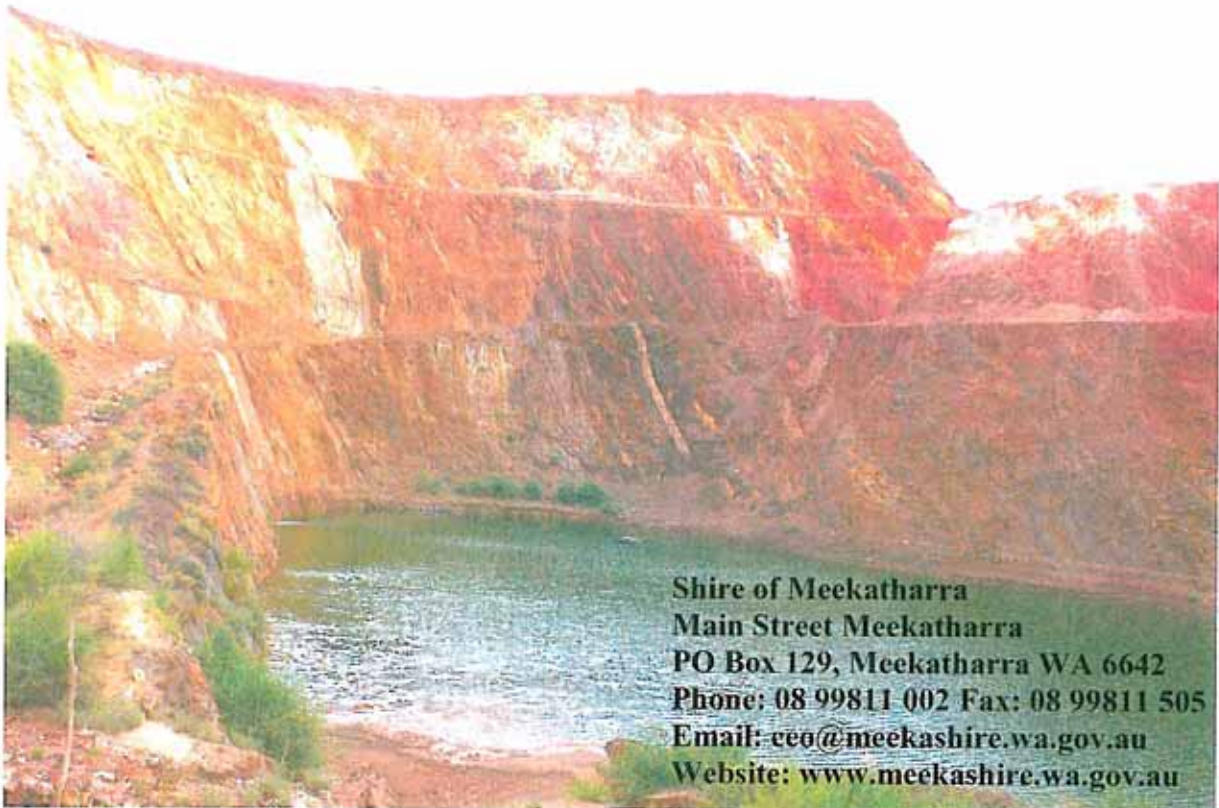




shire of
meekatharra
a golden prospect

ANNUAL REPORT 2005-2006



Shire of Meekatharra
Main Street Meekatharra
PO Box 129, Meekatharra WA 6642
Phone: 08 99811 002 Fax: 08 99811 505
Email: ceo@meekashire.wa.gov.au
Website: www.meekashire.wa.gov.au

Shire Presidents Report

We complete another year managing to successfully accomplish most of our statutory obligations and projects despite having a number of new staff on board.

The Meeka Festival, held in September 2005 was a great success. The inclusion of a rodeo to compliment the races and festival program increased visitor numbers and made the weekend a real winner for locals and visitors alike. Congratulations go to the Festival Committee and our Community Development people for organising what was hailed by many to be Meeka's best ever race weekend.

Our CEO of some three years, Tom Hartman, left us to take up the position of CEO Mullewa. Tom was instrumental in creating and coordinating the Rangelands Discovery Trail and commencing Stage two of our walk trails and drive trail projects. Our thanks go to Tom and we wish Tom and Maureen "all the best" in Mullewa.

Thanks also to Peter Strugnell who assisted Council with the recruitment of a new CEO and also "held the reins" for the period between CEO's.

Council maintained a very sound financial position and our financial management and accounting practices were very well handled during the year.

Our new CEO, Roy McClymont, commenced duty late in May 2006. We welcome Roy and his partner Nikki to Meekatharra and look forward to working with Roy to further enhance the Shires position over the next few years.

Finally, thanks to my fellow Councillors for their dedication and support throughout the year.

Tom Hutchinson
Shire President

Chief Executive Officers Report

After spending just one month as CEO in the 2005/2006 financial year, my knowledge and understanding of Council's operations and achievements during the year is somewhat limited – so this report will be brief.

As with most country Councils, our major expenditure area is on roads. Given the floods early in the year, I am impressed with the overall standard of our roads. Our road crews have done a great job opening up the roads after the floods. Clearly flood damage repairs will be a major focus of next year's road program.

The town always looks very tidy and green – a credit to our Town Crew and the contractors involved.

Our Airport is very well maintained and managed and is a credit to everyone involved in its operation and management.

It is very pleasing to find the council in a sound financial position and the accounts and financial records being well maintained.

Council is clearly committed to providing programs for the community through its Community Development department. During the year a successful district football competition was created along with some youth camp trips. The Youth Centre is an excellent facility and provides a great service to the town's youth.

Above all, the people involved in the organisation, from Shire Councillors to short term Trainees are first-rate. This augurs well for a bright and successful future for the Shire of Meekatharra.

Roy McClymont
Chief Executive Officer

Other matters to be reported in accordance with section 5.53 of the Local Government Act.

Plan for the Future

Council is required under section 5.66 of the Local Government Act to plan for the future of the district.

A local government is to ensure that a plan for the future applies in respect of each financial year after the financial year ending 30th June 2006

This planning process is currently being undertaken.

Disability Services Plan

Council's disability services plan is in place.

