



# **ANNUAL REPORT 2020-2021**

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## **ADDRESS**

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Meekatharra WA 6642**

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**Meekatharra WA 6642**



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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. The Council Auditors actually made some very positive comments about the Shires financial management and accounting practices – something that is almost unheard of and is a testament to our staff who do an excellent job in keeping the accounting up to date and compliance in order.

We completed a large road construction program. We upgraded and sealed a total of 26 kilometres of road; a further 20 kilometres on Landor Road and 6 kilometres on Ashburton Downs Road. I believe this to be our biggest sealing program ever in a financial year. These programs were partly funded by Federal Government funding; the Building Better Regions Program, the Local Roads and Community Infrastructure Program and the Roads to Recovery Program – \$2.6M in total funding matched by \$2.6M of Council funding. We also sealed the laneway behind the Shire Offices which services the RV Dump Point. Our construction crew and contractors continue to do a top job maintaining our huge road network.



We completed the Lloyds Plaza project – the redevelopment of the old Lloyds Outback Centre. The Plaza was officially opened by the Hon Melissa Price MP during the September Meeka Festival weekend. An art exhibition and cocktail evening was held at the new facility on the Saturday night which was very well attended and brilliantly organised by the Shire Community Development team. This will be an amazing 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 continued to cause some changes in our operations including the closure of some facilities and some staff working from home. 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 always endeavour to keep our plant fleet well maintained and up to date. To this end we had our 140H Grader completely rebuilt.



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 and the Meekatharra Gymkhana Club. We also donated \$70,000 to the Royal Flying Doctor Service as part of our ongoing commitment to donate all airport landing fees back to the RFDS.

My thanks to Deputy Shire President, Cr Peter Clancy for his support and assistance during the year. Thanks also to my fellow Councillors for their dedication and hard work during the year. 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.

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. Roy tendered his resignation in April and will leave the Shire having provided over 15 years of dedicated service to the Council and the Community. We wish Roy and his wife, Nikki, all the best for a healthy and happy future.

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.

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 Project Officer Dave Macdonald who left us at the end of the year after 7 years with the Shire. Dave delivered on many and varied projects as our Project Officer and we wish him all the best for the future.



We had only one other staff change during the year with Karen Clare joining our ranks as Administration Officer. Karen has settled in well.

We had another busy and successful year with a large number of special projects and tasks completed. Our road upgrading program included; Mt Clere Road \$180k, Landor Road \$5.8M and Ashburton Downs Road \$2.4M. A massive road construction program by any measure!



Our Community Development team ran some excellent programs and projects during the year. These included the installation of very high-speed internet services to the town by tapping into the fibre optic cable that runs along the highway. The Art Exhibition and Cocktail evening at Lloyds Plaza was very memorable and amazing. What a great facility for our town! High quality video conferencing facilities were installed at the Council Chamber and Lloyds Plaza Conference Room.

We held the second town Christmas Party in the Town Hall. This was the biggest and best Christmas Party yet with over 400 people attending and having a great time – especially the kids who each received a present from Santa. Finally, congratulations to everyone involved in organising this year's Meeka Festival. It was a great success and the introduction of helicopter rides was very popular!

This will be my last CEO report. I provided my resignation in April giving the required 3 months notice but offered to stay on until a new CEO is appointed. My wife Nikki left Meeka in 2017 and has been living in Perth since then. It is now time for us to live under the same roof again. I have very much enjoyed my 15+ years here in Meeka. We have made many great friends and the Council has always been encouraging and supportive. My sincere thanks to President Harvey for his support and assistance during his time as Shire President. My thanks also go to Harvey's predecessors Norm Trenfield and Tom Hutchinson. My thanks also go to the amazing people I have worked with at the Shire. A CEO is only ever as good as the people he works with and I have been most fortunate, here in Meeka, to have worked with some of the best in the industry. We will always remember our time in Meeka with great fondness and appreciation – thank you.



**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 and 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 was one complaint for the 2020/2021 reporting year.

| Date      | Complainant      | Council Members | Description of Complaint  | Action Taken  |
|-----------|------------------|-----------------|---|---|
| 5/11/2020 | Mr Darryl Curley | Cr Philip Moses | Breach of Regulation 7 of the Local Government (Rules of Conduct) Regulations 2007 – made derogatory remarks towards a member of Yulella Aboriginal Corporation on 17 April 2020. | Standard Panel decision. Cr Moses is to:<br>a. Make a public apology<br>b. Undertake training |





# 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 2021/22.



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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 \$130,000 or more, and to break those employees into salary bands of \$10,000.

For the 2020-21 period the Shire of Meekatharra had 4 employees whose salary exceeded \$130,000.

Of these employees:

- . One employee had a salary of between \$130,000 and \$140,000
- . One employee had a salary of between \$140,000 and \$150,000
- . One employee had a salary of between \$150,000 and \$160,000
- . One employee had a salary of between \$230,000 and \$240,000



# Elected Member Attendance at Council Meetings 2020/2021

|                            | Ordinary Meeting of Council | Special 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>1</b>                | <b>4</b>                 | <b>11</b>  |
| <b>Cr Harvey Nichols</b>   | <b>12</b>                   | <b>1</b>                   | <b>1</b>                | <b>4</b>                 | <b>11</b>  |
| <b>Cr Peter Clancy</b>     | <b>8</b>                    | <b>1</b>                   | <b>1</b>                | <b>3</b>                 | <b>6</b>   |
| <b>*Cr Andrew Binsiar</b>  | <b>2</b>                    | <b>0</b>                   | <b>0</b>                | <b>1</b>                 | <b>1</b>   |
| <b>Cr David Hodder</b>     | <b>10</b>                   | <b>1</b>                   | <b>0</b>                | <b>3</b>                 | <b>10</b>  |
| <b>Cr Matthew Hall</b>     | <b>10</b>                   | <b>0</b>                   | <b>1</b>                | <b>3</b>                 | <b>9</b>   |
| <b>Cr Phillip Moses</b>    | <b>10</b>                   | <b>0</b>                   | <b>1</b>                | <b>4</b>                 | <b>9</b>   |
| <b>Cr Mark Smith</b>       | <b>12</b>                   | <b>1</b>                   | <b>1</b>                | <b>4</b>                 | <b>11</b>  |

**Notes:**

\*Cr Andrew Binsiar resigned from Council 16/08/2020.

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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.

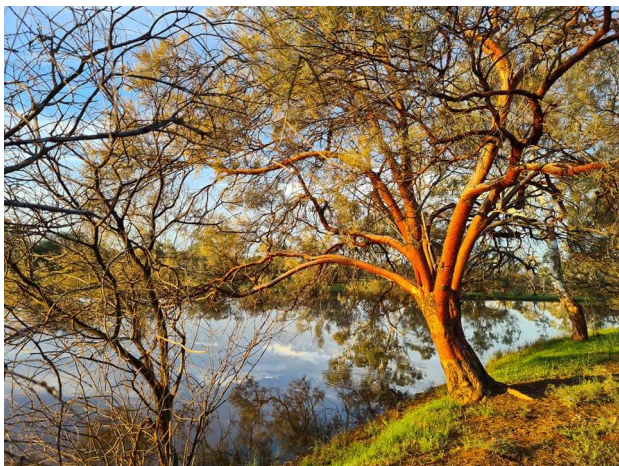
The Chief Executive Officer has complied with all obligations under the Act including:

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 2020-21 no disclosures relating to improper conduct were made to the Shire, and no disclosures were referred to the Ombudsman.



# Key Items of Capital Expenditure



2020/21 provided for just over \$12m in capital expenditure. Key items included:

- Just over \$256K was spent in the year to complete Stage 1 of Lloyd's Renovations. The renovations commenced a couple of years ago after a few years of community consultation and planning. This was a major building development for the shire. The project revitalized a large portion of pre-existing unused building into a multipurpose facility that is anticipated to 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. Total project cost for Stage 1 was in excess of \$2M.
- Tenants began operating from Lloyd's Plaza in March 2021. At this time the café, shops, art gallery and hairdresser provided much needed services to the community. Both residents and visitors to the region commented on the high quality of the facility and availed themselves of the new amenities.
- Just over \$11M was spent on road works including \$4.1M for further sealing works on Landor Road (partly funded by the federal government). The first sealed 6km section was completed on Ashburton Downs Road. The sealing works cost \$1.1M with Royalties for Regions funding almost \$800k. 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.

- Work commenced on a newly created area within the town refuse site to allow for the disposal of tyres at this facility. Previously tyres needed to be disposed of at a location further out from the Meekatharra townsite at much greater expense.
- The Shire owned 140H grader was completely rebuilt this year. Whilst an expensive exercise reconditioning this hard-wearing, robust and reliable model is a worthwhile investment. The reconditioned grader is effectively the equivalent of a new grader.
- The cemetery received a revamp with a newly created wall and shelter creating a symmetrical entrance to this site. The large gazebo was renovated and included new seating and decking to provide a welcome shady spot for attendees at this site when visiting their departed loved ones.

- Dog and cat sterilisation programs that were introduced in the 2018/19 year again proved to be well utilised. Many locals have commented on the reduced number of animals wandering on the streets. These initiatives have proven to be successful and are likely to continue in the upcoming years.



