396
- Independent valuation 2018 - level 3	73,604,583	-
Additions after Valuation	9,650,026	18,496,286
Less: accumulated depreciation	-	(6,097,649)
	<u>83,254,609</u>	<u>44,504,033</u>
 Footpaths		
- Management valuation 2015 - level 3	-	266,181
- Independent valuation 2018 - level 3	169,154	-
Additions after Valuation	-	8,569
Less: accumulated depreciation	-	(24,444)
	<u>169,154</u>	<u>250,306</u>
 Airport Infrastructure		
- Management valuation 2015 - level 3	-	3,882,573
- Independent valuation 2018 - level 3	5,170,930	-
Additions after Valuation	46,470	908,763
Less: accumulated depreciation	-	(400,749)
	<u>5,217,400</u>	<u>4,390,587</u>
 Other Infrastructure		
- Management valuation 2015 - level 3	-	3,982,820
- Independent valuation 2018 - level 3	4,158,962	-
Additions after Valuation	138,638	794,295
Less: accumulated depreciation	-	(688,910)
	<u>4,297,600</u>	<u>4,088,205</u>
 Total infrastructure	<u><u>92,938,763</u></u>	<u><u>53,233,131</u></u>

9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Airport Infrastructure	Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2016	37,830,542	253,959	3,791,495	3,846,956	45,722,952
Additions	10,072,146	8,569	806,048	596,066	11,482,829
Depreciation (Expense)	(3,398,655)	(12,222)	(206,956)	(354,817)	(3,972,651)
Carrying amount at 30 June 2017	44,504,033	250,306	4,390,587	4,088,205	53,233,131
Additions	9,650,026	-	46,470	138,638	9,835,133
Revaluation increments/ (decrements) transferred to Revaluation surplus	32,862,465	(68,716)	1,020,432	503,625	34,317,806
Depreciation (Expense)	(3,761,915)	(12,435)	(240,089)	(432,868)	(4,447,307)
Carrying amount at 30 June 2018	83,254,609	169,154	5,217,400	4,297,600	92,938,763

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Airport Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

SHIRE OF MEEKATHARRA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Recreation and culture								
P385 - Holden Rodeo 2005 - YSRO (MK3685)	2,350	5,909	3,559	-	3,446	4,000	554	-
Transport								
P396 - Bomag 16.60 Tonne Padfoot Vibratory Roller	74,244	55,000	-	(19,244)	83,334	60,000	-	(23,334)
P408 - 2009 Hino Medium Tipper	28,694	27,273	-	(1,421)	-	-	-	-
P487 - 2014 Toyota Landcruiser	45,520	42,727	-	(2,793)	-	-	-	-
Other property and services								
P470 - 2013 Prado GXL (MK004)	33,959	31,818	-	(2,141)	36,823	37,100	277	-
P422 - 2009 Toyota Prado GXL - Project Officer (1EKA761)	18,796	19,091	295	-	19,289	10,000	-	(9,289)
P474 - 2014 Ford Ranger Wildtrak (1EPP427)	37,556	35,000	-	(2,556)	37,292	39,700	2,408	-
P459 - 2013 Toyota Prado GX (1EGN 476)	31,581	26,366	-	(5,215)	34,248	37,000	2,752	-
	272,700	243,184	3,854	(33,370)	214,432	187,800	5,992	(32,623)
Land and Buildings								
Other property and services								
Lot 255 Darlot Street	-	-	-	-	77,166	50,000	-	(27,166)
	-	-	-	-	77,166	50,000	-	(27,166)
	272,700	243,184	3,854	(33,370)	291,598	237,800	5,992	(59,789)

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

10. FIXED ASSETS (Continued)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	708,730	276,702
Furniture and equipment	40,855	51,636
Plant and equipment	1,049,909	1,029,232
Infrastructure - Roads	3,761,915	3,398,655
Footpaths	12,435	12,222
Airport Infrastructure	240,089	206,956
Other Infrastructure	432,868	354,817
	6,246,801	5,330,220

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	10 to 40 years
Office Furniture and equipment	1 to 20 years
Plant and equipment	1 to 20 years

Depreciation (Continued)

Depreciation rates (Continued)

Roads - Unformed	Not Depreciated
Roads - Formed	Not Depreciated
Roads - Gravel	10 years
Roads - Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 to 20 years
Drains and Sewers	80 to 100 years
Grids	20 years
Airfields and Runways	20 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Capitalisation Threshold