Under the Disability Services Act 1993 (amended 2004) Council is required to develop and implement a disability access and inclusion plan by 31st July 2007, in place of the disability service plan.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Meekatharra being the annual financial report, supporting notes and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the Eighteenth Day of September 2006

R McClymont
Chief Executive Officer

*The Shire of Meekatharra
Main Sreet
Meekatharra WA 6642*

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

INCOME STATEMENT BY PROGRAMME

	NOTE	2006 Actual \$	2006 Budget \$	2005 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Revenues and Expenses from Ordinary Activities				
Classified According to Programme				
Governance		0	0	7,643
General Purpose Funding		3,723,237	3,623,591	2,393,334
Law, Order, Public Safety		28,955	53,401	177,972
Health		18,201	116,338	158,944
Education and Welfare		261,114	236,097	342,150
Housing		6,817	8,820	33,703
Community Amenities		84,050	82,466	96,619
Recreation and Culture		190,660	195,537	85,948
Transport		1,763,775	1,272,811	1,805,931
Economic Services		56,837	27,730	244,930
Other Property and Services		40,854	32,000	21,798
		<u>6,174,500</u>	<u>5,648,791</u>	<u>5,368,972</u>
EXPENSES FROM ORDINARY ACTIVITIES				
(Excluding Borrowing Costs expense)				
Governance		281,182	252,512	176,612
General Purpose Funding		207,663	148,674	177,288
Law, Order, Public Safety		138,676	195,950	103,586
Health		109,809	172,462	218,186
Education and Welfare		410,190	496,232	291,943
Housing		0	8,820	3,637
Community Amenities		229,870	206,934	160,364
Recreation & Culture		598,577	583,055	499,548
Transport		2,074,707	1,704,068	2,154,108
Economic Services		200,124	213,683	171,773
Other Property and Services		365,069	426,627	482,062
		<u>4,615,867</u>	<u>4,409,017</u>	<u>4,439,107</u>
BORROWING COST EXPENSE				
		0	0	693
Net Result		<u><u>1,558,633</u></u>	<u><u>1,239,774</u></u>	<u><u>929,172</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

INCOME STATEMENT BY NATURE OR TYPE

	NOTE	2006 Actual \$	2006 Budget \$	2005 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Revenues and Expenses from Ordinary Activities				
Classified According to Nature and Type				
		Actual		Actual
		\$		\$
Ordinary Revenues				
Rates	19	1,276,977	1,215,903	1,188,660
Grants and Subsidies - operating	12	2,409,187	2,421,857	1,480,162
Contributions Reimbursements and Donations		91,814	43,000	96,519
Fees and Charges	24	641,832	639,949	786,163
Interest Earnings	3a	376,235	320,000	316,701
Other Revenue		24,389	(21,371)	0
		<u>4,820,434</u>	<u>4,619,338</u>	<u>3,868,205</u>
Ordinary Expenses				
Employee Costs		1,383,054	1,305,396	897,845
Materials and Contracts		1,126,021	1,359,076	1,250,000
Utilities (gas, electricity, water, etc)		179,527	165,098	176,963
Depreciation on Non-current Assets	3a	1,673,615	1,362,833	1,834,387
Insurance		142,076	142,172	109,869
Other		15,269	74,442	164,366
Interest on Debentures		0	0	693
		<u>4,519,562</u>	<u>4,409,017</u>	<u>4,434,123</u>
		300,872	210,321	(565,918)
Grants and Subsidies - non-operating	12	1,291,972	934,453	1,500,629
Profit on Asset Disposals	32b	62,094	95,000	138
Loss on Asset Disposals	32b	(96,305)	0	(5,677)
NET RESULT		<u>1,558,633</u>	<u>1,239,774</u>	<u>929,172</u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

BALANCE SHEET

	NOTE	2006 Actual \$	2005 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	5,975,659	5,807,603
Trade and Other Receivables	5	205,124	359,718
Inventories	6	95,964	62,927
TOTAL CURRENT ASSETS		<u>6,276,747</u>	<u>6,230,248</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	5,523,599	5,257,249
Infrastructure	8	17,625,772	16,556,750
TOTAL NON-CURRENT ASSETS		<u>23,149,371</u>	<u>21,813,999</u>
TOTAL ASSETS		<u>29,426,118</u>	<u>28,044,247</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	230,199	386,600
Provisions	10	69,030	28,122
TOTAL CURRENT LIABILITIES		<u>299,229</u>	<u>414,722</u>
NON-CURRENT LIABILITIES			
Provisions	10	23,702	84,971
TOTAL NON-CURRENT LIABILITIES		<u>23,702</u>	<u>84,971</u>
TOTAL LIABILITIES		<u>322,931</u>	<u>499,693</u>
NET ASSETS		<u>29,103,187</u>	<u>27,544,554</u>
EQUITY			
Retained Surplus		21,702,075	20,436,116
Reserves - Cash Backed	11	4,532,263	4,239,589
Reserves - Asset Revaluation	11	2,868,849	2,868,849
TOTAL EQUITY		<u>29,103,187</u>	<u>27,544,554</u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

STATEMENT OF CHANGES IN EQUITY

	NOTE	2006 Actual \$	2005 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2005		20,436,116	19,724,495
Changes in Accounting Policy Restated Balance		<u>20,436,116</u>	<u>19,724,495</u>
Net Result		1,558,633	929,172
Transfer from/(to) Reserves		(292,674)	(217,551)
Balance as at 30 June 2006		<u>21,702,075</u>	<u>20,436,116</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2005		4,239,589	4,022,038
Amount Transferred (to)/from Retained Surplus		292,674	217,551
Balance as at 30 June 2006	13	<u>4,532,263</u>	<u>4,239,589</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2005		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2006	13	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL EQUITY		<u>29,103,187</u>	<u>27,544,554</u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

CASH FLOW STATEMENT

	NOTE	2006 Actual \$	2006 Budget \$	2005 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,263,622	1,231,604	1,216,168
Grants and Subsidies - operating		2,466,943	2,421,857	1,388,056
Contributions, Reimbursements & Donations		74,316	43,000	96,519
Fees and Charges		691,219	751,077	982,905
Interest Earnings		394,593	320,000	298,343
Goods and Services Tax		435,802	210,000	277,534
Other		24,389	(34,871)	0
		<u>5,350,884</u>	<u>4,942,667</u>	<u>4,259,525</u>
Payments				
Employee Costs		(1,463,372)	(1,006,247)	(888,069)
Materials and Contracts		(1,283,142)	(1,642,552)	(1,111,991)
Utilities (gas, electricity, water, etc)		(193,287)	(165,498)	(163,203)
Insurance		(142,076)	(142,172)	(109,869)
Interest		0	0	(693)
Goods and Services Tax		(418,686)	(210,000)	(312,443)
Other		(14,718)	(74,442)	(132,559)
		<u>(3,515,281)</u>	<u>(3,240,911)</u>	<u>(2,718,827)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,835,603</u>	<u>1,701,756</u>	<u>1,540,698</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,299,067)	(1,718,917)	(577,185)
Payments for Construction of Infrastructure		(2,133,504)	(3,169,291)	(1,823,385)
Grants and Contributions for the Development of Assets		1,375,649	934,453	1,416,952
Proceeds from Sale of Plant & Equipment		389,375	563,000	96,364
		<u>389,375</u>	<u>563,000</u>	<u>96,364</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,667,547)</u>	<u>(3,390,755)</u>	<u>(887,254)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		0	(2,769)	(10,903)
Proceeds from Self Supporting Debentures		0	2,837	7,812
		<u>0</u>	<u>2,837</u>	<u>7,812</u>
Net Cash Provided By (Used In) Financing Activities		<u>0</u>	<u>68</u>	<u>(3,091)</u>
Net Increase (Decrease) in Cash Held		168,056	(1,688,931)	650,353
Cash at Beginning of year		5,807,603	5,849,895	5,157,250
Cash at End of Year	13(a)	<u><u>5,975,659</u></u>	<u><u>4,160,964</u></u>	<u><u>5,807,603</u></u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

