

# ANNUAL REPORT 2019-2020

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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 reasonably large road construction program including our first significant sealing project on Ashburton Downs Road. We sealed 8 kilometres of this road which was mainly funded by the Federal Roads to Recovery Program. Our construction crew and contractors continue to do a great job maintaining our huge road network. This year we spent a total of \$3.4M on our road network.



We completed the main building works on the Lloyds Plaza project – a redevelopment of the old Lloyds Outback Centre. Once the fit outs are complete this will be an awesome facility for Meekatharra that will provide significant opportunities for social, cultural and economic benefits for our town. The \$2.4M project received generous funding from The Federal Building Better Regions Fund (\$500,000) and Lotteries WA (\$500,000). The balance was self-funded by Council.

The Covid 19 virus and associated government reactions caused us to review all our operations which required significant staff time and caused some projects, tasks and services to slow or come to a complete halt. However, our staff, contractors and council all worked together to ensure that our Shire employees were safe and that the Shire services continued as far as possible in a safe and coordinated way. We look forward to making very good use of any Government stimulus packages that may come our way.

We always endeavour to keep our plant fleet well maintained and up to date. To this end we purchased a new street sweeper for the town streets and two Mack prime movers for our road construction crew.

Although the Shire is not a funding body, this year we made a number of donations to local organisations including; St John Ambulance, Fire & Rescue Services, Meeka Race Club, Mid-West Group of Affiliated Agriculture Societies, Meeka FM Community Radio Station, Dingo Design, Rangelands Natural Resource Management Group (to develop an outback roads manual), Meekatharra Gymkhana Club and the EON Benevolent Fund. We also donated \$79,000 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.

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The role of Councillor can be quite challenging and it is very pleasing for me to be able to work with this group of Councillors. Elections for Council were held in October 2019. Cr Norm Trenfield and Cr Phil Curley didn't restand. My sincere thanks go to Norm and Phil for dedicated contributions to the Shire during their time as Councillors. In particular my thanks to Norm Trenfield for his 31 years of service to the Shire as a Councillor, Deputy President and President – an amazing contribution. Congratulations to Cr Andrew Binsiar on his re-election and to Cr Mark Smith and Cr Phil Moses for their successful election to Council. I wish them every success as Shire Councillors.

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.



**Harvey Nichols**  
**Shire President**

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# 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, Harvey Nichols for his dedication, support and encouragement. Thanks also to all our Shire Councillors for their support and hard work during the year. Special thanks go to retiring Shire President, Cr Norm Trenfield for his dedication and generous support over some 13 years.



A special note of appreciation and gratitude goes to my three Managers; Krys East, Deputy CEO; Peter Cox, Works and Services Manager and Tralee Cable, 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 on many and varied projects as our Project Officer.

We had a four 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 sealing of 8 kilometres of Ashburton Downs Road (\$859,000), general construction works on Ashburton Downs Road (\$1.2M), Mt Clere Road (\$293,000) and Sandstone Road (\$183,000).

We were amazed and very proud of our youth when they won the state wide Showcase in Pixels competition that was held by the WA Local Government Association as part of their annual conference in August 2019. Our winning entry was displayed during the conference on the huge digital screen in Yagan Square, Perth. Well done to everyone involved in this great achievement!

We held a town Christmas Party, the first for some years, at the Picture Gardens which was very well received and attended.

Early in 2020 two significant flood events occurred with opening up works undertaken as soon as possible after the assessments and estimates were completed for a claim with the Disaster Recovery Funding Arrangements WA.

The Corona Virus and associated government directives caused some significant disruption to our services. My sincere thanks go to all our employees, contractors and councillors for their



patience, support and determination during that challenging period. Many of our facilities were closed, some staff worked from home, the construction crew required separate vehicles for travel to and from work sites and our youth services team continued to provide important services by making home visits and creating an online presence for delivery of services.

Finally, congratulations to everyone involved in organising this year's Meeka Festival. Special thanks go to Tralee Cable who did a great job co-ordinating the 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.

The Shires Disability Access & Inclusion Plan can be downloaded from the shire website by clicking on this link: <https://www.meekashire.wa.gov.au/documents/315/daip-plan-2017-2021>

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# 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 2019, and this was submitted and has been accepted by the State Records Office. The next review is due by August 2024.



# 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 2019/2020 reporting year.



# National Competition Policy

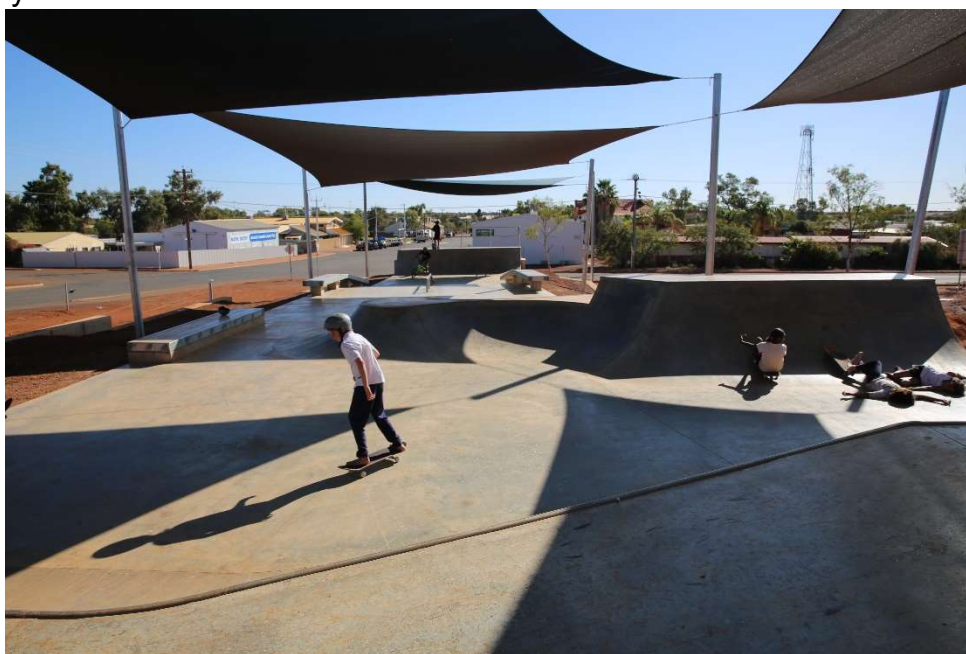
The Competition Principles Agreement is an inter-government agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principles to public sector organisations within their jurisdiction.

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 has progressed considerably but still needs to go through the formal processes. This will be completed in 2020/21.