Capitalisation thresholds used for each class of asset are:

Land	-
Buildings	5,000
Plant and Equipment	3,000
Furniture and Equipment	3,000
Infrastructure	-

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	939,400	-	-	-	939,400	466,000	473,400	473,400	939,400
Revaluation surplus - Land - vested in and under the control of Council	7,500	-	-	-	7,500	-	7,500	7,500	7,500
Revaluation surplus - Buildings - non-specialised	8,047,269	-	-	-	8,047,269	6,994,234	1,053,035	1,053,035	8,047,269
Revaluation surplus - Plant and equipment	2,474,441	-	-	-	2,474,441	2,474,441	-	-	2,474,441
Revaluation surplus - Infrastructure - Roads	8,726,036	32,862,465	-	32,862,465	41,588,501	8,726,036	-	-	8,726,036
Revaluation surplus - Footpaths	266,181	-	(68,716)	(68,716)	197,465	266,181	-	-	266,181
Revaluation surplus - Airport Infrastructure	2,853,589	1,020,432	-	1,020,432	3,874,021	2,853,589	-	-	2,853,589
Revaluation surplus - Other Infrastructure	2,060,469	503,625	-	503,625	2,564,094	2,060,469	-	-	2,060,469
	25,374,885	34,386,522	(68,716)	34,317,806	59,692,691	23,840,950	1,533,935	1,533,935	25,374,885

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 ATO liabilities
 Payroll Creditors
 Prepaid Rates

	2018	2017
	\$	\$
	1,236,704	290,151
	55,813	33,573
	11,817	11,232
	39,500	62,719
	<u>1,343,834</u>	<u>397,675</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

13. INFORMATION ON BORROWINGS

(a) The Shire did not have any borrowing repayments for debenture at the reporting date.

(b) **New Borrowings - 2017/18**

The Shire did not take up any new debentures during the current reporting period.

(c) **Unspent Borrowings**

The Shire did not have any unspent borrowings during the current reporting period.

(d) **Undrawn Borrowing Facilities
 Credit Standby Arrangements**

Bank overdraft limit
 Bank overdraft at balance date
 Credit card limit
 Credit card balance at balance date
Total amount of credit unused

	2018	2017
	\$	\$
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	-	-
Credit card limit	5,000	5,000
Credit card balance at balance date	(562)	(197)
Total amount of credit unused	1,004,438	1,004,803

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

14. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Employment On-Costs	Total
	\$	\$		\$
Opening balance at 1 July 2017				
Current provisions	171,993	123,149	44,398	339,540
Non-current provisions	-	18,756	7,089	25,845
	171,993	141,905	51,487	365,385
Additional provision	105,402	35,025	20,778	161,205
Amounts used	(97,426)	(480)	(13,707)	(111,613)
Balance at 30 June 2018	179,969	176,449	58,558	414,977
Comprises				
Current	179,969	147,056	58,934	385,960
Non-current	-	29,393	(376)	29,017
	179,969	176,449	58,558	414,977

Annual Leave Liabilities:

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	179,969	171,993
More than 12 months after the end of the reporting period	-	-
	179,969	171,993

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities:

Unconditional long service leave provisions are classified as current liabilities as the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Preconditional and conditional long service leave provisions are classified as non-current liabilities because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	147,056	123,149
More than 12 months after the end of the reporting period	29,393	18,756
	176,449	141,905

The provision for long service leave are calculated at present value as the agency does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Employment On-cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of "Employee Costs" in the Statement of Comprehensive Income. The related liability is included in "Employment On-Costs" provision.

	2018	2017
	\$	\$
Carrying amount at the start of period	51,487	41,966
Additional (reversal of) provisions recognised	7,071	9,521
	58,558	51,487

14. PROVISIONS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	23,259,476	19,625,706	22,573,208

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	4,882,342	6,335,459	11,311,649
Non-cash flows in Net result:			
Depreciation	6,246,801	5,671,846	5,330,220
(Profit)/loss on sale of asset	29,516	53,797	9,060
Movement in Local Government House	28	-	4,451
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(442,908)	3,256,717	821,910
(Increase)/decrease in inventories	33,568	70,000	7,527
Increase/(decrease) in payables	946,159	492,919	(782,430)
Increase/(decrease) in provisions	49,592	-	67,566
Grants contributions for the development of assets	(5,071,585)	(8,283,453)	(8,429,250)
Net cash from operating activities	6,673,512	7,597,285	8,340,702