- Approximately \$1.1M was spent on Youth & Recreation Services. This included staffing, activities at the youth centre, camps for the youth and sporting activities including the pool.
- A further \$10k was contributed towards additional lighting at the GoKart track which is a Shire asset. Additional costs were met by the GoKart club.
- \$50k was put into a Reserve account this year to allow funds to be available for retiling of the swimming pool basin in 2021/22.



# 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 2021/22. 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 2021**

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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 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Meekatharra at 30 June 2021 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                      First                      day of                      December                      2021

  
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Kelvin John Matthews  
Name of Chief Executive Officer

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF MEEKATHARRA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|   | NOTE  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Rates   | 24(a) | 4,651,030            | 4,299,507            | 4,274,148            |
| Operating grants, subsidies and contributions                                   | 2(a)  | 4,136,521            | 2,070,499            | 4,039,894            |
| Fees and charges  | 2(a)  | 1,292,321            | 1,384,241            | 1,238,310            |
| Interest earnings   | 2(a)  | 299,957              | 267,044              | 601,417              |
| Other revenue   | 2(a)  | 401,968              | 321,055              | 294,970              |
|   |       | <b>10,781,797</b>    | <b>8,342,346</b>     | <b>10,448,739</b>    |
| <b>Expenses</b>   |       |                      |                      |                      |
| Employee costs  |       | (1,499,405)          | (1,759,393)          | (1,307,625)          |
| Materials and contracts   |       | (2,245,829)          | (3,005,454)          | (2,305,999)          |
| Utility charges   |       | (354,087)            | (451,842)            | (331,476)            |
| Depreciation on non-current assets  | 10(b) | (7,522,811)          | (7,160,158)          | (7,158,515)          |
| Insurance expenses  |       | (226,687)            | (216,311)            | (235,506)            |
| Other expenditure   |       | (188,807)            | (288,444)            | (233,176)            |
|   |       | <b>(12,037,626)</b>  | <b>(12,881,602)</b>  | <b>(11,572,297)</b>  |
|   |       | <b>(1,255,829)</b>   | <b>(4,539,256)</b>   | <b>(1,123,558)</b>   |
| Non-operating grants, subsidies and contributions                               | 2(a)  | 4,361,870            | 19,122,815           | 2,235,646            |
| Loss on asset disposals   | 10(a) | -                    | (89,338)             | (24,434)             |
| Fair value adjustments to financial assets at fair value through profit or loss |       | 1,939                | -                    | 864                  |
|   |       | <b>4,363,809</b>     | <b>19,033,477</b>    | <b>2,212,076</b>     |
| <b>Net result for the period</b>  |       | <b>3,107,980</b>     | <b>14,494,221</b>    | <b>1,088,518</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    | 4,300,369            | -                    | (287,174)            |
| <b>Total other comprehensive income for the period</b>                          |       | <b>4,300,369</b>     | <b>-</b>             | <b>(287,174)</b>     |
| <b>Total comprehensive income for the period</b>                                |       | <b>7,408,349</b>     | <b>14,494,221</b>    | <b>801,344</b>       |

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF MEEKATHARRA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|   | NOTE  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Governance  |       | -                    | 80                   | 80                   |
| General purpose funding   |       | 8,693,355            | 6,179,127            | 8,503,435            |
| Law, order, public safety   |       | 20,357               | 14,345               | 11,029               |
| Health  |       | 2,880                | 6,104                | 9,774                |
| Education and welfare   |       | 119,472              | 149,614              | 123,650              |
| Housing   |       | 49,719               | 29,500               | 47,151               |
| Community amenities   |       | 111,127              | 140,797              | 118,611              |
| Recreation and culture  |       | 138,004              | 186,526              | 130,555              |
| Transport   |       | 1,444,792            | 1,348,789            | 1,199,942            |
| Economic services   |       | 41,243               | 153,562              | 178,200              |
| Other property and services   |       | 160,848              | 133,902              | 126,312              |
|   |       | <b>10,781,797</b>    | <b>8,342,346</b>     | <b>10,448,739</b>    |
| <b>Expenses</b>   |       |                      |                      |                      |
| Governance  |       | (535,124)            | (721,006)            | (588,437)            |
| General purpose funding   |       | (209,385)            | (229,167)            | (182,232)            |
| Law, order, public safety   |       | (147,145)            | (225,814)            | (157,836)            |
| Health  |       | (131,560)            | (128,480)            | (89,041)             |
| Education and welfare   |       | (635,100)            | (828,190)            | (553,938)            |
| Housing   |       | (55,615)             | (29,500)             | (45,389)             |
| Community amenities   |       | (458,705)            | (673,115)            | (452,547)            |
| Recreation and culture  |       | (1,422,916)          | (1,814,214)          | (1,343,610)          |
| Transport   |       | (7,806,769)          | (7,378,209)          | (7,545,714)          |
| Economic services   |       | (417,919)            | (614,336)            | (457,148)            |
| Other property and services   |       | (217,388)            | (239,571)            | (156,405)            |
|   |       | <b>(12,037,626)</b>  | <b>(12,881,602)</b>  | <b>(11,572,297)</b>  |
|   |       | <b>(1,255,829)</b>   | <b>(4,539,256)</b>   | <b>(1,123,558)</b>   |
| Non-operating grants, subsidies and contributions                               | 2(a)  | 4,361,870            | 19,122,815           | 2,235,646            |
| Loss on disposal of assets  | 10(a) | -                    | (89,338)             | (24,434)             |
| Fair value adjustments to financial assets at fair value through profit or loss |       | 1,939                | -                    | 864                  |
|   |       | <b>4,363,809</b>     | <b>19,033,477</b>    | <b>2,212,076</b>     |
| <b>Net result for the period</b>  |       | <b>3,107,980</b>     | <b>14,494,221</b>    | <b>1,088,518</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    | 4,300,369            | -                    | (287,174)            |
| <b>Total other comprehensive income for the period</b>                          |       | <b>4,300,369</b>     | <b>-</b>             | <b>(287,174)</b>     |
| <b>Total comprehensive income for the period</b>                                |       | <b>7,408,349</b>     | <b>14,494,221</b>    | <b>801,344</b>       |

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF MEEKATHARRA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

|  | <b>NOTE</b> | <b>2021</b>        | <b>2020</b>        |
|--|-------------|--------------------|--------------------|
|  |             | <b>\$</b>          | <b>\$</b>          |
| <b>CURRENT ASSETS</b>                  |             |                    |                    |
| Cash and cash equivalents              | 3           | 9,574,586          | 5,580,540          |
| Trade and other receivables            | 6           | 1,220,695          | 1,679,397          |
| Other financial assets                 | 5(a)        | 21,136,920         | 21,280,349         |
| Inventories                            | 7           | 100,012            | 98,549             |
| <b>TOTAL CURRENT ASSETS</b>            |             | <b>32,032,213</b>  | <b>28,638,835</b>  |
| <b>NON-CURRENT ASSETS</b>              |             |                    |                    |
| Other financial assets                 | 5(b)        | 55,355             | 53,416             |
| Property, plant and equipment          | 8           | 19,997,956         | 20,398,860         |
| Infrastructure                         | 9           | 102,583,769        | 93,379,172         |
| <b>TOTAL NON-CURRENT ASSETS</b>        |             | <b>122,637,080</b> | <b>113,831,448</b> |
| <b>TOTAL ASSETS</b>                    |             | <b>154,669,293</b> | <b>142,470,283</b> |
| <b>CURRENT LIABILITIES</b>             |             |                    |                    |
| Trade and other payables               | 12          | 1,993,689          | 498,209            |
| Contract liabilities                   | 13          | 3,283,530          | -                  |
| Employee related provisions            | 15          | 369,103            | 354,285            |
| <b>TOTAL CURRENT LIABILITIES</b>       |             | <b>5,646,322</b>   | <b>852,494</b>     |
| <b>NON-CURRENT LIABILITIES</b>         |             |                    |                    |
| Employee related provisions            | 15          | 27,459             | 30,626             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |             | <b>27,459</b>      | <b>30,626</b>      |
| <b>TOTAL LIABILITIES</b>               |             | <b>5,673,781</b>   | <b>883,120</b>     |
| <b>NET ASSETS</b>                      |             | <b>148,995,512</b> | <b>141,587,163</b> |
| <b>EQUITY</b>                          |             |                    |                    |
| Retained surplus                       |             | 62,238,675         | 58,987,266         |
| Reserves - cash/financial asset backed | 4           | 21,136,920         | 21,280,349         |
| Revaluation surplus                    | 11          | 65,619,917         | 61,319,548         |
| <b>TOTAL EQUITY</b>                    |             | <b>148,995,512</b> | <b>141,587,163</b> |

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

**William Buck Audit (WA) Pty Ltd**



SHIRE OF MEEKATHARRA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

|   | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH/FINANCIAL<br>ASSET<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|---|------|---------------------------|---|------------------------------|-----------------------|
| Balance as at 1 July 2019                               |      | 59,104,782                | 20,074,315  | 61,816,022                   | 140,995,119           |
| Change in accounting policy                             |      | -                         | -   | (209,300)                    | (209,300)             |
| Restated balance at the beginning of the financial year |      | 59,104,782                | 20,074,315  | 61,606,722                   | 140,785,819           |
| 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               |
| Transfers to reserves                                   | 4    | (1,206,034)               | 1,206,034   | -                            | -                     |
| Balance as at 30 June 2020                              |      | 58,987,266                | 21,280,349  | 61,319,548                   | 141,587,163           |
| Comprehensive income                                    |      |                           |   |                              |                       |
| Net result for the period                               |      | 3,107,980                 | -   | -                            | 3,107,980             |
| Other comprehensive income                              | 11   | -                         | -   | 4,300,369                    | 4,300,369             |
| Total comprehensive income                              |      | 3,107,980                 | -   | 4,300,369                    | 7,408,349             |
| Transfers from reserves                                 | 4    | 1,100,000                 | (1,100,000)   | -                            | -                     |
| Transfers to reserves                                   | 4    | (956,571)                 | 956,571   | -                            | -                     |
| Balance as at 30 June 2021                              |      | 62,238,675                | 21,136,920  | 65,619,917                   | 148,995,512           |