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# 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 2019-20 period the Shire of Meekatharra had 7 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 \$110,000 and \$120,000
- . One employee had a salary of between \$120,000 and \$130,000
- . One employee had a salary of between \$150,000 and \$160,000
- . One employee had a salary of between \$220,000 and \$230,000



# Elected Member Attendance at Council Meetings 2019/2020

	Ordinary Meeting of Council	Annual Electors Meeting	Audit Committee Meetings	Health Building & Town Planning Committee Meetings
<b>Total meetings held</b>	<b>12</b>	<b>1</b>	<b>3</b>	<b>9</b>
<b>*Cr Norm Trenfield</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>2</b>
<b>**Cr Harvey Nichols</b>	<b>12</b>	<b>1</b>	<b>3</b>	<b>9</b>
<b>Cr Peter Clancy</b>	<b>9</b>	<b>0</b>	<b>3</b>	<b>8</b>
<b>Cr Andrew Binsiar</b>	<b>11</b>	<b>1</b>	<b>3</b>	<b>8</b>
<b>***Cr Phillip Curley</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cr David Hodder</b>	<b>12</b>	<b>1</b>	<b>3</b>	<b>9</b>
<b>Cr Matthew Hall</b>	<b>11</b>	<b>1</b>	<b>3</b>	<b>5</b>
<b>****Cr Phillip Moses</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>4</b>
<b>****Cr Mark Smith</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>4</b>

## Notes:

\*Cr Norm Trenfield, the Shire President, term expired 19 October 2019. Cr Trenfield did not re-nominate.

\*\* Cr Harvey Nichols was elected Shire President from 16 November 2019.

\*\*\*Cr Phillip Curley's term expired 19 October 2019. Cr Curley did not re-nominate.

\*\*\*\*Cr Mark Smith's term commenced 20 October 2019

\*\*\*\*\*Cr Phillip Moses' term commenced 24 November 2019

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# 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.

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# 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; and
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 2019-20 no disclosures relating to improper conduct were made to the Shire, and no disclosures were referred to the Ombudsman.



# Key Items of Capital Expenditure



2019/20 provided for just over \$9m in capital expenditure. Key items included:

- Just over \$2M was spent in the year for Lloyd's Renovations. The renovations commenced in the previous financial year after a few years of community consultation and planning. The Stage 1 renovations will be completed in 2020/21. This is a major building development for the shire. The project will revitalize a pre-existing unused building into a multipurpose facility that will encourage social and socio-economic growth in Meekatharra in a number of sectors including Indigenous art, community, tourism and commercial. Funding of \$500k each was received from Lotterywest and Royalties for Regions Building Better Regions Fund.
- Nearly \$3M was spent on Road Construction including \$2.08M for Ashburton Downs Road works (partly funded by the federal government) and \$300k on Mt Clere Road. Covid 19 hampered the budgeted road works for the year and a number of projects have had to be carried over to the next financial year.
- Power issues at the airport a few years ago identified the necessity to change all the power poles due to termite damage. The replacements have gradually occurred over the preceding years and this year saw the completion of the project. It is hoped that the airport will continue to enjoy uninterrupted power as the airport is a pivotal facility to the region.
- Installation of a drinking fountain outside the public facilities has been well received by locals, travelers and visitors alike.

- The Shire run historical outdoor picture gardens has been warmly received by the community. Replacing the aged Picture Gardens fencing was undertaken this year. Further works are planned for the coming years to ensure that the facilities will continue to provide enjoyment for many more generations.
- Dog and cat sterilisation programs that were introduced in the 2018/19 year again proved to be well utilized. Many locals have commented on the reduced number of animals wandering on the streets.
- Approximately \$788k was spent on Youth & Recreation Services. This included staffing, activities at the youth centre, camps for the youth and sporting activities including the pool.
- \$10k was contributed towards additional lighting at the GoKart track which is a Shire asset. Additional costs were met by the GoKart club.
- Nannine cemetery was cleaned up and grave sites identified. New fencing installed to the cemetery boundaries to prevent livestock in the area from desecrating grave sites.
- \$50k was put into a Reserve account this year to allow funds to be available for retiling of the swimming pool basin in 4 years' time this year. This will continue over the next three years.
- Alarm systems at all Shire locations were upgraded to 4G communication which will result in annual savings in line rental of approx. \$13k each year thereafter
- The old 2005 road sweeper was replaced with a new road sweeper (\$160k). This machinery is crucial to ensure the compliments received in regards to the tidiness of our streets continue.
- \$130K was spent to ensure that Council housing was maintained to a standard suitable for attracting and retaining staff.
- An unbudgeted expenditure was authorised by Council to replace the brick wall at the rear of the pool as other works revealed the instability of this structure. This was works that once authorised were completed rather quickly so as not to delay the opening of the pool for the 2019/20 season.
- The sports complex change rooms were updated this year. Individual shower stalls were created in the gents in line with todays expected standards.
- The small wheels skate park was completed this year. This project took a few years to come to fruition but since completion has been well utilised. A number of skateboard clinics were also run during the year and attendance was high due to the unbridled enthusiasm of the young attendees.





# Integrated Planning and Reporting

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

In June 2013 Council adopted a 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 2020/21. 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 and 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.

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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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 30 JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Meekatharra at 30 June 2020 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 on the *16<sup>TH</sup>* day of *DECEMBER* 2020



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Roy W. McClymont  
Chief Executive Officer

**SHIRE OF MEEKATHARRA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	22(a)	4,274,148	4,180,542	4,196,812
Operating grants, subsidies and contributions	2(a)	4,039,894	3,947,184	4,063,380
Fees and charges	2(a)	1,238,310	1,343,574	1,323,616
Interest earnings	2(a)	601,417	613,062	651,797
Other revenue	2(a)	294,970	319,053	327,296
		<b>10,448,739</b>	<b>10,403,415</b>	<b>10,562,901</b>
<b>Expenses</b>				
Employee costs		(1,307,625)	(1,919,034)	(1,330,550)
Materials and contracts		(2,305,999)	(2,967,802)	(1,963,508)
Utility charges		(331,476)	(318,800)	(314,000)
Depreciation on non-current assets	10(b)	(7,158,515)	(6,933,817)	(6,235,990)
Insurance expenses		(235,506)	(212,711)	(214,005)
Other expenditure		(233,176)	(284,217)	(318,900)
		<b>(11,572,297)</b>	<b>(12,636,381)</b>	<b>(10,376,953)</b>
		<b>(1,123,558)</b>	<b>(2,232,966)</b>	<b>185,948</b>
Non-operating grants, subsidies and contributions	2(a)	2,235,646	2,469,034	4,014,171
Profit on asset disposals	10(a)	-	4,490	-
(Loss) on asset disposals	10(a)	(24,434)	(14,201)	(139,968)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	864	-	6,151
		<b>2,212,076</b>	<b>2,459,323</b>	<b>3,880,354</b>
<b>Net result for the period</b>		<b>1,088,518</b>	<b>226,357</b>	<b>4,066,302</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(287,174)	-	2,123,331
<b>Total other comprehensive income for the period</b>		<b>(287,174)</b>	<b>-</b>	<b>2,123,331</b>
<b>Total comprehensive income for the period</b>		<b>801,344</b>	<b>226,357</b>	<b>6,189,633</b>