RATE SETTING STATEMENT

	NOTE	2006 Actual \$	2006 Budget \$	2005 Actual \$
OPERATING REVENUES				
Governance		0	0	7,643
General Purpose Funding		2,446,260	2,405,688	1,204,674
Law, Order, Public Safety		28,955	53,401	177,972
Health		18,201	116,338	158,944
Education and Welfare		261,114	236,097	342,150
Housing		6,817	8,820	33,703
Community Amenities		84,050	82,466	96,619
Recreation and Culture		190,660	195,537	85,948
Transport		1,763,775	1,272,811	1,805,931
Economic Services		56,837	27,730	244,930
Other Property and Services		40,854	32,000	21,798
		<u>4,897,523</u>	<u>4,430,888</u>	<u>4,180,312</u>
OPERATING EXPENSES				
Governance		(281,182)	(252,512)	(176,612)
General Purpose Funding		(207,663)	(148,674)	(177,288)
Law, Order, Public Safety		(138,676)	(195,950)	(103,586)
Health		(109,809)	(172,462)	(218,186)
Education and Welfare		(410,190)	(496,232)	(291,943)
Housing		0	(8,820)	(3,637)
Community Amenities		(229,870)	(206,934)	(160,364)
Recreation & Culture		(598,577)	(583,055)	(499,548)
Transport		(2,074,707)	(1,704,068)	(2,154,108)
Economic Services		(200,124)	(213,683)	(171,773)
Other Property and Services		(365,069)	(426,627)	(482,062)
		<u>(4,615,867)</u>	<u>(4,409,017)</u>	<u>(4,439,107)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals	33(b)	34,212	(95,000)	5,540
Depreciation on Assets	3(i)	1,673,615	1,362,833	1,834,387
Accruals - Long Service, Annual & RDO Leave		(20,362)	42,000	(58,561)
Capital Expenditure and Income				
Purchase Land and Buildings	33(a)	(97,120)	(314,000)	0
Purchase Infrastructure Assets - Roads	33(a)	(2,133,504)	(3,169,291)	(1,823,385)
Purchase Plant and Equipment	33(a)	(1,169,870)	(1,331,617)	(502,902)
Purchase Furniture and Equipment	33(a)	(32,079)	(73,300)	(74,283)
Proceeds from Disposal of Assets	33(b)	389,375	563,000	96,364
Proceeds from Debentures				
Transfers to Reserves (Restricted Assets)	13	(583,718)	(103,983)	(217,551)
Transfers from Reserves (Restricted Assets)	13	291,044	402,676	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,604,059	1,478,908	1,414,585
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,514,285	0	1,604,059
Amount Req'd to be Raised from Rates		<u>(1,276,977)</u>	<u>(1,215,903)</u>	<u>(1,188,660)</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards the Local Government Act (as amended) and accompanying regulations (as amended).

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

First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 26.

Compliance with IFRSs

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

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

The principal areas of non-compliance with IFRSs include:

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or at independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads is excluded from infrastructure in accordance with legislative requirements.

(d) Land Held for Resale

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

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

There was no land held for resale as at 30 June 2006.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Depreciation of Non-Current Assets

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

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

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

(f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Currently the Shire of Meekatharra leases one motor vehicle for operation of the Domestic Violence Programme.

(g) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(h) Employee Benefits

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

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short Term Benefits)

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Annual Leave and Long Service Leave (Long Term Benefits)

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

(i) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Meekatharra obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 12. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Shire of Meekatharra's operation for the current reporting period.

(j) Superannuation

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

(k) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 18e.

(l) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(m) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Inventories

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

(o) Rounding of Amounts

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

(p) Comparative Figures

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

(q) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and Payables in the Statement of Financial Position are stated inclusive of applicable GST.

(r) Impairment

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

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

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

2. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

DOMESTIC VIOLENCE PROGRAMME

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

HOUSING

Maintenance of staff and rental housing

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

2. STATEMENT OF OBJECTIVES

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operations and miscellaneous