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

William Buck Audit (WA) Pty Ltd



**SHIRE OF MEEKATHARRA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|  | NOTE  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |       |                      |                      |                      |
| <b>Receipts</b>  |       |                      |                      |                      |
| Rates  |       | 5,240,300            | 4,299,507            | 3,666,665            |
| Operating grants, subsidies and contributions                    |       | 7,609,230            | 2,070,499            | 5,000,318            |
| Fees and charges   |       | 1,219,100            | 1,384,241            | 1,238,310            |
| Interest received  |       | 299,957              | 267,044              | 601,417              |
| Goods and services tax received                                  |       | 724,648              | 950,000              | 818,084              |
| Other revenue  |       | 401,968              | 321,055              | 294,970              |
|  |       | 15,495,203           | 9,292,346            | 11,619,764           |
| <b>Payments</b>  |       |                      |                      |                      |
| Employee costs   |       | (1,487,754)          | (1,759,393)          | (1,292,940)          |
| Materials and contracts  |       | (769,984)            | (3,005,454)          | (2,658,083)          |
| Utility charges  |       | (354,087)            | (451,842)            | (331,476)            |
| Insurance paid   |       | (226,687)            | (216,311)            | (235,506)            |
| Goods and services tax paid                                      |       | (953,002)            | (950,000)            | (814,292)            |
| Other expenditure  |       | (188,807)            | (288,444)            | (233,176)            |
|  |       | (3,980,321)          | (6,671,444)          | (5,565,473)          |
| <b>Net cash provided by operating activities</b>                 | 16    | 11,514,882           | 2,620,902            | 6,054,291            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |       |                      |                      |                      |
| Payments for purchase of property, plant & equipment             | 8(a)  | (757,349)            | (2,498,282)          | (2,916,150)          |
| Payments for construction of infrastructure                      | 9(a)  | (11,268,786)         | (25,240,538)         | (2,962,487)          |
| Non-operating grants, subsidies and contributions                | 2(a)  | 4,361,870            | 19,122,815           | 2,235,646            |
| Payments for financial assets at amortised cost - term deposits  | 5(a)  | -                    | -                    | (1,206,035)          |
| Proceeds from financial assets at amortised cost - term deposits | 5(a)  | 143,429              | -                    | -                    |
| Proceeds from sale of property, plant & equipment                | 10(a) | -                    | 221,000              | 50,545               |
| <b>Net cash by used in investment activities</b>                 |       | (7,520,836)          | (8,395,005)          | (4,798,480)          |
| <b>Net increase /(decrease) in cash held</b>                     |       | 3,994,046            | (5,774,103)          | 1,255,811            |
| Cash at beginning of year  |       | 5,580,540            | 27,361,947           | 4,324,728            |
| <b>Cash and cash equivalents at the end of the year</b>          | 3     | 9,574,586            | 21,587,844           | 5,580,540            |

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

**William Buck Audit (WA) Pty Ltd**

**SHIRE OF MEEKATHARRA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

|   | NOTE   | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|--------|----------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                       |        |                      |                      |                      |
| Net current assets at start of financial year - surplus/(deficit) | 25 (b) | 6,860,278            | 5,792,283            | 5,607,420            |
|   |        | 6,860,278            | 5,792,283            | 5,607,420            |
| <b>Revenue from operating activities (excluding rates)</b>        |        |                      |                      |                      |
| Governance  |        | -                    | 80                   | 80                   |
| General purpose funding   |        | 4,042,325            | 1,879,620            | 4,229,287            |
| Law, order, public safety   |        | 20,357               | 14,345               | 11,029               |
| Health  |        | 2,880                | 6,104                | 9,774                |
| Education and welfare   |        | 119,472              | 149,614              | 123,650              |
| Housing   |        | 49,719               | 29,500               | 47,151               |
| Community amenities   |        | 111,127              | 140,797              | 118,611              |
| Recreation and culture  |        | 138,004              | 186,526              | 130,555              |
| Transport   |        | 1,444,792            | 1,348,789            | 1,199,942            |
| Economic services   |        | 43,182               | 153,562              | 179,064              |
| Other property and services                                       |        | 160,848              | 133,902              | 126,312              |
|   |        | 6,132,706            | 4,042,839            | 6,175,455            |
| <b>Expenditure from operating activities</b>                      |        |                      |                      |                      |
| Governance  |        | (535,124)            | (721,006)            | (588,437)            |
| General purpose funding   |        | (209,385)            | (229,167)            | (182,232)            |
| Law, order, public safety   |        | (147,145)            | (225,814)            | (157,836)            |
| Health  |        | (131,560)            | (128,480)            | (89,041)             |
| Education and welfare   |        | (635,100)            | (843,390)            | (553,938)            |
| Housing   |        | (55,615)             | (29,500)             | (45,389)             |
| Community amenities   |        | (458,705)            | (673,115)            | (452,547)            |
| Recreation and culture  |        | (1,422,916)          | (1,814,214)          | (1,351,947)          |
| Transport   |        | (7,806,769)          | (7,452,347)          | (7,561,811)          |
| Economic services   |        | (417,919)            | (614,336)            | (457,148)            |
| Other property and services                                       |        | (217,388)            | (239,571)            | (156,405)            |
|   |        | (12,037,626)         | (12,970,940)         | (11,596,731)         |
| Non-cash amounts excluded from operating activities               | 25(a)  | 7,532,522            | 7,249,496            | 7,198,465            |
| <b>Amount attributable to operating activities</b>                |        | 8,487,880            | 4,113,678            | 7,384,609            |
| <b>INVESTING ACTIVITIES</b>                                       |        |                      |                      |                      |
| Non-operating grants, subsidies and contributions                 | 2(a)   | 4,361,870            | 19,122,815           | 2,235,646            |
| Proceeds from disposal of assets                                  | 10(a)  | -                    | 221,000              | 50,545               |
| Purchase of property, plant and equipment                         | 8(a)   | (757,349)            | (2,498,282)          | (2,916,150)          |
| Purchase and construction of infrastructure                       | 9(a)   | (11,268,786)         | (25,240,537)         | (2,962,487)          |
|   |        | (7,664,265)          | (8,395,004)          | (3,592,445)          |
| <b>Amount attributable to investing activities</b>                |        | (7,664,265)          | (8,395,004)          | (3,592,445)          |
| <b>FINANCING ACTIVITIES</b>                                       |        |                      |                      |                      |
| Transfers to reserves (restricted assets)                         | 4      | (956,571)            | (918,180)            | (1,206,034)          |
| Transfers from reserves (restricted assets)                       | 4      | 1,100,000            | 900,000              | -                    |
| <b>Amount attributable to financing activities</b>                |        | 143,429              | (18,180)             | (1,206,034)          |
| <b>Surplus/(deficit) before imposition of general rates</b>       |        | 967,044              | (4,299,507)          | 2,586,130            |
| <b>Total amount raised from general rates</b>                     | 24(a)  | 4,651,030            | 4,299,507            | 4,274,148            |
| <b>Surplus/(deficit) after imposition of general rates</b>        | 25(b)  | 5,618,074            | -                    | 6,860,278            |

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 2021**

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**FOR THE YEAR ENDED 30 JUNE 2021**

**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.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* 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 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.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, measurement at fair value of selected non-current assets, financial assets and liabilities.

**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.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were:

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

The adoption of these standards had no material impact on the financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

The following new accounting standards will have application to local government in future years:

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

**SHIRE OF MEEKATHARRA**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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:

|  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Operating grants, subsidies and contributions</b>     |                      |                      |                      |
| General purpose funding                                  | 3,696,120            | 1,594,477            | 3,613,378            |
| Law, order, public safety                                | 17,685               | 10,345               | 10,005               |
| Education and welfare                                    | 113,559              | 121,814              | 112,124              |
| Recreation and culture                                   | -                    | 20,000               | -                    |
| Transport  | 309,157              | 317,864              | 304,387              |
| Economic services  | -                    | 6,000                | -                    |
|  | 4,136,521            | 2,070,500            | 4,039,894            |
| <b>Non-operating grants, subsidies and contributions</b> |                      |                      |                      |
| Recreation and culture                                   | 10,515               | 583,423              | 619,452              |
| Transport  | 4,351,355            | 18,539,392           | 1,616,194            |
|  | 4,361,870            | 19,122,815           | 2,235,646            |
| <b>Total grants, subsidies and contributions</b>         | 8,498,391            | 21,193,315           | 6,275,540            |
| <b>Fees and charges</b>                                  |                      |                      |                      |
| General purpose funding                                  | 11,680               | 15,100               | 14,420               |
| Law, order, public safety                                | 2,553                | 4,000                | 1,023                |
| Health   | 2,880                | 5,831                | 9,774                |
| Housing  | 28,758               | 25,000               | 28,305               |
| Community amenities                                      | 105,242              | 139,797              | 118,611              |
| Recreation and culture                                   | 29,762               | 103,026              | 26,984               |
| Transport  | 1,081,572            | 959,525              | 834,662              |
| Economic services  | 20,377               | 104,562              | 173,283              |
| Other property and services                              | 9,497                | 27,400               | 31,248               |
|  | 1,292,321            | 1,384,241            | 1,238,310            |

There were no changes to the amounts of fees or charges detailed in the original budget.