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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		80	80	-
General purpose funding		8,503,435	8,317,427	8,514,709
Law, order, public safety		11,029	12,150	11,609
Health		9,774	6,104	2,904
Education and welfare		123,650	147,614	120,008
Housing		47,151	29,500	30,678
Community amenities		118,611	140,797	129,577
Recreation and culture		130,555	129,126	79,618
Transport		1,199,942	1,310,468	1,342,509
Economic services		178,200	190,249	176,724
Other property and services		126,312	119,900	154,565
		<b>10,448,739</b>	<b>10,403,415</b>	<b>10,562,901</b>
<b>Expenses</b>				
	2(b)			
Governance		(588,437)	(712,260)	(577,540)
General purpose funding		(182,232)	(230,293)	(274,681)
Law, order, public safety		(157,836)	(234,731)	(194,238)
Health		(89,041)	(111,826)	(98,494)
Education and welfare		(553,938)	(813,203)	(553,013)
Housing		(45,389)	(29,500)	(44,434)
Community amenities		(452,548)	(697,396)	(494,922)
Recreation and culture		(1,343,610)	(1,679,532)	(1,351,953)
Transport		(7,545,714)	(7,302,525)	(6,170,136)
Economic services		(457,148)	(590,781)	(424,897)
Other property and services		(156,404)	(234,334)	(192,645)
		<b>(11,572,297)</b>	<b>(12,636,381)</b>	<b>(10,376,953)</b>
		<b>(1,123,558)</b>	<b>(2,232,966)</b>	<b>185,948</b>
Non-operating grants, subsidies and contributions	2(a)	2,235,646	2,469,034	4,014,171
Profit on disposal of assets	10(a)	-	4,490	-
(Loss) on disposal of assets	10(a)	(24,434)	(14,201)	(139,968)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	864	-	6,151
		<b>2,212,076</b>	<b>2,459,323</b>	<b>3,880,354</b>
<b>Net result for the period</b>		<b>1,088,518</b>	<b>226,357</b>	<b>4,066,302</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(287,174)	-	2,123,331
<b>Total other comprehensive income for the period</b>		<b>(287,174)</b>	<b>-</b>	<b>2,123,331</b>
<b>Total comprehensive income for the period</b>		<b>801,344</b>	<b>226,357</b>	<b>6,189,633</b>

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

**SHIRE OF MEEKATHARRA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,580,540	4,324,728
Trade and other receivables	6	1,679,397	2,071,890
Other financial assets	5(a)	21,280,349	20,074,315
Inventories	7	98,549	90,303
<b>TOTAL CURRENT ASSETS</b>		<b>28,638,835</b>	<b>26,561,236</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	53,416	52,551
Property, plant and equipment	8	20,398,860	19,201,041
Infrastructure	9	93,379,172	96,428,324
<b>TOTAL NON-CURRENT ASSETS</b>		<b>113,831,448</b>	<b>115,681,916</b>
<b>TOTAL ASSETS</b>		<b>142,470,283</b>	<b>142,243,152</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	498,209	879,502
Employee related provisions	14	354,285	350,694
<b>TOTAL CURRENT LIABILITIES</b>		<b>852,494</b>	<b>1,230,196</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee related provisions	14	30,626	17,837
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>30,626</b>	<b>17,837</b>
<b>TOTAL LIABILITIES</b>		<b>883,120</b>	<b>1,248,033</b>
<b>NET ASSETS</b>		<b>141,587,163</b>	<b>140,995,119</b>
<b>EQUITY</b>			
Retained surplus		58,987,266	59,104,782
Reserves - cash/financial asset backed	4	21,280,349	20,074,315
Revaluation surplus	11	61,319,548	61,816,022
<b>TOTAL EQUITY</b>		<b>141,587,163</b>	<b>140,995,119</b>

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



**SHIRE OF MEEKATHARRA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>55,481,194</b>	<b>19,631,602</b>	<b>59,692,691</b>	<b>134,805,486</b>
Comprehensive income					
Net result for the period		4,066,302	-	-	4,066,302
Other comprehensive income	11	-	-	2,123,331	2,123,331
Total comprehensive income		4,066,302	-	2,123,331	6,189,633
Transfers from reserves	4	777,208	(777,208)	-	-
Transfers to reserves	4	(1,219,921)	1,219,921	-	-
<b>Balance as at 30 June 2019</b>		<b>59,104,782</b>	<b>20,074,315</b>	<b>61,816,022</b>	<b>140,995,119</b>
Change in accounting policy	26(b)	-	-	(209,300)	(209,300)
<b>Restated total equity at 1 July 2019</b>		<b>59,104,782</b>	<b>20,074,315</b>	<b>61,606,722</b>	<b>140,785,819</b>
Comprehensive income					
Net result for the period		1,088,518	-	-	1,088,518
Other comprehensive income	11	-	-	(287,174)	(287,174)
Total comprehensive income		1,088,518	-	(287,174)	801,344
Transfer to Revaluation Surplus		-	-		-
Transfers to reserves	4	(1,206,034)	1,206,034	-	-
<b>Balance as at 30 June 2020</b>		<b>58,987,266</b>	<b>21,280,349</b>	<b>61,319,548</b>	<b>141,587,163</b>

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

**SHIRE OF MEEKATHARRA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,666,665	4,180,542	4,428,961
Operating grants, subsidies and contributions		5,000,318	3,947,184	3,925,148
Fees and charges		1,238,310	1,343,574	1,323,616
Interest received		601,417	613,061	651,797
Goods and services tax received		818,084	950,000	1,086,003
Other revenue		294,970	319,053	327,296
		<b>11,619,764</b>	<b>11,353,415</b>	<b>11,742,821</b>
<b>Payments</b>				
Employee costs		(1,292,940)	(1,919,034)	(1,399,127)
Materials and contracts		(2,658,083)	(2,967,803)	(2,460,530)
Utility charges		(331,476)	(318,800)	(314,000)
Insurance paid		(235,506)	(212,711)	(214,005)
Goods and services tax paid		(814,292)	(950,000)	(1,026,472)
Other expenditure		(233,176)	(284,216)	(257,512)
		<b>(5,565,473)</b>	<b>(6,652,564)</b>	<b>(5,671,646)</b>
<b>Net cash provided by (used in) operating activities</b>	15	<b>6,054,291</b>	<b>4,700,851</b>	<b>6,071,175</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		-	-	(595,947)
Payments for purchase of property, plant & equipment	8(a)	(2,916,150)	(2,990,433)	(847,277)
Payments for construction of infrastructure	9(a)	(2,962,487)	(6,075,288)	(8,189,116)
Non-operating grants, subsidies and contributions	2(a)	2,235,646	2,469,034	4,014,171
Proceeds from financial assets at amortised cost - term deposits		(1,206,034)	-	-
Proceeds from sale of property, plant & equipment	10(a)	50,545	39,500	90,614
<b>Net cash provided by (used in) investment activities</b>		<b>(4,798,479)</b>	<b>(6,557,187)</b>	<b>(5,527,556)</b>
<b>Net increase (decrease) in cash held</b>		<b>1,255,812</b>	<b>(1,856,336)</b>	<b>543,620</b>
Cash at beginning of year		4,324,728	23,292,114	3,781,108
<b>Cash and cash equivalents at the end of the year</b>	15	<b>5,580,540</b>	<b>21,435,778</b>	<b>4,324,728</b>