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

3. REVENUES AND EXPENSES	NOTE	2006 Actual \$	2005 Actual \$
(a) Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		7,140	6,750
- Other Services		1,721	3,000
Doubtful Debts			
- Rate Debtors		37,217	39,941
- Sundry Debtors		4,838	3,500
Depreciation			
Buildings		121,748	134,551
Furniture and Equipment		25,600	10,680
Machinery & Equipment		25,246	25,842
Plant		436,196	390,337
Shire Water Scheme		344	1,609
Infrastructure - Roads		840,334	1,068,466
Infrastructure - Airport		157,048	157,048
Infrastructure - Other		67,100	45,854
		<u>1,673,616</u>	<u>1,834,387</u>
Rental Charges			
Operating leases	1(f)	<u>2,960</u>	<u>0</u>
		<u>2,960</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings		2006 Actual \$	2006 Budget \$
Investments			2005 Actual \$
- Reserve Funds	11	259,730	218,405
- Municipal Funds		104,905	98,296
- Other Interest Earnings	23	11,600	11,299
		<u>376,235</u>	<u>328,000</u>
		<u>328,500</u>	<u>328,000</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 Actual \$	2005 Actual \$
4. CASH and CASH EQUIVALENTS			
Unrestricted		887,624	1,466,154
Restricted		<u>5,088,035</u>	<u>4,341,449</u>
		<u>5,975,659</u>	<u>5,807,603</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	11	1,230,294	1,159,351
Building Reserve	11	239,707	222,954
Shire Water Reserve	11	106,691	100,542
Information Technology Reserve	11	0	288,368
Airprt Runway Reserve	11	1,575,044	1,490,462
Airport Operation Reserve	11	555,684	523,646
Transport Reserve	11	243,635	229,587
Infrastructure & Development Reserve	11	544,437	222,003
Long Service Leave Reserve	11	36,771	0
Insurance Reserve	11	0	2,676
<i>sub total</i>		<u>4,532,263</u>	<u>4,239,589</u>
Unspent Grants	12	555,772	101,860
		<u>5,088,035</u>	<u>4,341,449</u>
5. TRADE and OTHER RECEIVABLES			
Current			
Rates & Sevices Outstanding		103,282	100,596
Sundry Debtors		90,109	254,147
GST Receivable		53,788	30,058
Accrued Interest		0	18,358
Less Provision for Doubtful Debts		<u>(42,055)</u>	<u>(43,441)</u>
		<u>205,124</u>	<u>359,718</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		<u>95,964</u>	<u>62,927</u>
		<u>95,964</u>	<u>62,927</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual \$	2005 Actual \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings - Cost	4,030,664	3,933,545
Less Accumulated Depreciation	<u>(1,606,875)</u>	<u>(1,485,127)</u>
	2,423,789	2,448,418
Furniture and Equipment - Cost	302,070	325,330
Less Accumulated Depreciation	<u>(192,336)</u>	<u>(212,713)</u>
	109,734	112,617
Machinery & Equipment - Cost	237,129	432,100
Less Accumulated Depreciation	<u>(152,936)</u>	<u>(321,982)</u>
	84,193	110,118
Plant - Cost	4,952,949	4,621,017
Less Accumulated Depreciation	<u>(2,047,066)</u>	<u>(2,035,265)</u>
	2,905,883	2,585,752
Shire Water Scheme	38,709	38,708
Less Accumulated Depreciation	<u>(38,709)</u>	<u>(38,364)</u>
	0	344
Internet Equipment - Cost	0	151,744
Less Accumulated Depreciation	<u>0</u>	<u>(151,744)</u>
	0	0
	<u>5,523,599</u>	<u>5,257,249</u>

All other plant and equipment asset classes, are now

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

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Machinery & Equipment \$	Plant \$	Shire Water Scheme \$	Total \$
Balance as at 1 July 2005	2,448,418	112,617	110,118	2,585,752	344	5,257,249
Additions	97,119	32,078	0	1,169,870	0	1,299,067
Disposals	0	(9,361)	(679)	(413,543)	0	(423,583)
Revaluations - Increment	0	0	0	0	0	0
- (Decrement)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation Written Back	0	0	0	0	0	0
Depreciation Expense	(121,748)	(25,600)	(25,246)	(436,196)	(344)	(609,134)
Balance as at 30 June 2006	<u>2,423,789</u>	<u>109,734</u>	<u>84,193</u>	<u>2,905,883</u>	<u>0</u>	<u>5,523,599</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual \$	2005 Actual \$
8. INFRASTRUCTURE		
Roads - Cost	27,984,997	26,330,988
Less Accumulated Depreciation	<u>(13,876,633)</u>	<u>(13,036,299)</u>
	14,108,364	13,294,689
Airport - Cost	3,250,125	3,193,918
Less Accumulated Depreciation	<u>(1,684,095)</u>	<u>(1,527,047)</u>
	1,566,030	1,666,871
Infrastructure Other - Cost	2,332,146	1,908,858
Less Accumulated Depreciation	<u>(380,768)</u>	<u>(313,668)</u>
	1,951,378	1,595,190
	<u>17,625,772</u>	<u>16,556,750</u>

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

Movements in Carrying Amounts

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

	Roads \$	Airport \$	Other \$	Total \$
Balance as at 1 July 2005	13,294,689	1,666,871	1,595,190	16,556,750
Additions	1,654,009	56,207	423,288	2,133,504
Disposals	0	0	0	0
Revaluations - Increment	0	0	0	0
- (Decrement)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation Expense	(840,334)	(157,048)	(67,100)	(1,064,482)
Balance as at 30 June 2006	<u>14,108,364</u>	<u>1,566,030</u>	<u>1,951,378</u>	<u>17,625,772</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

NOTE	2006 Actual \$	2005 Actual \$
9. TRADE and OTHER PAYABLES		
Current		
Creditors - Sundry	146,164	311,713
Excess Rates	75,439	74,887
Accrued Salaries and Wages	8,596	0
	<u>230,199</u>	<u>386,600</u>
10. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	46,398	28,122
Provision for Long Service Leave	22,632	0
	<u>69,030</u>	<u>28,122</u>
Non Current		
Provision for Annual Leave	9,685	50,095
Provision for Long Service Leave	14,017	34,876
	<u>23,702</u>	<u>84,971</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 Actual \$	2006 Budget \$	2005 Actual \$
11. RESERVES - CASH BACKED				
(a) Plant Reserve	3			
Opening Balance		1,159,351	1,159,351	1,101,602
Amount Set Aside / Transfer to Reserve		70,943	20,244	57,749
Amount Used / Transfer from Reserve		0	(200,000)	0
		<u>1,230,294</u>	<u>979,595</u>	<u>1,159,351</u>
(b) Building Reserve	3			
Opening Balance		222,954	222,954	209,040
Amount Set Aside / Transfer to Reserve		16,753	3,894	13,914
Amount Used / Transfer from Reserve		0	0	0
		<u>239,707</u>	<u>226,848</u>	<u>222,954</u>
(c.) Shire Water Reserve				
Opening Balance		100,542	100,542	95,534
Amount Set Aside / Transfer to Reserve		6,149	1,756	5,008
Amount Used / Transfer from Reserve		0	0	0
		<u>106,691</u>	<u>102,298</u>	<u>100,542</u>
(d) Information Technology Reserve	3			
Opening Balance		288,368	288,368	274,004
Amount Set Aside / Transfer to Reserve		0	5,035	14,364
Amount Used / Transfer from Reserve		(288,368)	0	0
		<u>0</u>	<u>293,403</u>	<u>288,368</u>
(e) Airport Runway (Capital) Reserve	3			
Opening Balance		1,490,462	1,490,462	1,416,219
Amount Set Aside / Transfer to Reserve		84,582	26,026	74,243
Amount Used / Transfer from Reserve		0	0	0
		<u>1,575,044</u>	<u>1,516,488</u>	<u>1,490,462</u>
(f) Airport Operating Reserve	3			
Opening Balance		523,646	523,646	497,562
Amount Set Aside / Transfer to Reserve		32,038	9,143	26,084
Amount Used / Transfer from Reserve		0	0	0
		<u>555,684</u>	<u>532,789</u>	<u>523,646</u>
(g) Transport Reserve	3			
Opening Balance		229,587	229,587	215,855
Amount Set Aside / Transfer to Reserve		14,048	4,009	13,732
Amount Used / Transfer from Reserve		0	0	0
		<u>243,635</u>	<u>233,596</u>	<u>229,587</u>
(h) Infrastructure & Economic Development Reserve	3			
Opening Balance		222,003	222,003	210,240
Amount Set Aside / Transfer to Reserve		322,434	3,876	11,763
Amount Used / Transfer from Reserve		0	(200,000)	0
		<u>544,437</u>	<u>25,879</u>	<u>222,003</u>
(i) Insurance Reserve	3			
Opening Balance		2,676	2,676	1,982
Amount Set Aside / Transfer to Reserve		0	0	694
Amount Used / Transfer from Reserve		(2,676)	(2,676)	0
		<u>0</u>	<u>0</u>	<u>2,676</u>
(j) LSL Reserve	3			
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		36,771	30,000	0
Amount Used / Transfer from Reserve		0	0	0
		<u>36,771</u>	<u>30,000</u>	<u>0</u>
Total Cash Backed Reserves		<u><u>4,532,263</u></u>	<u><u>3,940,896</u></u>	<u><u>4,239,589</u></u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