**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**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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:

|   | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions     | 152,159              | 131,244              | 122,129              |
| Fees and charges                                  | 1,289,334            | 1,364,048            | 1,230,394            |
| Other revenue                                     | 65,298               | 321,055              | 65,770               |
| Non-operating grants, subsidies and contributions | 4,361,870            | 19,122,815           | 2,235,646            |
|   | <u>5,868,661</u>     | <u>20,939,162</u>    | <u>3,653,938</u>     |

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

|   |                  |                   |                  |
|---|------------------|-------------------|------------------|
| Revenue from contracts with customers recognised during the year  | 1,506,791        | 1,816,347         | 1,418,292        |
| Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year | 4,361,870        | 19,122,815        | 2,235,646        |
|   | <u>5,868,661</u> | <u>20,939,162</u> | <u>3,653,938</u> |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

|  |             |   |   |
|--|-------------|---|---|
| Contract liabilities from contracts with customers | (3,283,530) | - | - |
|--|-------------|---|---|

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

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

**(a) Revenue (Continued)**

**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                  | 4,651,030        | 4,299,507        | 4,274,148        |
| Statutory permits and licences | 2,291            | 19,193           | 7,824            |
| Fines                          | 696              | 1,000            | 92               |
|                                | <b>4,654,017</b> | <b>4,319,700</b> | <b>4,282,064</b> |

**Other revenue**

|                               |                |                |                |
|-------------------------------|----------------|----------------|----------------|
| Reimbursements and recoveries | 336,670        | 229,200        | 242,250        |
| Other                         | 65,298         | 91,855         | 52,720         |
|                               | <b>401,968</b> | <b>321,055</b> | <b>294,970</b> |

**Interest earnings**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Interest on reserve funds                                | 212,891        | 174,499        | 428,681        |
| Rates instalment and penalty interest (refer Note 24(d)) | 83,900         | 86,545         | 125,339        |
| Other interest earnings                                  | 3,166          | 6,000          | 47,397         |
|  | <b>299,957</b> | <b>267,044</b> | <b>601,417</b> |

**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.

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

**(b) Expenses**

**Auditors remuneration**

|  |               |               |               |
|--|---------------|---------------|---------------|
| - Audit of the Annual Financial Report | 29,900        | 45,000        | 41,773        |
| - Other services                       | 1,400         | -             | 1,265         |
|  | <b>31,300</b> | <b>45,000</b> | <b>43,038</b> |

**Other expenditure**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Increase/(Reduction) in impairment loss on trade and other receivables | (73,221)       | 10,000         | (33,464)       |
| Sundry expenses  | 262,028        | 278,444        | 266,640        |
|  | <b>188,807</b> | <b>288,444</b> | <b>233,176</b> |

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**3. CASH AND CASH EQUIVALENTS**

| NOTE   | 2021              | 2020              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Unrestricted cash  | 9,574,586         | 5,580,540         |
| <b>Total cash and cash equivalents</b>   | <b>9,574,586</b>  | <b>5,580,540</b>  |
| <b>Restrictions</b>  |                   |                   |
| 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: |                   |                   |
| - Cash and cash equivalents  | 3,283,530         | -                 |
| - Financial assets at amortised cost   | 21,136,920        | 21,280,349        |
|  | <b>24,420,450</b> | <b>21,280,349</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  | 21,136,920        | 21,280,349        |
| Contract liabilities from contracts with customers | 13 | 3,283,530         | -                 |
| <b>Total restricted assets</b>                     |    | <b>24,420,450</b> | <b>21,280,349</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.

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| 4. RESERVES - CASH/FINANCIAL ASSET BACKED                   | 2021 Actual     | 2021 Actual | 2021 Actual     | 2021 Actual     | 2021 Budget     | 2021 Budget | 2021 Budget     | 2021 Budget     | 2020 Actual     | 2020 Actual | 2020 Actual     | 2020 Actual     |
|---|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|
|   | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance |
|   | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$              |
| (a) Leave Reserve   | 394,216         | 3,944       | -               | 398,160         | 394,216         | 3,233       | -               | 397,449         | 385,191         | 9,025       | -               | 394,216         |
| (b) Plant Reserve   | 2,634,032       | 26,351      | -               | 2,660,383       | 2,634,033       | 21,599      | -               | 2,655,632       | 2,573,716       | 60,316      | -               | 2,634,032       |
| (c) Airport Reserve   | 943,953         | 9,443       | -               | 953,396         | 943,953         | 7,740       | -               | 951,693         | 922,337         | 21,616      | -               | 943,953         |
| (d) Airport Runway Reserve                                  | 2,914,039       | 29,153      | -               | 2,943,192       | 2,914,039       | 23,895      | -               | 2,937,934       | 2,847,311       | 66,728      | -               | 2,914,039       |
| (e) Building Reserve  | 1,436,843       | 14,375      | (200,000)       | 1,251,218       | 1,436,843       | 11,782      | -               | 1,448,625       | 1,403,941       | 32,902      | -               | 1,436,843       |
| (f) Industrial Park Reserve                                 | 841,428         | 8,418       | -               | 849,846         | 841,428         | 6,900       | -               | 848,328         | 822,160         | 19,268      | -               | 841,428         |
| (g) Infrastructure & Development Reserve                    | 1,007,301       | 10,077      | -               | 1,017,378       | 1,007,300       | 8,260       | -               | 1,015,560       | 984,234         | 23,067      | -               | 1,007,301       |
| (h) Interpretive Centre Reserve                             | 1,872,501       | 18,732      | -               | 1,891,233       | 1,872,500       | 15,355      | -               | 1,887,855       | 1,829,622       | 42,879      | -               | 1,872,501       |
| (i) Lloyd'S Revitalisation Reserve                          | 1,556,137       | 15,567      | -               | 1,571,704       | 1,556,136       | 12,760      | -               | 1,568,896       | 1,319,317       | 236,820     | -               | 1,556,137       |
| (j) Reseals & Rejuvenation Reserve                          | 4,580,118       | 525,500     | -               | 5,105,618       | 4,580,118       | 517,237     | -               | 5,097,355       | 4,006,542       | 573,576     | -               | 4,580,118       |
| (k) Roads -Second / Final Seals Reserve                     | 1,727,471       | 17,282      | -               | 1,744,753       | 1,727,471       | 14,165      | -               | 1,741,636       | 1,687,914       | 39,557      | -               | 1,727,471       |
| (l) Shire Water Reserve                                     | 319,452         | 3,196       | -               | 322,648         | 319,452         | 2,620       | -               | 322,072         | 312,137         | 7,315       | -               | 319,452         |
| (m) Swimming Pool Reserve                                   | 101,172         | 51,012      | -               | 152,184         | 101,172         | 50,830      | -               | 152,002         | 50,000          | 51,172      | -               | 101,172         |
| (n) Transport Reserve                                       | 951,686         | 9,521       | (900,000)       | 61,207          | 951,686         | 7,804       | (900,000)       | 59,490          | 929,893         | 21,793      | -               | 951,686         |
| (o) Covid 19 Emergency Response/Cashflow Supplement Reserve | -               | 214,000     | -               | 214,000         | -               | 214,000     | -               | 214,000         | -               | -           | -               | -               |
|   | 21,280,349      | 956,571     | (1,100,000)     | 21,136,920      | 21,280,347      | 918,180     | (900,000)       | 21,298,527      | 20,074,315      | 1,206,034   | -               | 21,280,349      |

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) Plant Reserve   | Ongoing                 | - To be used for the acquisition of major plant on an ongoing basis.   |
| (c) Airport Reserve   | Ongoing                 | - To be used to fund the capital improvements of the airport infrastructure.   |
| (d) Airport Runway Reserve                                  | Ongoing                 | - To be used to fund the future construction requirements of the airport runway.                                       |
| (e) Building Reserve  | Ongoing                 | - To be used for the future building requirements for Council purposes.  |
| (f) Industrial Park Reserve                                 | Ongoing                 | - To be used to fund the development of a new industrial park within the Shire.  |
| (g) Infrastructure & Development Reserve                    | Ongoing                 | - To be used to development existing town infrastructure of a commercial or non commercial nature and fund projects    |
| (h) Interpretive Centre Reserve                             | Ongoing                 | - To be used to acquire and refurbish the Interpretive Centre.   |
| (i) Lloyd'S Revitalisation Reserve                          | Ongoing                 | - To be used to fund the renovations and building works as per Meeka Revitalisation plan at Lloyd's building.          |
| (j) Reseals & Rejuvenation Reserve                          | Ongoing                 | - To be used to fund reseals and rejuvenation of sealed roads.   |
| (k) Roads -Second / Final Seals Reserve                     | Ongoing                 | - To be used to fund final seals to roads that have previously been primer sealed.                                     |
| (l) Shire Water Reserve                                     | Ongoing                 | - To be used for capital water requirements of parks and gardens administered by the Shire.                            |
| (m) Swimming Pool Reserve                                   | Ongoing                 | - To be used to fund retiling the swimming pool basins.  |
| (n) Transport Reserve                                       | Ongoing                 | - To be used to fund the expansion of the road network that cannot be met by operating income.                         |
| (o) Covid 19 Emergency Response/Cashflow Supplement Reserve | Ongoing                 | -To be used to provide assistance to local businesses and provision of critical services during the Covid-19 pandemic. |



## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

#### Other financial assets at amortised cost

Term deposits

### (b) Non-current assets

Financial assets at fair value through profit and loss

#### Financial assets at fair values through profit and loss

Units in Local Government House Trust

|  | 2021       | 2020       |
|--|------------|------------|
|  | \$         | \$         |
|  | 21,136,920 | 21,280,349 |
|  | 21,136,920 | 21,280,349 |
|  | 55,355     | 53,416     |
|  | 55,355     | 53,416     |

### 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 26.

## 6. TRADE AND OTHER RECEIVABLES

### Current

|   |  |
|---|--|
| Rates Outstanding                       |  |
| Sundry Debtors                          |  |
| GST receivable                          |  |
| Allowance for impairment of receivables |  |

| 2021      | 2020      |
|-----------|-----------|
| \$        | \$        |
| 791,619   | 1,362,717 |
| 157,266   | 346,445   |
| 365,686   | 137,332   |
| (93,876)  | (167,097) |
| 1,220,695 | 1,679,397 |

### 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 26.

### 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

The following movements in inventories occurred during the year:

### Balance at beginning of year

Inventories expensed during the year

Additions to inventory

### Balance at end of year

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | \$        | \$        |
|  | 100,012   | 98,549    |
|  | 100,012   | 98,549    |
|  | 98,549    | 90,303    |
|  | (673,977) | (692,931) |
|  | 675,440   | 701,177   |
|  | 100,012   | 98,549    |

## 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.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Balances

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

|  | Land -<br>Freehold<br>Land | Buildings  | Total Land<br>and<br>Buildings | Furniture<br>and<br>Equipment | Plant and<br>Equipment | Total<br>Property,<br>Plant and<br>Equipment |
|--|----------------------------|------------|--------------------------------|-------------------------------|------------------------|--|
|  | \$                         | \$         | \$                             | \$                            | \$                     | \$   |
| <b>Balance at 1 July 2019</b>  | 727,600                    | 12,638,065 | 13,365,665                     | 160,376                       | 5,465,697              | 18,991,739                                   |
| Additions  | -                          | 2,192,791  | 2,192,791                      | 35,532                        | 687,827                | 2,916,150                                    |
| (Disposals)  | -                          | -          | -                              | -                             | (66,642)               | (66,642)                                     |
| Revaluation increments / (decrements) transferred to revaluation surplus | 600                        | 145,226    | 145,826                        | -                             | (433,000)              | (287,174)                                    |
| Depreciation (expense)   | -                          | (753,399)  | (753,399)                      | (33,092)                      | (368,722)              | (1,155,213)                                  |
| <b>Balance at 30 June 2020</b>   | 728,200                    | 14,222,683 | 14,950,883                     | 162,815                       | 5,285,162              | 20,398,860                                   |
| <b>Comprises:</b>  |                            |            |                                |                               |                        |  |
| Gross balance amount at 30 June 2020                                     | 728,200                    | 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>Balance at 30 June 2020</b>   | 728,200                    | 14,222,683 | 14,950,883                     | 162,815                       | 5,285,162              | 20,398,860                                   |
| Additions  | -                          | 333,264    | 333,264                        | 33,480                        | 390,605                | 757,349                                      |
| Depreciation (expense)   | -                          | (754,131)  | (754,131)                      | (36,328)                      | (367,794)              | (1,158,253)                                  |
| <b>Balance at 30 June 2021</b>   | 728,200                    | 13,801,816 | 14,530,016                     | 159,967                       | 5,307,973              | 19,997,956                                   |
| <b>Comprises:</b>  |                            |            |                                |                               |                        |  |
| Gross balance amount at 30 June 2021                                     | 728,200                    | 14,555,947 | 15,284,147                     | 236,713                       | 6,044,489              | 21,565,349                                   |
| Accumulated depreciation at 30 June 2021                                 | -                          | (754,131)  | (754,131)                      | (76,746)                      | (736,516)              | (1,567,393)                                  |
| <b>Balance at 30 June 2021</b>   | 728,200                    | 13,801,816 | 14,530,016                     | 159,967                       | 5,307,973              | 19,997,956                                   |



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

### (b) Carrying Value Measurements

| Asset Class                 | Fair Value Hierarchy | Valuation Technique  | Basis of Valuation    | Date of Last Valuation | Inputs Used  |
|-----------------------------|----------------------|--|-----------------------|------------------------|--|
| <b>(i) Fair Value</b>       |                      |  |                       |                        |  |
| <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. |

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.

|                                |     |   |                       |           |   |
|--------------------------------|-----|---|-----------------------|-----------|---|
| <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.  |

## 9. INFRASTRUCTURE

### (a) Movements in Balances

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

|  | Infrastructure<br>Roads | Infrastructure<br>Footpaths | Infrastructure<br>Airport | Infrastructure<br>Other | Total<br>Infrastructure |
|--|-------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|
|  | \$                      | \$                          | \$                        | \$                      | \$                      |
| <b>Balance at 1 July 2019</b>  | 86,945,769              | 177,974                     | 4,820,985                 | 4,483,596               | 96,428,324              |
| 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>Balance at 30 June 2020</b>   | 84,575,152              | 162,187                     | 4,455,470                 | 4,186,363               | 93,379,172              |
| <b>Comprises:</b>  |                         |                             |                           |                         |                         |
| Gross balance 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>Balance at 30 June 2020</b>   | 84,575,152              | 162,187                     | 4,455,470                 | 4,186,363               | 93,379,172              |
| Additions  | 11,141,482              | -                           | -                         | 127,304                 | 11,268,786              |
| Revaluation increments / (decrements) transferred to revaluation surplus | 1,888,296               | 22,350                      | 1,772,171                 | 617,552                 | 4,300,369               |
| Depreciation (expense)   | (5,505,724)             | (15,789)                    | (410,252)                 | (432,793)               | (6,364,558)             |
| <b>Balance at 30 June 2021</b>   | 92,099,206              | 168,748                     | 5,817,389                 | 4,498,426               | 102,583,769             |
| <b>Comprises:</b>  |                         |                             |                           |                         |                         |
| Gross balance at 30 June 2021  | 92,099,206              | 168,748                     | 5,817,389                 | 4,498,426               | 102,583,769             |
| <b>Balance at 30 June 2021</b>   | 92,099,206              | 168,748                     | 5,817,389                 | 4,498,426               | 102,583,769             |

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**9. INFRASTRUCTURE (Continued)**

**(b) Carrying 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>(i) Fair Value</b>                   |                             |   |                           |                               |  |
| <b>Infrastructure Roads</b>             | 3                           | Cost approach using depreciated replacement cost (Gross revaluation method) | Independent Valuation     | June 2021                     | 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 2021                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure Parks &amp; Ovals</b> | 3                           | Cost approach using current replacement cost                                | Independent Valuation     | June 2021                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure Airport</b>           | 3                           | Cost approach using depreciated replacement cost (Gross revaluation method) | Independent Valuation     | June 2021                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure Other</b>             | 3                           | Cost approach using depreciated replacement cost (Gross revaluation method) | Independent Valuation     | June 2021                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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10. FIXED ASSETS

(a) Disposals of Assets

|                      | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2021<br>Actual<br>Loss | 2021<br>Budget<br>Net Book<br>Value | 2021<br>Budget<br>Sale<br>Proceeds | 2021<br>Budget<br>Profit | 2021<br>Budget<br>Loss | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss |
|----------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                      | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     |
| Buildings            | -                                   | -                                  | -                        | -                      | 30,200                              | 15,000                             | -                        | (15,200)               | -                                   | -                                  | -                        | -                      |
| Plant and Equipment  | -                                   | -                                  | -                        | -                      | 280,138                             | 206,000                            | -                        | (74,138)               | 66,642                              | 50,545                             | -                        | (16,097)               |
| Infrastructure Other | -                                   | -                                  | -                        | -                      | -                                   | -                                  | -                        | -                      | 8,337                               | -                                  | -                        | (8,337)                |
|                      | -                                   | -                                  | -                        | -                      | 310,338                             | 221,000                            | -                        | (89,338)               | 74,979                              | 50,545                             | -                        | (24,434)               |

No assets were disposed during 2021.

## 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.

#### Initial recognition and measurement between mandatory revaluation dates

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. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Revaluation (Continued)

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.