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



**SHIRE OF MEEKATHARRA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	5,607,420	3,082,977	4,606,248
		5,607,420	3,082,977	4,606,248
<b>Revenue from operating activities (excluding rates)</b>				
Governance		80	80	-
General purpose funding		4,229,287	4,133,824	4,317,897
Law, order, public safety		11,029	12,150	11,609
Health		9,774	6,104	2,904
Education and welfare		123,650	147,614	120,008
Housing		47,151	29,500	30,678
Community amenities		118,611	140,797	129,577
Recreation and culture		130,555	129,126	79,618
Transport		1,199,942	1,314,958	1,342,509
Economic services		179,064	190,249	182,875
Other property and services		126,312	119,900	154,565
		6,175,455	6,224,302	6,372,240
<b>Expenditure from operating activities</b>				
Governance		(588,437)	(712,260)	(577,540)
General purpose funding		(182,232)	(230,293)	(274,681)
Law, order, public safety		(157,836)	(234,731)	(194,238)
Health		(89,041)	(111,826)	(98,494)
Education and welfare		(553,938)	(813,203)	(553,013)
Housing		(45,389)	(29,500)	(44,434)
Community amenities		(452,548)	(697,396)	(494,922)
Recreation and culture		(1,351,947)	(1,679,532)	(1,351,953)
Transport		(7,561,811)	(7,316,726)	(6,310,104)
Economic services		(457,148)	(590,781)	(424,897)
Other property and services		(156,404)	(234,334)	(192,645)
		(11,596,731)	(12,650,582)	(10,516,921)
Non-cash amounts excluded from operating activities	23(a)	7,198,465	6,943,528	6,323,361
<b>Amount attributable to operating activities</b>		7,384,609	3,600,225	6,784,928
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,235,646	2,469,034	4,014,171
Proceeds from disposal of assets	10(a)	50,545	39,500	90,614
Purchase of property, plant and equipment	8(a)	(2,916,150)	(2,990,433)	(847,275)
Purchase and construction of infrastructure	9(a)	(2,962,487)	(6,075,288)	(8,189,116)
<b>Amount attributable to investing activities</b>		(3,592,445)	(6,557,187)	(4,931,608)
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	4	(1,206,034)	(1,226,641)	(1,219,921)
Transfers from reserves (restricted assets)	4	-	-	777,208
<b>Amount attributable to financing activities</b>		(1,206,034)	(1,226,641)	(442,713)
<b>Surplus/(deficit) before imposition of general rates</b>		2,586,130	(4,183,603)	1,410,608
<b>Total amount raised from general rates</b>	22(a)	4,274,148	4,183,603	4,196,812
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	<b>6,860,278</b>	<b>-</b>	<b>5,607,420</b>

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

SHIRE OF MEEKATHARRA  
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FOR THE YEAR ENDED 30 JUNE 2020

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## 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 Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	May be refunded as set by State legislation	On payment and issue of the licence, registration or approval
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On payment
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refunds limited to exceptional circumstances - not usually provided	Adopted by council annually	Based on timing of issue of the associated access rights	Returns limited to repayment of transaction price	On payment and issue of access card
Fees and charges for other goods and services	Cemetery services, library fees, rental income, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, Diesel fuel and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	On- charge of expenses & Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	3,613,378	3,505,724	3,657,233
Law, order, public safety	10,005	8,150	9,840
Education and welfare	112,124	121,814	110,877
Recreation and culture	-	20,000	-
Transport	304,387	285,497	285,430
Economic services	-	6,000	-
	4,039,894	3,947,184	4,063,380
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	619,452	1,200,000	25,875
Transport	1,616,194	1,269,034	3,988,296
	2,235,646	2,469,034	4,014,171
	6,275,540	6,416,218	8,077,551
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
General purpose funding	14,420	15,100	11,212
Law, order, public safety	1,024	4,000	1,769
Health	9,774	5,831	2,904
Housing	28,305	25,000	27,753
Community amenities	118,611	139,797	129,577
Recreation and culture	26,984	45,626	29,582
Transport	834,662	953,571	991,304
Economic services	173,283	141,249	118,349
Other property and services	31,248	13,400	11,166
	1,238,310	1,343,574	1,323,616

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Non-operating grants, subsidies and contributions

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Non-operating grants, subsidies and contributions	2,235,646	2,469,034	4,014,171
	2,235,646	2,469,034	4,014,171

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates

Statutory permits and licences

Fines

General rates	4,274,148	4,180,542	4,196,812
Statutory permits and licences	7,824	3,193	527
Fines	92	1,000	148
	4,282,064	4,184,735	4,197,487

**Other revenue**

Reimbursements and recoveries

Other

Reimbursements and recoveries	242,250	227,200	219,432
Other	52,720	91,853	107,864
	294,970	319,053	327,296

**Interest earnings**

Interest on reserve funds

Rates instalment and penalty interest (refer Note 22(f))

Other interest earnings

Interest on reserve funds	428,681	449,288	540,347
Rates instalment and penalty interest (refer Note 22(f))	125,339	102,000	94,177
Other interest earnings	47,397	61,773	17,273
	601,417	613,062	651,797

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report

- Other services

**Other expenditure**

Impairment loss on trade and other receivables

Sundry expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	41,773	26,600	32,300
- Other services	1,265	1,570	1,000
	43,038	28,170	33,300
Other expenditure			
Impairment loss on trade and other receivables	(33,464)	-	84,222
Sundry expenses	266,640	284,217	234,678
	233,176	284,217	318,900

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020 \$	2019 \$
Unrestricted Cash		5,580,540	4,324,728
Term deposits		21,280,349	20,074,315
<b>Total cash and cash equivalents</b>		<b>26,860,889</b>	<b>24,399,043</b>

**Restrictions**

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Financial assets at amortised cost		21,280,349	20,074,315
		<b>21,280,349</b>	<b>20,074,315</b>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	21,280,349	20,074,315
<b>Total restricted assets</b>		<b>21,280,349</b>	<b>20,074,315</b>

**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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**4. RESERVES - CASH/FINANCIAL ASSET BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	385,191	9,025	-	394,216	385,189	9,437	-	394,626	374,807	10,384	-	385,191
(b) Unspent grants	-	-	-	-	-	-	-	-	153,232	976	(154,208)	-
(c) Plant Reserve	2,573,716	60,316	-	2,634,032	2,542,566	62,297	-	2,604,863	3,110,553	86,163	(623,000)	2,573,716
(d) Airport Reserve	922,337	21,616	-	943,953	922,337	22,597	-	944,934	897,477	24,860	-	922,337
(e) Airport Runway Reserve	2,847,311	66,728	-	2,914,039	2,847,311	69,759	-	2,917,070	2,770,566	76,745	-	2,847,311
(f) Building Reserve	1,403,941	32,902	-	1,436,843	1,403,941	34,397	-	1,438,338	1,366,100	37,841	-	1,403,941
(g) Industrial Park Reserve	822,160	19,268	-	841,428	822,160	20,143	-	842,303	800,000	22,160	-	822,160
(h) Infrastructure & Development Reserve	984,234	23,067	-	1,007,301	984,234	24,114	-	1,008,348	957,706	26,528	-	984,234
(i) Interpretive Centre Reserve	1,829,622	42,879	-	1,872,501	1,829,622	44,826	-	1,874,448	1,780,308	49,314	-	1,829,622
(j) Lloyd'S Revitalisation Reserve	1,319,317	236,820	-	1,556,137	1,319,317	238,223	-	1,557,540	1,033,302	286,015	-	1,319,317
(k) Reseals & Rejuvenation Reserve	4,006,542	573,576	-	4,580,118	4,006,542	577,840	-	4,584,382	3,536,578	469,964	-	4,006,542
(l) Roads -Second / Final Seals Reserve	1,687,914	39,557	-	1,727,471	1,687,914	41,354	-	1,729,268	1,642,419	45,495	-	1,687,914
(m) Shire Water Reserve	312,137	7,315	-	319,452	312,137	7,647	-	319,784	303,724	8,413	-	312,137
(n) Swimming Pool Reserve	50,000	51,172	-	101,172	50,000	51,225	-	101,225	-	50,000	-	50,000
(o) Transport Reserve	929,893	21,793	-	951,686	929,893	22,782	-	952,675	904,830	25,063	-	929,893
	20,074,315	1,206,034	-	21,280,349	20,043,163	1,226,641	-	21,269,804	19,631,602	1,219,921	(777,208)	20,074,315