11. RESERVES - CASH BACKED (Continued)

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

- Plant Reserve
 - to be used to fund major plant acquisitions on an ongoing basis.
- Building Reserve
 - to be used for the future building requirements for Council purposes.
- Shire Water Reserve
 - to be used for capital water requirements of parks and gardens administered by the Shire.
- Information Technology Reserve
 - Closed
- Airport Runway Reserve
 - to be used for future construction requirements of the airport runway.
- Airport Operating Reserve
 - to be used for capital improvement for the airport support infrastructure.
- Transport Reserve
 - to be used for the expansion of the road network that cannot be met by operating income.
- Infrastructure & Economic Development Reserve
 - to be used to develop existing town infrastructure of a commercial or non-commercial nature and fund projects deemed by Council to provide a necessary long term employment or economic benefit to the community.
- Insurance Reserve
 - Closed
- Long Service Leave Reserve
 - to be used for the future pay of staff proceeding on Long Service Leave.

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

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

RESERVES - ASSET REVALUATION

	2006	2005
	Actual	Actual
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Roads		
Balance as at 1 July 2005	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>2,868,849</u></u>	<u><u>2,868,849</u></u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

12. ECONOMIC DEPENDANCY AND GRANTS

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

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

Government Source	Purpose of Grant or Contribution	2004/2005 Grants Unspent Brought Forward	2005/2006 Grants Received	2005/2006 Grants Expended	2005/2006 Unexpended Grants
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant		1,246,453	1,246,453	0
Grants Commission	Untied Roads Financial Grant		815,464	815,464	0
		0	2,061,917	2,061,917	0
LAW, ORDER, & PUBLIC SAFETY					
FESA Operational Grant	Fire Prevention		4,600	4,600	0
FESA Operational Grant	SES Services		14,601	14,601	0
Safer WA (Dept of Justice)	Community Safety & Crime Prevention	16000		1,193	14,807
HYPE Programme		26000	0	26,000	0
		42,000	19,201	46,394	14,807
HEALTH SERVICES					
Department of Health	Aboriginal Health Workers		18,212	18,212	0
		0	18,212	18,212	0
WELFARE SERVICES					
Department of Justice	Domestic Violence programme	59860	130,133	117,618	72,375
CDO Miscellaneous	Community Development Misc Small Grants		24,422	18,922	5,500
Youth Miscellaneous	Youth Centre Misc Small Grants		21,026	21,026	0
Iris Curley Contribution	Benefit of Meekatharra Youth	14000		5,222	8,778
YAS	Youth Centre Operations		10,024	10,024	0
OSCH	Youth Centre Operations		9,787	9,787	0
Dept of Community Development	Youth Centre Operations		55,332	55,332	0
Sgio	School Holiday Programme		0	0	0
		73,860	250,724	237,931	86,653
RECREATION & CULTURE					
Gaming Community Trust	Swimming Pool Subsidy		3,000	3,000	0
LotteryWest	Recreation Officer Operating		46,000	46,000	0
Recreation Miscellaneous	Mt Augustus Bus Trip				0
	Recreation Misc Small Grants		8,526	6,630	1,896
		0	57,526	55,630	1,896
TRANSPORT					
Main Roads Department	Street Lighting Subsidy		1,607	1,607	0
		0	1,607	1,607	0
TOTAL OPERATING GRANTS		115,860	2,409,187	2,421,691	103,356
NON OPERATING GRANTS					
LAW, ORDER, & PUBLIC SAFETY					
FESA Grant					0
		0	0	0	0
RECREATION & Culture					
	Community Bus		73,726	73,726	0
	Youth Spaces Bike Trail		10,000	10,000	0
		0	83726	83726	0
TRANSPORT					
Main Roads Department	Direct Grant		140,479	140,479	0
Dept of Transport & Regional Services	Roads to Recovery - General/Various		876,738	438,369	438,369
Main Roads Department	Regional Road Group		133,342	133,342	0
Main Roads Department	Black Spot Program		0	9,721	12,567
Dept of Transport & Regional Services	Airport Security Fencing (RAFP)	22288	56,207	56,207	0
Dept of Transport & Regional Services	RADS				0
		22288	1206766	778118	450936
ECONOMIC SERVICES					
Aboriginal Affairs	MRDT Stage 2		1,480	0	1,480
		0	1480	0	1480
TOTAL NON OPERATING GRANTS		22288	1291972	861844	452416
TOTAL GRANTS		138,148	3,701,159	3,283,535	555,772

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	NOTE	2006 Actual \$	2005 Budget \$	2005 Actual \$
Cash - Unrestricted	4	887,624	250,000	1,466,154
Cash - Restricted	4	5,088,035	3,910,896	4,341,449
		<u>5,975,659</u>	<u>4,160,896</u>	<u>5,807,603</u>

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

Net Profit (or Loss)		1,558,633	1,239,774	929,172
Depreciation	3(a)	1,673,615	1,362,833	1,834,387
(Profit)/Loss on Sale of Asset	32(b)	34,210	(95,000)	5,540
(Increase)/Decrease in Receivables		196,827	113,329	(32,002)
Increase/(Decrease) in Doubtful Debts		(1,386)	0	32,053
(Increase)/Decrease in Inventories		(33,037)	143,779	(2,868)
Increase/(Decrease) in Payables		(197,249)	22,345	249,929
Increase/(Decrease) in Employee Provisions		(20,361)	(150,851)	(58,561)
Grants/Contributions for the Development of Assets		(1,375,649)	(934,453)	(1,416,952)
Net Cash from Operating Activities		<u>1,835,603</u>	<u>1,701,756</u>	<u>1,540,698</u>