#### 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, is 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.

#### 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.



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**10. FIXED ASSETS**

**(b) Depreciation**

|                          | 2021<br>Actual   | 2021<br>Budget   | 2020<br>Actual   |
|--------------------------|------------------|------------------|------------------|
|                          | \$               | \$               | \$               |
| Buildings                | 754,131          | 575,393          | 753,399          |
| Furniture and Equipment  | 36,328           | 13,599           | 33,092           |
| Plant and Equipment      | 367,794          | 376,755          | 368,722          |
| Infrastructure Roads     | 5,505,724        | 5,218,040        | 5,158,897        |
| Infrastructure Footpaths | 15,789           | 17,000           | 15,787           |
| Infrastructure Other     | 432,793          | 492,308          | 420,603          |
| Infrastructure Airport   | 410,252          | 467,063          | 408,015          |
|                          | <b>7,522,811</b> | <b>7,160,158</b> | <b>7,158,515</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:

| Asset Class                  | Useful life     |
|------------------------------|-----------------|
| Buildings                    | 10 - 40 years   |
| Office Furniture & Equipment | 1 - 20 years    |
| Plant & Equipment            | 1 - 20 years    |
| Roads - Unformed             | Not Depreciated |
| Roads - Formed               | Not Depreciated |
| Roads - Gravel               | 5 -10 years     |
| Roads - Sealed               | 1 - 50 years    |
| Kerbing & Footpaths          | 10 - 40 years   |
| Infrastructure Other         | 10 - 20 years   |
| Drains & Sewers              | 80 years        |
| Infrastructure Airport       | 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 eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

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**11. REVALUATION SURPLUS**

|  | 2021<br>Opening<br>Balance | 2021<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2021<br>Closing<br>Balance | 2020<br>Opening<br>Balance | 2020<br>Change in<br>Accounting Policy | 2020<br>Revaluation<br>Increment | 2020<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2020<br>Closing<br>Balance |
|--|----------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|--|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
|  | \$                         | \$                                 | \$                                  | \$                         | \$                         | \$                                     | \$                               | \$                                 | \$                                  | \$                         |
| Revaluation surplus - Land                     | 738,200                    | -                                  | -                                   | 738,200                    | 946,900                    | (209,300)                              | 600                              | -                                  | 600                                 | 738,200                    |
| Revaluation surplus - Buildings                | 8,192,494                  | -                                  | -                                   | 8,192,494                  | 8,047,268                  | -                                      | 145,226                          | -                                  | 145,226                             | 8,192,494                  |
| Revaluation surplus - Furniture and Equipment  | 51,866                     | -                                  | -                                   | 51,866                     | 51,866                     | -                                      | -                                | -                                  | -                                   | 51,866                     |
| Revaluation surplus - Plant and Equipment      | 4,112,907                  | -                                  | -                                   | 4,112,907                  | 4,545,907                  | -                                      | -                                | (433,000)                          | (433,000)                           | 4,112,907                  |
| Revaluation surplus - Infrastructure Roads     | 41,588,501                 | 1,888,296                          | 1,888,296                           | 43,476,797                 | 41,588,501                 | -                                      | -                                | -                                  | -                                   | 41,588,501                 |
| Revaluation surplus - Infrastructure Footpaths | 197,465                    | 22,350                             | 22,350                              | 219,815                    | 197,465                    | -                                      | -                                | -                                  | -                                   | 197,465                    |
| Revaluation surplus - Other infrastructure     | 2,564,094                  | 617,552                            | 617,552                             | 3,181,646                  | 2,564,094                  | -                                      | -                                | -                                  | -                                   | 2,564,094                  |
| Revaluation surplus - Infrastructure Airport   | 3,874,021                  | 1,772,171                          | 1,772,171                           | 5,646,192                  | 3,874,021                  | -                                      | -                                | -                                  | -                                   | 3,874,021                  |
|  | 61,319,548                 | 4,300,369                          | 4,300,369                           | 65,619,917                 | 61,816,022                 | (209,300)                              | 145,826                          | (433,000)                          | (287,174)                           | 61,319,548                 |

Vested land is no longer required to be recognised at fair value. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State or regional significance are recognised at zero cost.

## 12. TRADE AND OTHER PAYABLES

### Current

|                            |
|----------------------------|
| Sundry creditors           |
| Prepaid rates              |
| Accrued salaries and wages |
| ATO liabilities            |
| Bonds and deposits held    |
| Other tax payable          |

| 2021      | 2020    |
|-----------|---------|
| \$        | \$      |
| 1,744,595 | 286,798 |
| 83,300    | 65,128  |
| 28,161    | 21,544  |
| 43,759    | 22,260  |
| 93,874    | 92,360  |
| -         | 10,119  |
| 1,993,689 | 498,209 |

### 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. CONTRACT LIABILITIES

#### Current

Contract liabilities

| 2021      | 2020 |
|-----------|------|
| \$        | \$   |
| 3,283,530 | -    |

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

| Contract liabilities | Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity |
|----------------------|---|
| \$                   | \$  |
| 3,283,530            | 3,283,530   |

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

## 14 INFORMATION ON BORROWINGS

### (a) Borrowings

The Shire had no borrowings at the reporting date.

### (b) New Borrowings - 2020/21

The Shire had no new borrowings at the reporting date.

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>(c) Undrawn Borrowing Facilities</b> |                  |                  |
| <b>Credit Standby Arrangements</b>      |                  |                  |
| Bank overdraft limit                    | 1,000,000        | 1,000,000        |
| Bank overdraft at balance date          | -                | -                |
| Credit card limit                       | 5,000            | 5,000            |
| Credit card balance at balance date     | (633)            | (210)            |
| <b>Total amount of credit unused</b>    | <b>1,004,367</b> | <b>1,004,790</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.

### Risk

Information regarding exposure to risk can be found at Note 26.



## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

Current  
Non-current

Additional provision  
Amounts used

#### Balance at 30 June 2021

#### Comprises

Current  
Non-current

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

Less than 12 months after the reporting date  
More than 12 months from reporting date  
Expected reimbursements from other WA local governments

|                                | Provision for<br>Annual<br>Leave | Provision for<br>Long Service<br>Leave | Total     |
|--------------------------------|----------------------------------|--|-----------|
|                                | \$                               | \$                                     | \$        |
| Opening balance at 1 July 2020 |                                  |  |           |
| Current                        | 132,309                          | 221,976                                | 354,285   |
| Non-current                    | -                                | 30,626                                 | 30,626    |
|                                | 132,309                          | 252,602                                | 384,911   |
| Additional provision           | 139,323                          | 14,512                                 | 153,835   |
| Amounts used                   | (142,184)                        | -                                      | (142,184) |
| Balance at 30 June 2021        | 129,448                          | 267,114                                | 396,562   |
| Comprises                      |                                  |  |           |
| Current                        | 129,448                          | 239,655                                | 369,103   |
| Non-current                    | -                                | 27,459                                 | 27,459    |
|                                | 129,448                          | 267,114                                | 396,562   |

|   | 2021    | 2020    |
|---|---------|---------|
|   | \$      | \$      |
| Less than 12 months after the reporting date            | 319,538 | 132,309 |
| More than 12 months from reporting date                 | 77,024  | 251,364 |
| Expected reimbursements from other WA local governments | -       | 1,238   |
|   | 396,562 | 384,911 |

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

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

#### 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 and salaries. 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position.

#### Other long-term employee benefits

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.

## 16. 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:

|  | 2021<br>Actual    | 2021<br>Budget   | 2020<br>Actual   |
|--|-------------------|------------------|------------------|
|  | \$                | \$               | \$               |
| Unrestricted Cash and cash equivalents   | 9,574,586         | 21,587,844       | 5,580,540        |
| <b>Reconciliation of Net Cash Provided By/(Used in) Operating Activities to Net Result</b> |                   |                  |                  |
| Net result for the period  | 3,107,980         | 14,494,221       | 1,088,518        |
| <b>Non-cash items:</b>   |                   |                  |                  |
| Fair value of financial assets   | (1,939)           | -                | (864)            |
| Depreciation on non-current assets   | 7,522,811         | 7,160,158        | 7,158,515        |
| Loss on sale of asset  | -                 | 89,338           | 24,434           |
| <b>Changes in assets and liabilities:</b>  |                   |                  |                  |
| Decrease in trade and other receivables  | 458,702           | -                | 392,493          |
| Increase in inventories  | (1,463)           | -                | (8,246)          |
| Increase/(decrease) in trade and other payables  | 1,495,480         | -                | (381,293)        |
| Increase in employee related provisions  | 11,651            | -                | 16,380           |
| Increase in contract liabilities   | 3,283,530         | -                | -                |
| Non-operating grants, subsidies and contributions  | (4,361,870)       | (19,122,815)     | (2,235,646)      |
| <b>Net cash provided by operating activities</b>   | <b>11,514,882</b> | <b>2,620,902</b> | <b>6,054,291</b> |

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2021               | 2020               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 28,727             | -                  |
| General purpose funding     | 11,407,441         | 6,996,673          |
| Law, order, public safety   | 432,081            | 279,303            |
| Education and welfare       | 1,478,047          | 1,445,093          |
| Housing                     | 2,924,030          | 3,074,101          |
| Community amenities         | 2,782,332          | 5,189,515          |
| Recreation and culture      | 10,182,884         | 7,216,624          |
| Transport                   | 63,922,579         | 58,195,233         |
| Economic services           | 3,820,062          | 4,647,826          |
| Other property and services | 6,478,690          | 6,850,917          |
| Unallocated                 | 51,212,420         | 48,574,998         |
|                             | <u>154,669,293</u> | <u>142,470,283</u> |

## 18. 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

### **Other**

Two mining tenement sites have been identified by the Department of Water and Environment Regulation as being “contaminated – remediation required”. In accordance with the Mining Act 1979, the responsibility for the rehabilitation of this land is with the tenement site lessee, and both sites are leased. As such, the Shire has no provision for rehabilitation as at 30 June 2021.