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget 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
(a) Leave Reserve	Ongoing	- To used to fund annual and long service leave requirements.
(b) Unspent grants	30/06/019	- To used to quarantine unspent tied grant funds.
(c) Plant Reserve	Ongoing	- To be used for the acquisition of major plant on an ongoing basis.
(d) Airport Reserve	Ongoing	- To be used to fund the capital improvements of the airport infrastructure.
(e) Airport Runway Reserve	Ongoing	- To be used to fund the future construction requirements of the airport runway.
(f) Building Reserve	Ongoing	- To be used for the future building requirements for Council purposes.
(g) Industrial Park Reserve	Ongoing	- To be used to fund the development of a new industrial park within the Shire.
(h) 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.
(i) Interpretive Centre Reserve	Ongoing	- To be used to acquire and refurbish the Interpretive Centre.
(j) Lloyd'S Revitalisation Reserve	Ongoing	- To be used to fund the renovations and building works as per Meeka Revitalisation plan at Lloyd's building.
(k) Reseals & Rejuvenation Reserve	Ongoing	- To be used to fund reseals and rejuvenation of sealed roads.
(l) Roads -Second / Final Seals Reserve	Ongoing	- To be used to fund final seals to roads that have previously been primer sealed.
(m) Shire Water Reserve	Ongoing	- To be used for capital water requirements of parks and gardens administered by the Shire.
(n) Swimming Pool Reserve	Ongoing	- To be used to fund retiling the swimming pool basins.
(o) Transport Reserve	Ongoing	- To be used to fund the expansion of the road network that cannot be met by operating income.



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**5. OTHER FINANCIAL ASSETS**

	2020	2019
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	21,280,349	20,074,315
	21,280,349	20,074,315
<b>Other financial assets at amortised cost</b>		
Term deposits	21,280,349	20,074,315
	21,280,349	20,074,315
<b>(b) Non-current assets</b>		
Financial assets at fair value through profit and loss	53,416	52,551
	53,416	52,551
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	53,416	52,551
	53,416	52,551

During the year \$864 (2019: \$6,151) was recognised as fair value gains on equity investments at fair value through profit and loss.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

**Financial assets at fair value through profit and loss**

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates Outstanding	
Sundry Debtors	
GST Receivable	
Allowance for impairment of receivables	

2020	2019
\$	\$
1,362,717	790,994
346,445	1,340,332
137,332	141,124
(167,097)	(200,560)
1,679,397	2,071,890

### 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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 7. INVENTORIES

### Current

Fuel and Materials

	2020	2019
	\$	\$
	98,549	90,303
	98,549	90,303
	90,303	96,870
	(692,931)	(626,558)
	701,177	619,991
	98,549	90,303

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

### Carrying amount at end of period

## 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.

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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) 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	Land vested in and under control of Council	Total land	Buildings specialised *	Total buildings	Total land and buildings	Furniture And Equipment	Plant And Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	889,400	47,500	936,900	12,993,421	12,993,421	13,930,321	131,259	3,935,870	17,997,450
Additions	-	-	-	361,003	361,003	361,003	5,498	480,774	847,275
(Disposals)	-	-	-	-	-	-	(6,955)	(185,076)	(192,031)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	51,866	2,071,465	2,123,331
Depreciation (expense)	-	-	-	(716,358)	(716,358)	(716,358)	(33,119)	(781,759)	(1,531,236)
Transfers	-	-	-	-	-	-	11,826	(55,574)	(43,748)
<b>Carrying amount at 30 June 2019</b>	889,400	47,500	936,900	12,638,066	12,638,066	13,574,966	160,375	5,465,700	19,201,041
<b>Comprises:</b>									
Gross carrying amount at 30 June 2019	889,400	47,500	936,900	14,063,154	14,063,154	15,000,054	167,700	5,465,700	20,633,454
Accumulated depreciation at 30 June 2019	-	-	-	(1,425,088)	(1,425,088)	(1,425,088)	(7,325)	-	(1,432,413)
<b>Carrying amount at 30 June 2019</b>	889,400	47,500	936,900	12,638,066	12,638,066	13,574,966	160,375	5,465,700	19,201,041
Change in accounting policy	(161,800)	(47,500)	(209,300)	-	-	(209,300)	-	-	(209,300)
<b>Adjusted carrying amount at 1 July 2019</b>	727,600	-	727,600	12,638,066	12,638,066	13,365,666	160,375	5,465,700	18,991,741
Additions	-	-	-	2,192,791	2,192,791	2,192,791	35,532	687,827	2,916,150
(Disposals)	-	-	-	-	-	-	-	(66,643)	(66,643)
Revaluation increments / (decrements) transferred to revaluation surplus **	600	-	600	145,226	145,226	145,826	-	(433,000)	(287,174)
Depreciation (expense)	-	-	-	(753,399)	(753,399)	(753,399)	(33,092)	(368,722)	(1,155,213)
<b>Carrying amount at 30 June 2020</b>	728,200	-	728,200	14,222,683	14,222,683	14,950,883	162,815	5,285,162	20,398,860
<b>Comprises:</b>									
Gross carrying amount at 30 June 2020	728,200	-	728,200	14,222,683	14,222,683	14,950,883	203,233	5,653,884	20,808,000
Accumulated depreciation at 30 June 2020	-	-	-	-	-	-	(40,418)	(368,722)	(409,140)
<b>Carrying amount at 30 June 2020</b>	728,200	-	728,200	14,222,683	14,222,683	14,950,883	162,815	5,285,162	20,398,860

\* Includes immaterial non-specialised buildings not disclosed separately.

**\*\* Change in Revaluation of Plant and Equipment**

The revaluation processed as at 30 June 2019 included two large items of plant which were subsequently received after the end of the financial year. These items have been reversed as at 30 June 2020 as the value is included in additions.