SHIRE OF MEEKATHARRA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2018

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2018</u>	<u>2017</u>
	\$	\$
Governance	106	886
General purpose funding	46,400	5,897,066
Law, order, public safety	279,708	271,530
Education and welfare	1,472,741	1,440,168
Housing	3,452,698	3,167,758
Community amenities	3,465,204	1,579,144
Recreation and culture	8,129,141	7,212,991
Transport	101,394,449	66,253,348
Economic services	2,630,586	884,476
Other property and services	8,726,156	8,439,885
Unallocated	6,967,107	1,221,146
	<u>136,564,297</u>	<u>96,368,398</u>

17. CONTINGENT LIABILITIES

There Shire is not aware of any reportable contingent liabilities as at the reporting date.

18. CAPITAL COMMITMENTS

There Shire had no capital commitments as at the reporting date.

19. JOINT VENTURE ARRANGEMENTS

The Shire did not have any joint venture arrangements at the reporting date.

20. INVESTMENTS IN ASSOCIATES

The Shire had no investment in associates as at the financial year ended 2017/2018

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	19,513	24,000	15,600
Mayor/President's allowance	8,000	8,000	8,000
Deputy Mayor/President's allowance	2,000	2,000	2,000
Travelling expenses	4,694	1,200	1,465
Telecommunications allowance	-	500	-
	34,207	35,700	27,065

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	810,866	612,510
Post-employment benefits	97,049	77,572
Other long-term benefits	171,258	104,807
	1,079,173	794,889

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	-	-
Purchase of goods and services	1,215,770	991,426

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

22. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions during 2017/2018

23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire acts as an agent for Air BP providing aviation fuel to customers at the airport. Council provides the service to ensure the ongoing viability of regular public transport flights to Meekatharra. The figures below are included in the Shire's Financial Statements.

	2018 Actual	2017 Actual
	\$	\$
Operating Income	122,718	138,919
Operating Expenses	(110,743)	(117,564)
Change in Net Assets resulting	<u>11,975</u>	<u>21,355</u>
Statement of Financial Position		
Current Assets		
Cash at Bank	65,947	72,300
Trade Debtors	-	-
	<u>65,947</u>	<u>72,300</u>
Current Liabilities		
Trade Creditors		
Shire of Meekatharra	(65,947)	(72,300)
Air BP	-	-
	<u>(65,947)</u>	<u>(72,300)</u>
Equity		
Opening Balance	-	-
Cash Transferred to/(from Muni)	(11,975)	(21,355)
Change in Net Assets	<u>11,975</u>	<u>21,355</u>
Closing Balance	<u>-</u>	<u>-</u>

SHIRE OF MEEKATHARRA
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24. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES Operating Grant	-	7,120	(7,120)	-	9,780	(9,780)	-
SES Operating Grant	-	1,680	(1,680)	-	4,552	(4,552)	-
Education and welfare							
Youth Grant - O.S.H.C Program	-	30,985	(30,985)	-	31,167	(31,167)	-
Youth Services Grant - DCP WA	-	83,321	(83,321)	-	84,013	(84,013)	-
Recreation and culture							
Dept Sport & Rec - Kidsport Program	-	13,140	(13,140)	-	-	-	-
Transport							
WANDRRA Natural Disaster - Flood Damage	-	6,012,633	(6,012,633)	-	3,772,257	(3,772,257)	-
Roads to Recovery (R2R)	412,643	1,734,925	(2,147,568)	-	1,050,995	(1,050,995)	-
Royalties for Regions - Landor Business Case	2,025,503	-	(2,025,503)	-	-	-	-
Main Roads - Regional Roads Group	-	300,000	(300,000)	-	248,333	(248,333)	-
RADS/RAFP/RAAP Grant Income	-	381,691	(381,691)	-	-	-	-
Economic services							
Trails Grant	18,000	59,812	(77,812)	-	-	-	-
Total	2,456,146	8,625,307	(11,081,453)	-	5,201,097	(5,201,097)	-

Notes:

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

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

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

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

25. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV	0.0889	308	4,125,732	366,650	-	-	366,650	366,650	500	3,500	370,650
Unimproved valuations											
UV Mining	0.1904	666	16,304,347	3,104,168	85,580	6,658	3,196,405	3,111,712	500	-	3,112,212
UV Rural / Pastoral	0.0665	41	4,336,436	288,304	-	26,287	314,590	288,303	-	500	288,803
Sub-Total		1,015	24,766,515	3,759,122	85,580	32,944	3,877,645	3,766,665	1,000	4,000	3,771,665
Minimum payment											
	\$										
Gross rental valuations											
GRV	400	97	50,649	38,800	-	-	38,800	39,200	-	-	39,200
Unimproved valuations											
UV Mining	350	348	316,141	121,800	-	-	121,800	122,150	-	-	122,150
UV Rural / Pastoral	350	7	13,106	2,450	-	-	2,450	2,450	-	-	2,450
Sub-Total		452	379,896	163,050	-	-	163,050	163,800	-	-	163,800
Total amount raised from general rate		1,467	25,146,411	3,922,172	85,580	32,944	4,040,695	3,930,465	1,000	4,000	3,935,465
Totals							4,040,695				3,935,465
							4,040,695				3,935,465

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

25. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified area rate during the current reporting period.

(c) Service Charges

The Shire did not impose any service charges during the current reporting period.

(d) Discounts, Incentives, Concessions, & Write-offs

Write Offs

	2018	2018 Budget	2017
Rates Write Offs	4,127	10,000	9,353
Debtors Write Offs	1,044	5,000	-

Waivers or Concessions

The Shire did not grant any rate concessions during the current reporting period.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	26-Aug-17	-	0.00%	0.00%
Option Two				
First instalment	26-Aug-17	-	5.50%	10.00%
Second instalment	30-Oct-17	15	5.50%	10.00%
Third instalment	03-Jan-18	15	5.50%	10.00%
Fourth instalment	09-Mar-18	15	5.50%	10.00%
			2018	2018 Budget
			\$	\$
Interest on unpaid rates			108,503	95,000
Interest on instalment plan			11,653	28,000
Charges on instalment plan			9,360	10,000
			<u>129,516</u>	<u>133,000</u>

26. NET CURRENT ASSETS

Composition of net current assets

	2018 (1 July 2017 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	4,606,248	6,526,819	6,526,819
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,627,876	5,011,626	5,011,626
Restricted	19,631,600	17,561,582	17,561,582
Receivables			
Rates outstanding	1,023,143	921,486	921,486
Sundry debtors	1,107,707	712,997	712,997
GST receivable	233,656	81,671	81,671
Provision for Doubtful Debts	(106,167)	(106,167)	(106,167)
Prepayments	-	172,443	172,443
Inventories			
Fuel, Oil & Materials	96,870	130,438	130,438
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,236,704)	(290,151)	(290,151)
ATO liabilities	(55,813)	(33,573)	(33,573)
Payroll Creditors	(11,817)	(11,232)	(11,232)
Prepaid Rates	(39,500)	(62,719)	(62,719)
GST Payable	(33,001)	-	-
Provisions			
Provision for annual leave	(203,879)	(194,786)	(194,786)
Provision for long service leave	(182,081)	(144,754)	(144,754)
Unadjusted net current assets	23,851,890	23,748,861	23,748,861
Adjustments			
Less: Reserves - restricted cash	(19,631,602)	(17,561,582)	(17,561,582)
Add: Provisions	385,960	339,540	339,540
Adjusted net current assets - surplus/(deficit)	4,606,248	6,526,819	6,526,819

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

27. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	23,259,476	22,573,208	23,259,476	22,573,208
Investments	46,400	46,428	-	-
Receivables	2,225,338	1,782,430	2,225,338	1,782,430
	<u>25,531,214</u>	<u>24,355,638</u>	<u>25,484,814</u>	<u>24,355,638</u>
Financial liabilities				
Payables	1,343,834	397,675	1,343,834	397,675
	<u>1,343,834</u>	<u>397,675</u>	<u>1,343,834</u>	<u>397,675</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.

27. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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 is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	232,595	225,732
- Statement of Comprehensive Income	232,595	225,732

Notes:

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

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	50%	96%
- Overdue	50%	4%

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not past due and not impaired	Up to 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Impaired Receivables
2018								
Receivables*	2,024,683	-	552,381	555,143	-	917,159	-	-
Loan receivable	-	-	-	-	-	-	-	-
	<u>2,024,683</u>	<u>-</u>	<u>552,381</u>	<u>555,143</u>	<u>-</u>	<u>917,159</u>	<u>-</u>	<u>-</u>
2017								
Receivables*	1,700,759	-	846,736	37,049	-	816,974	-	-
Loan receivable	-	-	-	-	-	-	-	-
	<u>1,700,759</u>	<u>-</u>	<u>846,736</u>	<u>37,049</u>	<u>-</u>	<u>816,974</u>	<u>-</u>	<u>-</u>