## 19. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

|                                | 2021      | 2020   |
|--------------------------------|-----------|--------|
|                                | \$        | \$     |
| Contracted for:                |           |        |
| - capital expenditure projects | 1,550,541 | 52,094 |
| Payable:                       |           |        |
| - not later than one year      | 1,550,541 | 52,094 |

The capital expenditure project outstanding at the end of the reporting period represents various capital works with the majority being for flood damage reinstatement.

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



## 20. ELECTED MEMBERS REMUNERATION

|  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Councillor Nichols, President</b>   |                      |                      |                      |
| President's annual allowance   | 20,000               | 10,000               | 12,500               |
| Meeting attendance fees  | 8,200                | 7,200                | 7,200                |
| Travelling Expenses  | 1,099                | -                    | -                    |
|  | 29,299               | 17,200               | 19,700               |
| <b>Councillor Trenfield, Former President</b>                                      |                      |                      |                      |
| President's annual allowance   | -                    | 10,000               | 8,533                |
| Meeting attendance fees  | -                    | 2,600                | 2,600                |
|  | -                    | 12,600               | 11,133               |
| <b>Councillor Clancy, Deputy President</b>   |                      |                      |                      |
| Deputy President's allowance   | 5,000                | 5,000                | 5,625                |
| Meeting attendance fees  | 4,200                | 6,400                | 4,750                |
|  | 9,200                | 11,400               | 10,375               |
| <b>Councillor Hall</b>   |                      |                      |                      |
| Meeting attendance fees  | 5,300                | 6,400                | 4,850                |
| Travelling Expenses  | 4,257                | 5,109                | 4,683                |
|  | 9,557                | 11,509               | 9,533                |
| <b>Councillor Moses</b>  |                      |                      |                      |
| Meeting attendance fees  | 5,300                | 6,400                | 3,250                |
|  | 5,300                | 6,400                | 3,250                |
| <b>Councillor Smith</b>  |                      |                      |                      |
| Meeting attendance fees  | 6,400                | 3,600                | 3,600                |
|  | 6,400                | 3,600                | 3,600                |
| <b>Councillor Hodder</b>   |                      |                      |                      |
| Meeting attendance fees  | 5,500                | 6,400                | 6,000                |
|  | 5,500                | 6,400                | 6,000                |
| <b>Councillor Vacant (Formerly Councillors Binsiar/Curley)</b>                     |                      |                      |                      |
| Meeting attendance fees  | 900                  | 6,200                | 5,800                |
|  | 900                  | 6,200                | 5,800                |
|  | 66,156               | 75,309               | 69,391               |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. |                      |                      |                      |
| President's annual allowance   | 20,000               | 20,000               | 21,033               |
| Deputy President's allowance   | 5,000                | 5,000                | 5,625                |
| Meeting attendance fees  | 35,800               | 45,200               | 38,050               |
| Travelling Expenses  | 5,356                | 5,109                | 4,683                |
|  | 66,156               | 75,309               | 69,391               |

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**21. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

|  | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|--|------------------------|------------------------|
|  | \$                     | \$                     |
| The total of remuneration paid to KMP of the Shire during the year are as follows: |                        |                        |
| Short-term employee benefits   | 988,796                | 898,301                |
| Post-employment benefits   | 126,658                | 117,993                |
| Other long-term benefits   | 21,070                 | 227,581                |
| Termination benefits   | 40,544                 | -                      |
|  | <b>1,177,068</b>       | <b>1,243,875</b>       |

*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.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**Transactions with related parties**

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

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

|   | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| The following transactions occurred with related parties: |                        |                        |
| Sale of goods and services                                | 40,957                 | 302,270                |
| Purchase of goods and services                            | 95,564                 |                        |

**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*

An 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.

## 22. MAJOR LAND TRANSACTIONS

The Shire was not party to any major trading undertakings during the current financial year ended 30 June 2021.

## 23. 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.

|   | 2021            | 2020            |
|---|-----------------|-----------------|
|   | \$              | \$              |
| Operating Income                              | 117,095         | 127,075         |
| Operating Expenses                            | (129,305)       | (131,144)       |
| Change in Net Assets resulting                | <u>(12,210)</u> | <u>(4,069)</u>  |
| <b><u>Statement of Financial Position</u></b> |                 |                 |
| <b>Current Assets</b>                         |                 |                 |
| Cash at Bank                                  | 64,470          | 67,030          |
|   | <u>64,470</u>   | <u>67,030</u>   |
| <b>Current Liabilities</b>                    |                 |                 |
| Trade Creditors                               |                 |                 |
| Shire of Meekatharra                          | (64,470)        | (67,030)        |
|   | <u>(64,470)</u> | <u>(67,030)</u> |
| <b>Equity</b>                                 |                 |                 |
| Opening Balance                               | -               | -               |
| Cash Transferred to/(from Muni)               | 12,210          | 4,069           |
| Change in Net Assets                          | <u>(12,210)</u> | <u>(4,069)</u>  |
| Closing Balance                               | <u>-</u>        | <u>-</u>        |

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**24. RATING INFORMATION**

(a) Rates

| <b>RATE TYPE</b>                                | <b>Cents Rate in \$</b> | <b>Number of Properties</b> | <b>2020/21 Actual Rateable Value \$</b> | <b>2020/21 Actual Rate Revenue \$</b> | <b>2020/21 Actual Interim Rates \$</b> | <b>2020/21 Actual Back Rates \$</b> | <b>2020/21 Actual Total Revenue \$</b> | <b>2020/21 Budget Rate Revenue \$</b> | <b>2020/21 Budget Interim Rate \$</b> | <b>2020/21 Budget Back Rate \$</b> | <b>2020/21 Budget Total Revenue \$</b> | <b>2019/20 Actual Total Revenue \$</b> |
|---|-------------------------|-----------------------------|---|---------------------------------------|--|-------------------------------------|--|---------------------------------------|---------------------------------------|------------------------------------|--|--|
| <b>Differential general rate / general rate</b> |                         |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| <b>Gross rental valuations</b>                  |                         |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| GRV   | 8.8869                  | 313                         | 4,251,440                               | 377,821                               | (32,978)                               | -                                   | 344,843                                | 382,794                               | -                                     | -                                  | 382,794                                | 377,793                                |
| <b>Unimproved valuations</b>                    |                         |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| UV-Mining                                       | 19.6101                 | 759                         | 18,755,244                              | 3,677,922                             | 194,405                                | (6,076)                             | 3,866,252                              | 3,474,714                             | -                                     | -                                  | 3,474,714                              | 3,459,709                              |
| UV-Rural/ Pastoral                              | 7.4462                  | 44                          | 4,491,092                               | 334,416                               | (33,408)                               | -                                   | 301,008                                | 292,210                               | -                                     | -                                  | 292,210                                | 292,210                                |
| <b>Sub-Total</b>                                |                         | 1,116                       | 27,497,776                              | 4,390,159                             | 128,019                                | (6,076)                             | 4,512,102                              | 4,149,718                             | -                                     | -                                  | 4,149,718                              | 4,129,712                              |
| <b>Minimum payment</b>                          | <b>Minimum \$</b>       |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| <b>Gross rental valuations</b>                  |                         |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| GRV   | 400                     | 89                          | 46,429                                  | 35,600                                | -                                      | -                                   | 35,600                                 | 35,600                                |                                       |                                    | 35,600                                 | 35,609                                 |
| <b>Unimproved valuations</b>                    |                         |                             |   |                                       |  |                                     |  |                                       |                                       |                                    |  |  |
| UV-Mining                                       | 350                     | 307                         | 285,835                                 | 107,450                               | -                                      | -                                   | 107,450                                | 108,850                               | -                                     | -                                  | 108,850                                | 112,700                                |
| UV-Rural/ Pastoral                              | 350                     | 23                          | 19,831                                  | 8,050                                 | -                                      | -                                   | 8,050                                  | 8,400                                 | -                                     | -                                  | 8,400                                  | 8,400                                  |
| <b>Sub-Total</b>                                |                         | 419                         | 352,095                                 | 151,100                               | -                                      | -                                   | 151,100                                | 152,850                               | -                                     | -                                  | 152,850                                | 156,709                                |
|   |                         | 1,535                       | 27,849,871                              | 4,541,259                             | 128,019                                | (6,076)                             | 4,663,202                              | 4,302,568                             | -                                     | -                                  | 4,302,568                              | 4,286,421                              |
| Discounts/concessions (Note 24(c))              |                         |                             |   |                                       |  |                                     | (12,172)                               |                                       |                                       |                                    | (3,061)                                | (12,273)                               |
| <b>Total amount raised from general rate</b>    |                         |                             |   |                                       |  |                                     | 4,651,030                              |                                       |                                       |                                    | 4,299,507                              | 4,274,148                              |

**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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**24. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

The Shire did not raise specified area rates for the year ended 30 June 2021.

**(c) Service Charges**

The Shire did not raise service charges for the year ended 30 June 2021.