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land	2/3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2020	Price per square metre.
Buildings - non-specialised	2/3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2020	Market sales evidence.
Buildings -specialised	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2020	Rate per square metre and current condition, residual values and remaining useful life assessments (level 3) inputs.
<b>Furniture And Equipment</b>	2/3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Plant And Equipment</b>	2	Market approach using recent observable market data for similar assets (gross valuation method)	Independent Valuation	June 2019	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.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

## 9. INFRASTRUCTURE

### (a) 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.

	Roads Infrastructure	Infrastructure - Footpaths	Airport Infrastructure	Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	83,254,609	169,154	5,189,581	4,325,421	92,938,765
Additions	7,600,647	22,684	-	565,786	8,189,116
(Disposals)	-	-	(10,400)	(28,150)	(38,550)
Depreciation (expense)	(3,909,487)	(13,863)	(376,792)	(404,612)	(4,704,754)
Transfers	-	-	18,596	25,152	43,748
<b>Carrying amount at 30 June 2019</b>	<b>86,945,769</b>	<b>177,974</b>	<b>4,820,985</b>	<b>4,483,596</b>	<b>96,428,324</b>
<b>Comprises:</b>					
Gross carrying amount at 30 June 2019	90,855,256	191,837	5,231,293	4,880,121	101,158,507
Accumulated depreciation at 30 June 2019	(3,909,487)	(13,863)	(410,308)	(396,525)	(4,730,183)
<b>Carrying amount at 30 June 2019</b>	<b>86,945,769</b>	<b>177,974</b>	<b>4,820,985</b>	<b>4,483,596</b>	<b>96,428,324</b>
Additions	2,788,280	-	42,500	131,707	2,962,487
(Disposals)	-	-	-	(8,337)	(8,337)
Depreciation (expense)	(5,158,897)	(15,787)	(408,015)	(420,603)	(6,003,302)
<b>Carrying amount at 30 June 2020</b>	<b>84,575,152</b>	<b>162,187</b>	<b>4,455,470</b>	<b>4,186,363</b>	<b>93,379,172</b>
<b>Comprises:</b>					
Gross carrying amount at 30 June 2020	93,643,536	191,837	5,273,793	5,003,491	104,112,657
Accumulated depreciation at 30 June 2020	(9,068,384)	(29,650)	(818,323)	(817,128)	(10,733,485)
<b>Carrying amount at 30 June 2020</b>	<b>84,575,152</b>	<b>162,187</b>	<b>4,455,470</b>	<b>4,186,363</b>	<b>93,379,172</b>

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**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

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

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Recognition and measurement

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from carrying amount. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

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 land, buildings, infrastructure, investment properties and vested improvements 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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 prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

#### Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

#### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.



SHIRE OF MEEKATHARRA  
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10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture And Equipment	-	-	-	-	-	-	-	-	6,955	-	-	(6,955)
Other Infrastructure	8,337	-	-	(8,337)	-	-	-	-	31,909	-	-	(31,909)
Plant And Equipment	66,643	50,545	-	(16,097)	49,211	39,500	4,490	(14,201)	153,167	90,614	-	(62,554)
Airport Infrastructure	-	-	-	-	-	-	-	-	10,400	-	-	(10,400)
Other Infrastructure	-	-	-	-	-	-	-	-	28,150	-	-	(28,150)
	74,979	50,545	-	(24,434)	49,211	39,500	4,490	(14,201)	230,581	90,614	-	(139,968)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
<b>Plant and Motor Vehicles</b>				
<b>Governance</b>				
2005 Toyota 4 x 4 Landcruiser Ute	8,150	4,000	-	(4,150)
<b>Recreation and culture</b>				
Brick wall to Perimeter	8,337	-	-	(8,337)
<b>Transport</b>				
Road Sweeper-Tennant-Airport	9,455	8,000	-	(1,455)
<b>Other property and services</b>				
2018 Toyota Prado Wagon	49,037	38,545	-	(10,492)
	74,979	50,545	-	(24,434)
	74,979	50,545	-	(24,434)

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**10. FIXED ASSETS**

**(b) Depreciation**

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings - non-specialised	753,399	793,979	716,358
Furniture And Equipment	33,092	39,574	33,119
Plant And Equipment	368,722	873,849	781,759
Roads Infrastructure	5,158,897	4,339,937	3,909,487
Infrastructure - Footpaths	15,787	15,390	13,863
Airport Infrastructure	408,015	450,467	376,792
Other Infrastructure	420,603	420,621	404,612
	<b>7,158,515</b>	<b>6,933,817</b>	<b>6,235,990</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

<b>Asset Class</b>	<b>Useful life</b>
Buildings	10 - 40 years
Office Furniture & Equipment	1 - 20 years
Plant & Equipment	1 - 20 years

**Depreciation rates continued**

<b>Asset Class</b>	<b>Useful life</b>
Roads - Unformed	Not Depreciated
Roads - Formed	Not Depreciated
Roads - Gravel	10 years
Roads - Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 - 20 years
Drains & Sewers	80 -100 years
Grids	20 years
Airfields & Runways	20 years

**Depreciation on revaluation**

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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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**11. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	946,900	(209,300)	600	-	600	738,200	946,900	-	-	-	946,900
Revaluation Surplus - Buildings	8,047,268	-	145,226	-	145,226	8,192,494	8,047,268	-	-	-	8,047,268
Revaluation surplus - Furniture And Equipment	51,866	-	-	-	-	51,866	-	51,866	-	51,866	51,866
Revaluation surplus - Plant And Equipment	4,545,907	-	-	(433,000)	(433,000)	4,112,907	2,474,441	2,071,465	-	2,071,465	4,545,907
Revaluation surplus - Roads Infrastructure	41,588,501	-	-	-	-	41,588,501	41,588,501	-	-	-	41,588,501
Revaluation surplus - Infrastructure - Footpaths	197,465	-	-	-	-	197,465	197,465	-	-	-	197,465
Revaluation surplus - Airport Infrastructure	3,874,021	-	-	-	-	3,874,021	2,564,094	-	-	-	3,874,021
Revaluation surplus - Other Infrastructure	2,564,094	-	-	-	-	2,564,094	3,874,021	-	-	-	2,564,094
	61,816,022	(209,300)	145,826	(433,000)	(287,174)	61,319,548	59,692,690	2,123,331	-	2,123,331	61,816,022

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional significance should no longer be recognised.

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry Creditors
Rates paid in advance
Accrued Salaries & Wages
Ato Liabilities
Bonds & Deposits Held
Other Tax payable

2020	2019
\$	\$
286,798	640,036
65,128	100,888
21,544	11,076
22,260	34,423
92,360	93,079
10,119	-
498,209	879,502

### 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 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

#### Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

## 13. INFORMATION ON BORROWINGS

### (a) Borrowings

The Shire had no borrowings at the reporting date.

### (b) New Borrowings - 2019/20

The Shire had no new borrowings at the reporting date.

### (c) Unspent Borrowings

The Shire had no unspent borrowings at the reporting date.

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

	2020	2019
	\$	\$
Bank overdraft limit	1,000,000	1,000,000
Credit card limit	5,000	5,000
Credit card balance at balance date	(210)	(362)
<b>Total amount of credit unused</b>	<b>1,004,790</b>	<b>1,004,638</b>

## 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.

### Risk

Information regarding exposure to risk can be found at Note 24.