* The amount of receivables excludes the gst recoverable for the ATO (statutory receivable)

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27. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2018</u>					
Payables	1,343,834	-	-	1,343,834	1,376,835
	<u>1,343,834</u>	<u>-</u>	<u>-</u>	<u>1,343,834</u>	<u>1,376,835</u>
<u>2017</u>					
Payables	397,675	-	-	397,675	397,675
	<u>397,675</u>	<u>-</u>	<u>-</u>	<u>397,675</u>	<u>397,675</u>

The Shire had no borrowings during the reporting period.

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28. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Unclaimed monies	26,991	593	-	27,584
Library Membership Deposits	144	-	-	144
Building Industry Training Levy	96	371	(371)	96
Building Registration Board	44	480	(480)	44
Miscellaneous Deposits	3,993	250,615	(251,060)	3,548
Sale of Housing	60,577	-	-	60,577
Bus Hire	525	-	(525)	-
	<u>92,369</u>	<u>252,059</u>	<u>(252,435)</u>	<u>91,992</u>

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

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

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standar

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- | | |
|---|----------------|
| (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities | 1 January 2017 |

30. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

31. ACTIVITIES/PROGRAMS

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

COMMUNITY VISION

A Place of Opportunities, A Place of Prosperity

Our Shire will be

- ◆ a place that is safe, clean and has an active and respectful community.
 - ◆ a place that is enterprising and progressive.
 - ◆ the regional hub of the Murchison Region.
- ◆ a place that maximises its potential through its historical, tourism and cultural attractions.
 - ◆ a place that nurtures its youth and invests in their future.
 - ◆ a place that retains its unique health and medical services.
- ◆ a place that builds social cohesion and a sense of pride and ownership.

Our Aim

- ◆ To build a united and cohesive community by improving safety and security, and developing a sense of culture, vibrancy, and energy by strengthening community development.

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

PROGRAM NAME GOVERNANCE

ACTIVITIES

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Food quality and pest control, monitoring and control of environmental health. Contract operation for health issues within the community.

EDUCATION AND WELFARE

Provision and maintenance of various premises in support of community services including the Community Resource Centre. Financial assistance on a needs arise basis for the community's education and welfare. Provision, maintenance and

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tip, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance and operation and maintenance of sewerage schemes.

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

Private works operations and miscellaneous plant operations, overheads and administration costs initially charged here are reallocated to the relevant function area.

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FOR THE YEAR ENDED 30TH JUNE 2018**

32. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	4.39	12.22	2.53
Asset consumption ratio	0.98	0.90	0.94
Asset renewal funding ratio	0.91	0.97	0.75
Asset sustainability ratio	1.37	1.13	1.54
Debt service cover ratio	n/a	n/a	n/a
Operating surplus ratio	(0.03)	0.48	(0.27)
Own source revenue coverage ratio	0.60	0.66	0.59

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

INDEPENDENT AUDITOR'S REPORT

To the Council of Shire of Meekatharra

Report on the Audit of the Financial Report

Opinion

We have audited the annual financial report of the Shire of Meekatharra which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire of Meekatharra for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Meekatharra in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling Shire of Meekatharra's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire of Meekatharra is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire of Meekatharra's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire of Meekatharra.

The Council is responsible for overseeing the Shire of Meekatharra's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of our audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire of Meekatharra's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire of Meekatharra's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

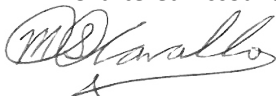
In accordance with the *Local Government (Audit) Regulations 1996* we report that:

- (i) In our opinion, there were no matters indicating significant adverse trends in the financial position of the Shire of Meekatharra.
- (ii) There were no instances of 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 identified during the course of our audit, with exception of the asset renewal funding ratio not being included in the annual financial report, as required by Local Government (Financial Management) Regulations 1996 section 50(1)(c).
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of Shire of Meekatharra for the year ended 30 June 2018 included on the Shire of Meekatharra's website. Shire of Meekatharra's management is responsible for the integrity of the Shire of Meekatharra website. This audit does not provide assurance on the integrity of the Shire of Meekatharra's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

AMD Chartered Accountants



MARIA CAVALLO
Director