(c) Credit Standby Arrangements

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

(d) Loan Facilities

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

14. CAPITAL AND LEASING COMMITMENTS	2005 Actual \$	2004 Actual \$
(a) Finance Leasing and Hire Purchase Commitments	Nil	Nil
(b) Operating Lease Commitments	Nil	Nil
<p>Non-cancellable operating leases contracted for but not capitalised in the accounts.</p> <p>Payable:</p> <ul style="list-style-type: none"> - not later than one year - later than one year but not later than five years - later than five years 		
	5,920	0
	8,880	0
	<u>0</u>	<u>0</u>
	<u>14,800</u>	<u>0</u>
(c) Capital Expenditure Commitments	Nil	Nil

15. TRUST FUNDS

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

	Balance 1/07/2005 \$	Amounts Received \$	Amounts Paid \$	Balance 30/06/2006 \$
Donations	5,000	0	0	5,000
Unclaimed Monies	9,292	0	80	9,212
Bus Hire Bond	0	300	300	0
Library Deposits	1,985	257	48	2,194
Surplus Funds	334	0	0	334
Building Industry Training Levy	48	0	0	48
Nomination Deposits	0	0	0	0
Stockyard Caretaking	21	0	0	21
Miscellaneous Deposits	3,520	2,429	2,637	3,312
Picture Fund	1,000	0	0	1,000
	<u>21,200</u>	<u>2,986</u>	<u>3,065</u>	<u>21,121</u>

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2006

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2006	2005
	Actual	Actual
	\$	\$
Governance	0	339
General Purpose Funding	91,555	60,655
Law, Order, Public Safety	11,876	7,704
Health	5,736	70,464
Education and Welfare	386,921	396,528
Housing	398,075	272,270
Community Amenities	186,046	202,530
Recreation and Culture	2,151,672	2,051,638
Transport	16,135,175	15,580,278
Economic Services	935,870	680,295
Other Property and Services	3,147,533	2,895,585
Unallocated (Cash)	5,975,659	5,825,961
	<u>29,426,118</u>	<u>28,044,247</u>

17. FINANCIAL RATIOS	2006	5975659 2005	5807603 2004
Current Ratio	3.97	4.59	5.03
Untied Cash to Trade Creditors Ratio	6.07	4.75	11.28
Debt Ratio	0.01	0.02	0.01
Debt Service Ratio	0.00	0.00	0.00
Gross Debt to Revenue Ratio	0.00	0.00	0.00
Gross Debt to Economically Realisable Assets	0.00	0.00	0.00
Rate Coverage Ratio	0.23	0.22	0.23
Outstanding Rates Ratio	0.07	0.07	0.08

The above rates are calculated as follows:

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

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FOR THE YEAR ENDED 30 JUNE 2006

18. LONG TERM BORROWINGS (Detail)

- (a) **Debenture Repayments**
Council had no amounts owing on debentures as at 30 June 2006.
- (b) **New Debentures - 2005/06**
Council had no new debentures for 2005/06
- (c) **Unspent Debentures**
Council has no unspent Debentures at 30 June 2006
- (d) **Overdraft**
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2006
- (e) **Interest Rate Risk**
Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

SHIRE OF MEEKATHARRA
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19. RATING INFORMATION - 2005/2006 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate										
- Gross rental value	8.4460	397	2,191,276	185,075	6,352	191,427	191,427		0	191,427
- Unimproved Value Mining	9.1962	818	10,370,810	953,720	37,883	991,603	934,940	0	0	934,940
- Unimproved Value Pastoral	3.1300	47	1,752,654	54,858	(0)	54,858	54,046	0	0	54,046
Sub-Totals		1,262	14,314,740	1,193,654	44,234	1,237,888	1,180,413	0	0	1,180,413
Minimum Rate										
	Minimum \$									
- Gross rental value	130	52	0	6,730	0	6,730	6,760	0	0	6,760
- Unimproved Value Mining	130	223	0	28,990	0	28,990	520	0	0	520
- Unimproved Value Pastoral	130	4	0	520	0	520	28,210	0	0	28,210
Sub-Totals		279	0	36,240	0	36,240	35,490	0	0	35,490
Ex Gratia						1,274,128				1,215,903
Totals						1,276,977				1,215,903
						1,276,977				
Prior Year Rates written off (Not included above)						14,790				10,000

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FOR THE YEAR ENDED 30 JUNE 2006

20. SPECIFIED AREA RATE - 2005/2006 FINANCIAL YEAR NIL

21. SERVICE CHARGES - 2005/2006 FINANCIAL YEAR NIL

22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2005/2006 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
General Rates	Discount	0	0	0
Minimum Rates	Discount	0	0	0
Hall Hire Charges	Waiver	0	0	0
Debtor - Miscellaneous	Write Off	NA	35,573	0
Debtor - Rates	Write-Off	NA	14,790	10,000

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

The Shire waives Hall Hire Charges for selected events that are considered to be for the overall benefit of the Community.

The financial consideration is not calculated.

23. INTEREST CHARGES AND INSTALMENTS - 2005/2006 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	0	8,650	5,000
Interest on Instalments Plan	5.5	0	2,950	3,500
Charges on Instalment Plan		15	1,680	2,000
			13,280	10,500

SHIRE OF MEEKATHARRA
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24. FEES & CHARGES	2006 Actual \$	2005 Actual \$
General Purpose Funding	8,107	17,694
Law, Order, Public Safety	6,838	1,394
Health	(1,054)	158,944
Education & Welfare	10,390	6,405
Housing	6,817	18,669
Community Amenities	84,050	93,398
Recreation & Culture	49,409	14,328
Transport	459,491	432,459
Economic Services	17,784	42,560
Other Property & Services	0	312
	<u>641,832</u>	<u>786,163</u>

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

25. COUNCILLORS' REMUNERATION	2006 Actual \$	2006 Budget \$	2005 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	13,560	14,400	11,880
Travelling Expenses	6,851	10,000	6,840
Telecommunications	0	2,700	1,800
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,000	2,000	2,000
	<u>30,411</u>	<u>37,100</u>	<u>30,520</u>

26. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

SHIRE OF MEEKATHARRA
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FOR THE YEAR ENDED 30 JUNE 2006

27. EMPLOYEES' REMUNERATION

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

Salary Range \$	2006	2005
100,000 - 109,999	<u>1</u>	<u>1</u>

28. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2006	2005
<u>25</u>	<u>25</u>

29. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the period.

30. MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

31. OTHER TRADING UNDERTAKINGS

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

Current Year Transactions	2006 \$	2005 \$
Operating Income	114,094	101,381
Operating Expenses	(97,079)	(83,467)
Change in Net Assets resulting	<u>17,015</u>	<u>17,915</u>

Statement of Financial Position

Current Assets		
Cash at Bank	2,940	5,799
Trade Debtors	0	0
Current Liabilities		
Trade Creditors	0	0
	<u>2,940</u>	<u>5,799</u>
Equity		
Opening balance	5,799	14,273
Cash Transferred to Municipal	(19,874)	(26,389)
Change in Net Assets	17,015	17,915
	<u>2,940</u>	<u>5,799</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

32. DISPOSAL & REPLACEMENT OF ASSETS

32a The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
Plant & Equipment				
Holden Rodeo - Ranger Unit	385	1694	37,506	41,000
Black Hawk Fogger	3029	2374	4,345	7,000
Toyota Prado - CEO Vehicle	384	1224	40,323	40,000
Community Bus	1060	2446	89,233	89,017
Overseers Utility	386	5004	40,557	40,000
Misc Plant (Small Equipment)		5014	3,565	10,000
Caravans and Equipment	110	5034	11,604	20,000
Grader	108	5054	337,544	320,000
Various Utilities		5084	28,471	35,000
Truck	109	5124	167,797	180,000
Engines and Pumps		5154	11,000	7,000
Generator		5284	14,432	20,000
Bulldozer	114	5304	353,830	400,000
Tandem Trailer				7,000
Traffic Counters		5324	6,495	6,000
RADS -Cones & PAK		5375	9,592	15,000
VHF Broadcast System		5376	13,576	0
EHO Vehicle				45,000
2nd Hand Vehicle				15,000
Airport Sweeper				7,000
	<i>sub total</i>		<i>1,169,870</i>	<i>1,304,017</i>
Land & Buildings				
Domestic Violence House	1015	2533	25,000	25,000
Disable Access to Office		1245	1,670	5,000
Domestic Violence Security Alarms and Screens		2546	9,743	
Domestic Violence Fencing		2547	8,627	
SPQ McCleary Street Paddy's Flat		3254	5,795	10,000
Swimming Pool Upgrade		3666	36,921	64,000
Airconditioner	1014	2026	3,727	4,300
Sports Complex Floor Coverings		3680	5,170	7,000
Interpretive Centre		5396	467	50,000
Staff Housing				100,000
Town Hall - Sand & Treat Floor				10,000
Construct Oval Toilets				50,000
	<i>sub total</i>		<i>97,120</i>	<i>325,300</i>
Machinery & Equipment				
	<i>sub total</i>		<i>0</i>	<i>0</i>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

32. DISPOSAL & REPLACEMENT OF ASSETS (continued)

32a The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual \$	Budget \$
Furniture and Equipment				
Airconditioner - Gym				6,000
BBQ & Light				5,000
Computer Equipment - Photocopier	2012	1244	8,845	
Computer Equipment - DCEO Computer	2013	1244	2,870	
Computer Equipment - Office			6,444	11,000
Computer Equipment - Storgare Shelving and Server	2015	1244	8,410	20,000
Domestic Violence Furniture	2017	2548	1,526	
Domestic Violence White Goods	2017	2549	2,433	
Domestic Violence Office IT Equipment	2018	2550	1,551	
			<i>sub total</i>	
			32,079	42,000
Infrastructure - Roads				
Additions to Gravel Roads			1,364,563	1,545,369
Additions to Sealed Roads			272,228	350,000
Waterbores			17,218	20,000
			<i>sub total</i>	
			1,654,009	1,915,369
Infrastructure - Other				
Cornish Lift	7105	3624	3,660	6,000
Oval Lights				30,000
BMX Bike Trail	7118	3630	28,171	30,000
Playground Equipment	7117	3904	21,712	21,600
Main Street Reticulation	7119	3924	34,942	31,000
Luke Pit Water Scheme	7051	3944	64,102	50,000
Lions Park	400	4015	451	10,000
MRDT - Stage 2	7120	5390	67,605	496,122
Meekatharra Hertiage Drive Trail	7121	5394	152,702	433,000
Tourist Rest Area	7116	5395	12,144	20,000
Mining Relics	7122	5397	7,705	20,000
Airport Road Trees and Reticulation	7123	5398	23,121	14,800
Entry Statement & Signs	7124	5424	6,972	75,000
			423,287	1,237,522
Airport Infrastructure				
Airport Fencing	5003	5214	56,207	64,000
			<i>sub total</i>	
			56,207	64,000
			3,432,572	4,888,208

SHIRE OF MEEKATHARRA
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FOR THE YEAR ENDED 30 JUNE 2006

32. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

32b) The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		(Profit) Loss	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant									
Landcruiser Tray Top 2004 Diesel	3,019	41,140	3,449	37,691	35,000	32,727	33,000	4,964	2,000
Inter Aceo 2350G 250 Truck	320	126,592	90,716	35,876	100,000	62,000	80,000	(26,124)	20,000
1999 12H Caterpillar Grader	328	258,800	166,128	92,672	150,000	125,000	120,000	(32,328)	30,000
Liebherr PR732B Dozer	345	302,355	138,503	163,852	200,000	90,000	200,000	73,852	0
2004 Prado GX	375	38,450	4,488	33,962	40,000	29,950	30,000	4,012	10,000
Utility Airport					30,000				10,000
DCEO Vehicle					40,000				10,000
Toyota Camry Altise	376	24,338	9,322	15,016	18,000	15,000	15,000	16	3,000
Toyota Landcruiser Wagon	378	41,250	6,860	34,390	45,000	29,182	35,000	5,208	10,000
Fire Truck	500	5,012	4,928	84		3,000		(2,916)	0
Fireburn 1800hr Tank	204	1,508	949	559		0		559	0
				0				0	0
Furniture and Equipment									
Qualcom Satellite Phone	2,178	1,736	318	1,418		477		0	0
Dell Inspiron 9100 Laptop	2,180	4,861	890	3,971		595		941	0
Dell Inspiron 9100 Laptop	2,181	4,861	890	3,971		595		3,376	0
Dell Inspiron 2600 Laptop	302	3,484	3,484	0		391		(391)	0
				0				0	0
Machinery & Equipment									
Engel Fridge Freezer 39 L	246	1,103	983	120		455		(335)	0
				0				0	0
Sub Total		855,490	431,908	423,582	658,000	389,372	563,000	34,210	95,000