## 14. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2019</b>			
Current provisions	150,237	200,457	350,694
Non-current provisions	-	17,837	17,837
	150,237	218,294	368,531
Additional provision	155,165	37,049	192,214
Amounts used	(173,093)	(2,741)	(175,834)
<b>Balance at 30 June 2020</b>	132,309	252,602	384,911
<b>Comprises</b>			
Current	132,309	221,976	354,285
Non-current	-	30,626	30,626
	132,309	252,602	384,911

### Amounts are expected to be settled on the following basis:

	2020 \$	2019 \$
Less than 12 months after the reporting date	132,309	350,694
More than 12 months from reporting date	251,364	15,851
Expected reimbursements from other WA local governments	1,238	1,986
	384,911	368,531

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### 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.

##### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

##### Other long-term employee benefits (Continued)

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	5,580,540	21,435,778	4,324,728
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,088,518	226,357	4,066,302
Non-cash flows in Net result:			
Depreciation on non-current assets	7,158,515	6,933,817	6,235,990
(Profit)/loss on sale of asset	24,434	9,711	139,968
Movement in Local Government House	(864)	-	(6,151)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	392,493	-	153,448
(Increase)/decrease in inventories	(8,246)	-	6,567
Increase/(decrease) in payables	(381,293)	-	(464,332)
Increase/(decrease) in provisions	16,380	-	(46,446)
Non-operating grants, subsidies and contributions	(2,235,646)	(2,469,034)	(4,014,171)
Net cash from operating activities	6,054,291	4,700,851	6,071,175

**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2020	2019
	\$	\$
Governance	-	-
General purpose funding	6,996,673	5,168,273
Law, order, public safety	279,303	266,309
Education and welfare	1,445,093	1,402,084
Housing	3,074,101	3,275,796
Community amenities	5,189,515	4,876,822
Recreation and culture	7,216,624	7,250,934
Transport	58,195,233	60,147,058
Economic services	4,647,826	3,047,779
Other property and services	6,850,917	6,970,423
Unallocated	48,574,999	49,837,674
	142,470,283	142,243,152



## 17. CONTINGENT LIABILITIES

The Shire of Meekatharra has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. At the date of this report the value and timing of remediation has not been ascertained.

### Current Landfill Site

Crown Reserve 45111 Meekatharra – Lot 191 on Plan 218548 and Lot 192 on Plan 412642

### Shire Depot

Crown Reserve 38927 Meekatharra – Lot 832 on Plan 21584, Lot 500 on Plan 69309 and Lot 850 on Plan 185176

## 18. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2020	2019
	\$	\$
	52,094	-
	-	483,000
	52,094	483,000
Payable:		
- not later than one year	52,094	483,000

The capital expenditure project outstanding at the end of the current reporting period represents a retainer held for the Lloyds building redevelopment.

The capital expenditure project outstanding at the end of the prior reporting period represents plant and equipment purchases.

## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	38,050	43,200	33,400
President's allowance	21,033	20,000	18,500
Deputy President's allowance	5,625	5,000	4,625
Travelling expenses	4,683	16,109	4,499
	<u>69,391</u>	<u>84,309</u>	<u>61,024</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	898,301	827,463
Post-employment benefits	117,993	101,237
Other long-term benefits	227,581	198,293
	<u>1,243,875</u>	<u>1,126,993</u>

#### *Short-term employee benefits*

These amounts include all salary, 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.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### 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.

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	302,270	730,723

### 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. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

*iii. 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.

## 20. MAJOR LAND TRANSACTIONS

The Shire was not party to any major land transactions during the reporting period.

## 21. 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.

	2020	2019
	\$	\$
Operating Income	127,075	130,443
Operating Expenses	(131,144)	(128,943)
Change in Net Assets resulting	(4,069)	1,500
<b><u>Statement of Financial Position</u></b>		
<b>Current Assets</b>		
Cash at Bank	67,030	64,694
	67,030	64,694
<b>Current Liabilities</b>		
Trade Creditors		
Shire of Meekatharra	(67,030)	(64,694)
	(67,030)	(64,694)
<b>Equity</b>		
Opening Balance		-
Cash Transferred to/(from Muni)	4,069	(1,500)
Change in Net Assets	(4,069)	1,500
Closing Balance	-	-

SHIRE OF MEEKATHARRA  
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22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV	8.8869	313	4,251,128	377,793	-	-	377,793	382,793	382,793	377,619
<b>Unimproved valuations</b>										
UV-Mining	19.6101	719	17,746,230	3,480,054	(17,192)	(3,154)	3,459,709	3,343,003	3,343,003	3,368,840
UV-Rural/ Pastoral	7.4462	43	3,924,287	292,210	-	-	292,210	299,657	299,657	296,714
<b>Sub-Total</b>		1,075	25,921,645	4,150,057	(17,192)	(3,154)	4,129,712	4,025,453	4,025,453	4,043,173
<b>Minimum payment</b>										
<b>Gross rental valuations</b>										
GRV	400	90	46,429	36,000	(391)	-	35,609	36,000	36,000	35,600
<b>Unimproved valuations</b>										
UV-Mining	350	322	287,955	112,700	-	-	112,700	113,750	113,750	112,700
UV-Rural/ Pastoral	350	24	24,306	8,400	-	-	8,400	8,400	8,400	8,400
<b>Sub-Total</b>		436	358,690	157,100	(391)	-	156,709	158,150	158,150	156,700
	-	1,511	26,280,335	4,307,157	(17,582)	(3,154)	4,286,421	4,183,603	4,183,603	4,199,873
Discount/Concessions (Note 22(e))							(12,273)		(3,061)	(3,061)
<b>Total amount raised from general rate</b>							<b>4,274,148</b>	<b>4,180,542</b>	<b>4,196,812</b>	

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

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**22. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

The Shire did not raise specified area rates for the year ended 30 June 2020.

**(c) Service Charges**

The Shire did not raise service charges for the year ended 30 June 2020.

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

**Rates Discounts**

The Shire did not offer any discounts for the year ended 30th June 2020.

**Write Offs**

Rates Written Off  
 Debtors written off

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Rates Written Off	21,036	10,000	770
Debtors written off	28,738	5,000	12,622
	49,774	15,000	13,392

**(e) Waivers or Concessions**

**Rate or Fee and Charge to which the Waiver or Concession is Granted**

	Type	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual
Rates A185	Concession	80%		636	636	636
Rates A187	Concession	80%		1,227	1,227	1,227
Rates A223	Concession	80%		621	621	621
Rates A442	Concession	80%		577	577	577
RatesA7164	Concession	100%		848	-	-
RatesA7165	Concession	100%		822	-	-
RatesA7180	Concession	100%		849	-	-
RatesA7611	Concession	100%		822	-	-
RatesA7614	Concession	100%		849	-	-
RatesA7615	Concession	100%		821	-	-
RatesA7958	Concession	100%		4,201	-	-
				12,273	3,061	3,061
Total discounts/concessions (Note 22(a))				12,273	3,061	3,061