**Waivers or Concessions**

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

|  | Type       | Discount % | Discount \$ | 2021 Actual \$ | 2021 Budget \$ | 2020 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%       |             | 841            | -              | 848            |
| RatesA7165                               | Concession | 100%       |             | 813            | -              | 822            |
| RatesA7180                               | Concession | 100%       |             | 841            | -              | 849            |
| RatesA7611                               | Concession | 100%       |             | 813            | -              | 822            |
| RatesA7614                               | Concession | 100%       |             | 841            | -              | 849            |
| RatesA7615                               | Concession | 100%       |             | 813            | -              | 821            |
| RatesA7958                               | Concession | 100%       |             | 4,148          | -              | 4,201          |
|  |            |            |             | 12,172         | 3,061          | 12,273         |
| Total discounts/concessions (Note 24(a)) |            |            |             | 12,172         | 3,061          | 12,273         |

**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 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7165 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7180 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7611 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7614 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7615 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession.  |
| RatesA7958 | Fiduciary Administration Services       | n/a | n/a | Council Provides a 100% rates only concession (excluding 1/3 for Community Building not used for housing purposes).   |



## 24. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

| Instalment Options | Date Due   | Instalment Plan Admin Charge<br>\$ | Instalment Plan Interest Rate<br>% | Unpaid Rates Interest Rate<br>% |
|--------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| <b>Option one</b>  |            |                                    |                                    |                                 |
| Payment in Full    | 11/09/2020 | -                                  | -                                  | 8.0%                            |
| <b>Option two</b>  |            |                                    |                                    |                                 |
| Instalment 1       | 11/09/2020 | 15                                 | 3.0%                               | 8.0%                            |
| Instalment 2       | 16/11/2020 | 15                                 | 3.0%                               | 8.0%                            |
| Instalment 3       | 20/01/2021 | 15                                 | 3.0%                               | 8.0%                            |
| Instalment 4       | 26/03/2021 | 15                                 | 3.0%                               | 8.0%                            |

|   | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| Instalment plan admin charge revenue            | 7,380                | 10,000               | 9,375                |
| Instalment plan interest earned                 | 6,313                | 6,545                | 12,563               |
| Unpaid rates and service charge interest earned | 77,587               | 80,000               | 112,777              |
|   | 91,280               | 96,545               | 134,715              |

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25. RATE SETTING STATEMENT INFORMATION

|  | 2020/21<br>(30 June 2021<br>Carried<br>Forward) | 2020/21<br>Budget<br>(30 June 2021<br>Carried<br>Forward) | 2019/20<br>(30 June 2020<br>Carried<br>Forward) |
|--|---|---|---|
| Note   | \$  | \$  | \$  |
| <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: Fair value adjustments to financial assets at fair value through profit and loss   |   |   |   |
|  | (1,939)   | -   | (864)   |
| Add: Movement in employee related provisions   |   |   |   |
|  | 11,650  | -   | 16,380  |
| 10(a)  | -   | 89,338  | 24,434  |
| 10(b)  | 7,522,811                                       | 7,160,158   | 7,158,515                                       |
| <b>Non cash amounts excluded from operating activities</b>   |   |   |   |
|  | 7,532,522                                       | 7,249,496   | 7,198,465                                       |
| <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  | (21,136,920)                                    | (21,298,527)  | (21,280,349)                                    |
| Add: Current liabilities not expected to be cleared at end of year   |   |   |   |
| - Employee related provisions  |   |   |   |
|  | 369,103   | (350,694)   | 354,285   |
| <b>Total adjustments to net current assets</b>   |   |   |   |
|  | (20,767,817)                                    | (21,649,221)  | (20,926,064)                                    |
| <b>Net current assets used in the Rate Setting Statement</b>   |   |   |   |
| Total current assets   |   |   |   |
|  | 32,032,213                                      | 23,048,944  | 28,638,835                                      |
| Less: Total current liabilities  |   |   |   |
|  | (5,646,322)                                     | (1,399,723)   | (852,493)                                       |
| Less: Total adjustments to net current assets  |   |   |   |
|  | (20,767,817)                                    | (21,649,221)  | (20,926,064)                                    |
| <b>Net current assets used in the Rate Setting Statement</b>   |   |   |   |
|  | 5,618,074                                       | -   | 6,860,278                                       |

## 26. 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.

| Risk                        | Exposure arising from   | Measurement                       | Management   |
|-----------------------------|---|-----------------------------------|--|
| Market risk - interest rate | Long term borrowings at variable rates  | Sensitivity analysis              | Utilise fixed interest rate borrowings                             |
| Credit risk                 | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging analysis<br>Credit analysis | Diversification of bank deposits, credit limits. Investment policy |
| Liquidity risk              | 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.

|  | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|--|--------------------------------|------------------|---------------------|------------------------|----------------------|
|  | %                              | \$               | \$                  | \$                     | \$                   |
| <b>2021</b>  |                                |                  |                     |                        |                      |
| Cash and cash equivalents                          | 0.01%                          | 9,574,586        | -                   | 9,078,066              | 497,520              |
| Financial assets at amortised cost - term deposits | 0.39%                          | 21,136,920       | 21,136,920          | -                      | -                    |
| <b>2020</b>  |                                |                  |                     |                        |                      |
| Cash and cash equivalents                          | 0.05%                          | 5,580,540        | -                   | 5,424,899              | 234,346              |
| Financial assets at amortised cost                 | 1.00%                          | 21,280,349       | 21,280,349          | -                      | -                    |

#### Sensitivity analysis

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

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$     | \$     |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 90,780 | 54,249 |

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire has no borrowings during the year and at reporting date.

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### **Trade and Other Receivables**

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

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

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

The Shire 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 2020 or 1 July 2021 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 such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:

|                       | Current | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total     |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2021</b>   |         |                              |                               |                               |           |
| Rates receivable      |         |                              |                               |                               |           |
| Expected credit loss  | 2.99%   | 6.93%                        | 10.40%                        | 30.06%                        |           |
| Gross carrying amount | 357,885 | 127,555                      | 83,325                        | 210,683                       | 779,447   |
| Loss allowance        | 10,697  | 8,837                        | 8,664                         | 63,325                        | 91,524    |
| <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   |

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables:

|                             | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2021</b>         |         |                               |                               |                               |         |
| Trade and other receivables |         |                               |                               |                               |         |
| Expected credit loss        | -       | -                             | -                             | 6.88%                         |         |
| Gross carrying amount       | 80,724  | 5,438                         | 36,919                        | 34,185                        | 157,266 |
| Loss allowance              | -       | -                             | -                             | 2,352                         | 2,352   |
| <b>30 June 2020</b>         |         |                               |                               |                               |         |
| Trade and other receivables |         |                               |                               |                               |         |
| Expected credit loss        | 0.39%   | -                             | -                             | -                             |         |
| Gross carrying amount       | 180,659 | 129,679                       | 10,102                        | 26,005                        | 346,445 |
| Loss allowance              | 697     | -                             | -                             | -                             | 697     |

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

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<br>within<br>1 year | Due<br>between<br>1 & 5 years | Due<br>after<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
|                          | \$                      | \$                            | \$                      | \$                                 | \$                 |
| <b>2021</b>              |                         |                               |                         |                                    |                    |
| Trade and other payables | 1,993,689               | -                             | -                       | 1,993,689                          | 1,993,689          |
| Contract liabilities     | 3,283,530               | -                             | -                       | 3,283,530                          | 3,283,530          |
|                          | 5,277,219               | -                             | -                       | 5,277,219                          | 5,277,219          |
| <b>2020</b>              |                         |                               |                         |                                    |                    |
| Trade and other payables | 498,209                 | -                             | -                       | 498,209                            | 498,209            |
|                          | 498,209                 | -                             | -                       | 498,209                            | 498,209            |

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

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30th June 2021 or which would require a separate disclosure.

## 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

### (a) AASB 1059 Service Concession Arrangements: Grantors

Service concession assets are those assets where a third party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. The Shire has considered the requirements of AASB1059 *Service Concession Agreements: Grantor* and confirms that the Shire has no arrangements that fall within the scope of this standard.



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#### 29. 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 end of the reporting period.

### 30. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES        | ACTIVITIES  |
|------------------------------------|---|
| <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.   |

### 31. FINANCIAL RATIOS

|                                   | 2021<br>Actual | 2020<br>Actual | 2019<br>Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio                     | 2.08           | 16.06          | 7.27           |
| Asset consumption ratio           | 0.99           | 0.86           | 0.95           |
| Asset renewal funding ratio       | 1.18           | 1.16           | 1.32           |
| Asset sustainability ratio        | 0.82           | 0.16           | 1.30           |
| Debt service cover ratio          | n/a            | n/a            | n/a            |
| Operating surplus ratio           | (0.19)         | (0.18)         | 0.01           |
| Own source revenue coverage ratio | 0.55           | 0.55           | 0.61           |

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 2021 Shire of Meekatharra

To the Councillors of the Shire of Meekatharra

## Report on the audit of the annual financial report

### Opinion

I have audited the financial report of the Shire of Meekatharra (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Meekatharra:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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 Note 1 to the financial report, which describes the basis for accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 17A of the Local Government (Financial Management) Regulations 1996 (FM 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. My opinion is not modified in respect of this matter.



## Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a) The operating surplus ratio as reported in Note 31 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for 2021 and 2020 financial years.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) The Shire holds excess monies owed to ratepayers between 1988 and 2011 following the forfeiture and sale of their properties due to the cumulative non-payment of rates. The Shire has not complied with the *Unclaimed Money Act 1990* requiring moneys over \$100 that have been held for 6 years without being returned to owners, be transferred to the Department of Treasury.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

## Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Meekatharra for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Nayna Raniga  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
3 December 2021