**Rate or Fee and Charge to which the Waiver or Concession is Granted**

**Circumstances in which the Waiver or Concession is Granted and to whom it was available**

**Objects of the Waiver or Concession**

**Reasons for the Waiver or Concession**

Rates A185	Murchison Region Aboriginal Corporation	n/a	n/a	Council provides an 80% concessional arrangements to Murchison Region Aboriginal Corporation due to an application for rates exemption under section 6.26 of the Act.
Rates A187	Murchison Region Aboriginal Corporation	n/a	n/a	
Rates A223	Murchison Region Aboriginal Corporation	n/a	n/a	
Rates A442	Murchison Region Aboriginal Corporation	n/a	n/a	
RatesA7164	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7165	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7180	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7611	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7614	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7615	SAT Negotiations	n/a	n/a	Council Provides a 100% rates only concession
RatesA7958	SAT Negotiations	n/a	n/a	Excludes 1/3 for vacant land

## 22. RATING INFORMATION (Continued)

### (f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Payment in Full	2/09/2019	0.00	0.00%	0.00%
<b>Option Two</b>				
First instalment	2/09/2019	0.00	5.50%	10.00%
Second instalment	6/11/2019	15.00	5.50%	10.00%
Third instalment	10/01/2020	15.00	5.50%	10.00%
Fourth instalment	17/03/2020	15.00	5.00%	10.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	112,777	90,000	82,849
Interest on instalment plan	12,563	12,000	11,329
Charges on instalment plan	9,375	10,000	6,735
	134,714	112,000	100,912



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23. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(a)	-	(4,490)	-
Movement in employee benefit provisions (non-current)		16,380	-	(46,446)
Add: Equity in Local Government House		(864)	-	(6,151)
Add: Loss on disposal of assets	10(a)	24,434	14,201	139,968
Add: Depreciation on non-current assets	10(b)	7,158,515	6,933,817	6,235,990
<b>Non cash amounts excluded from operating activities</b>		<b>7,198,465</b>	<b>6,943,528</b>	<b>6,323,361</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash/financial asset backed	4	(21,280,349)	(21,269,804)	(20,074,315)
Add: Component of Leave Liability not required to be funded		354,286	385,960	350,695
<b>Total adjustments to net current assets</b>		<b>(20,926,063)</b>	<b>(20,883,844)</b>	<b>(19,723,620)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		28,638,835	22,624,832	26,561,236
Less: Total current liabilities		(852,494)	(1,740,989)	(1,230,196)
Less: Total adjustments to net current assets		(20,926,063)	(20,883,844)	(19,723,620)
<b>Net current assets used in the Rate Setting Statement</b>		<b>6,860,278</b>	<b>-</b>	<b>5,607,420</b>

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**24. FINANCIAL RISK MANAGEMENT**

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

**(a) Interest rate risk**

**Cash and cash equivalents**

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2020</b>					
Cash and cash equivalents	0.05%	5,580,540	-	5,424,899	234,346
Financial assets at amortised cost - term deposits	1.00%	21,280,349	21,280,349	-	-
<b>2019</b>					
Cash and cash equivalents	0.25%	4,324,728	-	4,231,648	-
Financial assets at amortised cost	2.35%	20,074,315	20,074,315	-	-

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Impact of a 1% movement in interest rates on profit and loss and equity\*

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
	54,249	42,316

\* Holding all other variables constant

SHIRE OF MEEKATHARRA  
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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade and Other Receivables**

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.36%	8.21%	16.34%	57.82%	
Gross carrying amount	823,391	212,777	103,272	223,277	1,362,717
Loss allowance	2,960	17,466	16,879	129,095	166,400
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.36%	0.96%	2.17%	99.14%	
Gross carrying amount	423,294	126,629	72,677	168,395	790,994
Loss allowance	1,513	1,213	1,574	166,948	171,248

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.39%	0.00%	0.00%	0.00%	
Gross carrying amount	180,659	129,679	10,102	26,005	346,445
Loss allowance	697	-	-	-	697
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	3.20%	
Gross carrying amount	107,843	25,100	542	1,206,847	1,340,332
Loss allowance	-	-	-	29,312	29,312

## 24. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables

The contractual undiscounted cash flows of the Shire's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2020</u></b>					
Payables	498,209	-	-	498,209	498,209
	498,209	-	-	498,209	498,209
<b><u>2019</u></b>					
Payables	879,502	-	-	879,502	879,502
	879,502	-	-	879,502	879,502

## 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**26. CHANGE IN ACCOUNTING POLICIES**

**(a) Change in Accounting Policies due to regulation changes**

Effective 6 November 2020, Local Government (Financial Management) Regulation 16 was deleted and Local Government (Financial Management) Regulation 17A was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	19,201,041	(209,300)	18,991,741
Revaluation surplus	11	61,816,022	(209,300)	61,606,722

Also, following changes to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

**(b) Changes in equity due to change in accounting policies**

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was nil.

The impact on the Shire's opening revaluation surplus resulting from Local Government (Financial Management) Regulation 16 being deleted and the amendments to Local Government (Financial Management) Regulation 17A as at 1 July 2019 was as follows:

	Note	2019 \$
Revaluation surplus - 30 June 2019		61,816,022
Adjustment to revaluation surplus from deletion of FM Reg 16	26(a)	(209,300)
Revaluation surplus - 1 July 2019		<u>61,606,722</u>

# SHIRE OF MEEKATHARRA

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

### 27. OTHER 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

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 or 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 statements that has a material effect on the statement of financial position, 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 the service capacity of an asset.

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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment 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.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**28. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	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.
<b>GENERAL PURPOSE FUNDING</b>	Rates, general purpose government grants and interest revenue. Costs associated with raising of rates, collection of debts and other funding activities within this programme.
<b>LAW, ORDER, PUBLIC SAFETY</b>	Supervision of various by-laws, fire prevention, emergency services and animal control. Operation of Council's Ranger services.
<b>HEALTH</b>	Food quality and pest control, monitoring and control of environmental health. Contract operation for health issues within the community.
<b>EDUCATION AND WELFARE</b>	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 support for the community youth centre.
<b>HOUSING</b>	Maintenance of staff and rental housing.
<b>COMMUNITY AMENITIES</b>	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.
<b>RECREATION AND CULTURE</b>	Maintenance of halls, swimming pool, recreation centres and various reserves, operation of library, TV and Radio broadcasting.
<b>TRANSPORT</b>	Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, depot maintenance and airport maintenance.
<b>ECONOMIC SERVICES</b>	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and building controls.
<b>OTHER PROPERTY AND SERVICES</b>	Private works operations and miscellaneous plant operations, overheads and administration costs initially charged here are reallocated to the relevant function area.



## 29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	16.06	7.27	4.39
Asset consumption ratio	0.86	0.95	0.98
Asset renewal funding ratio	1.16	1.20	0.91
Asset sustainability ratio	0.16	1.30	1.37
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.18)	0.01	(0.03)
Own source revenue coverage ratio	0.55	0.61	0.60

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Meekatharra

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the Shire of Meekatharra which comprises the Statement of Financial Position as at 30 June 2020, 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 my 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 for the year ended 30 June 2020 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**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A of the Regulations requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

The Chief Executive Officer (CEO) of the Shire 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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire'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.

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

### **Auditor's Responsibility for the Audit of the Financial Report**

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

### **Report on Other Legal and Regulatory Requirements**

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were 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 the Shire of Meekatharra for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



KELLIE TONICH  
SENIOR DIRECTOR, FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
16 December 2020