32c) The following assets having been fully written down and no longer useable were removed from the asset register.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture and Equipment									
Electric Polisher	2010	724	724	0	0	0	0	0	0
Book Case - Grey	2011	199	199	0	0	0	0	0	0
Kelvinator Fridge (all Fridge)	2014	509	509	0	0	0	0	0	0
Lot 206 Pinetable and Chairs	2019	770	770	0	0	0	0	0	0
Lot 220 Heater	2021	1,064	1,064	0	0	0	0	0	0
Computer Terminal 6402L	2036	974	974	0	0	0	0	0	0
Compusheet Spreadsheet Program	2037	1,065	1,065	0	0	0	0	0	0
Vacuum Cleaner	2038	751	751	0	0	0	0	0	0
Microscope and Meat Thermomete	2039	897	897	0	0	0	0	0	0
Wayte Board	2041	320	320	0	0	0	0	0	0
OKI 391 Dot Matrix Printer	2047	1,050	1,050	0	0	0	0	0	0
Heater	2050	1,064	1,064	0	0	0	0	0	0
Carrier 2HP R/C Air Conditioner	2051	945	945	0	0	0	0	0	0
Pioneer Solid Fuel Heater	2052	955	955	0	0	0	0	0	0
Pioneer Solid Fuel Heater	2054	955	955	0	0	0	0	0	0
Kelvinator 2.25HP Air Conditioner	2057	1,566	1,566	0	0	0	0	0	0
Kelvinator 1.5HP Air Conditioner	2058	1,345	1,345	0	0	0	0	0	0
Kelvinator 1.5HP Air Conditioner	2059	1,223	1,223	0	0	0	0	0	0
Bonaire Spatial Air Conditioner	2062	683	683	0	0	0	0	0	0
Fujitsu Air Conditioner	2063	642	642	0	0	0	0	0	0
Bonaire Spatial Air Conditioner	2064	688	688	0	0	0	0	0	0
Toshiba TF 561 Facsimile Machine	2065	3,733	3,733	0	0	0	0	0	0
Bonaire Spatial Air Conditioner	2066	780	780	0	0	0	0	0	0
Kelvinator 1HP Air Conditioner	2072	755	755	0	0	0	0	0	0
Niifak Vacuum Cleaner	2084	3,684	3,684	0	0	0	0	0	0
Canon NP3020 Photocopier	2085	4,950	4,950	0	0	0	0	0	0
Pentium Computer	2093	3,556	3,556	0	0	0	0	0	0
Pentium Computer	2094	3,556	3,556	0	0	0	0	0	0
MS Office Pro 95	2095	2,139	2,139	0	0	0	0	0	0
Ethernet Network System (Cards)	2096	450	450	0	0	0	0	0	0
Westinghouse Mobile Sat Telephone	214	8,315	8,315	0	0	0	0	0	0
Universe Software	2148	1,485	1,485	0	0	0	0	0	0
Sundry Furniture & Equipment	2999	404	404	0	0	0	0	0	0

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FOR THE YEAR ENDED 30 JUNE 2006

32. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

32b: The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Machinery and Equipment									
Sundry Tool & Equipment	1	17,605	17,605	0	0	0	0	0	0
Two Way Radios	103	1,468	1,468	0	0	0	0	0	0
Casnoo Bitumen Sprayer	104	532	532	0	0	0	0	0	0
Lister Generating Set	105	2,597	2,597	0	0	0	0	0	0
Codan Receiver	107	1,115	1,115	0	0	0	0	0	0
Dumpy Level	111	523	523	0	0	0	0	0	0
Kanga Hammer	112	881	881	0	0	0	0	0	0
Honda Generator	113	451	451	0	0	0	0	0	0
2 Lincon Flow Meters	117	433	433	0	0	0	0	0	0
Haldex Electric Trip Meter	119	526	526	0	0	0	0	0	0
Perkins Plate Compactor	122	995	995	0	0	0	0	0	0
Kleenheat gas Fridge	123	1,000	1,000	0	0	0	0	0	0
Grid Moulds	125	3,899	3,899	0	0	0	0	0	0
Codan 7727 100W Radio	126	1,629	1,629	0	0	0	0	0	0
S/H Ians Road Broom	127	1,750	1,750	0	0	0	0	0	0
Lincoln 400AS Welder	128	6,471	6,471	0	0	0	0	0	0
JC Fitzey Rock Drill	129	2,636	2,636	0	0	0	0	0	0
Howard Rollmowa	130	2,789	2,789	0	0	0	0	0	0
Water Pump Honda 5hp	132	383	383	0	0	0	0	0	0
Electric Compressor Depot	134	535	535	0	0	0	0	0	0
Pacific 2 inch Water Pump	137	428	428	0	0	0	0	0	0
Jack Hammer and Rock Drill	138	1,899	1,899	0	0	0	0	0	0
Lighburn Mixer	139	895	895	0	0	0	0	0	0
Flygt Pump B52125	144	5,932	5,932	0	0	0	0	0	0
Lowara Sub Pump	145	4,456	4,456	0	0	0	0	0	0
4KVA Lister Generator	146	6,439	6,439	0	0	0	0	0	0
Trolley Jack Masada St	149	824	824	0	0	0	0	0	0
Honda 5hp E753 Water Pump	150	1,306	1,306	0	0	0	0	0	0
Still Mixer	153	576	576	0	0	0	0	0	0
Spit Water	160	2,546	2,546	0	0	0	0	0	0
Water Tank	164	4,500	4,500	0	0	0	0	0	0
Two Way Radio	167	958	958	0	0	0	0	0	0
Water Tank	172	5,500	5,500	0	0	0	0	0	0
3 Wheel Bike	173	5,445	5,445	0	0	0	0	0	0
Engel Car Fridge	175	301	301	0	0	0	0	0	0
Mosquito Fogger	176	2,100	2,100	0	0	0	0	0	0
Pump	177	1,764	1,764	0	0	0	0	0	0
Tank	181	4,300	4,300	0	0	0	0	0	0
Ride on Mower	185	600	600	0	0	0	0	0	0
Lowara 3 phase Pump	192	1,872	1,872	0	0	0	0	0	0
200L Linkage Sprayer and Boom	193	1,888	1,888	0	0	0	0	0	0
Rotary Hammer 16mm/50mm	195	780	780	0	0	0	0	0	0
UHDSE Generator Set	197	3,091	3,091	0	0	0	0	0	0
Leteron Econosign V Machine	198	1,990	1,990	0	0	0	0	0	0
Engel Car Fridge	199	875	875	0	0	0	0	0	0
Faneral Directors Lowering Dev	200	3,709	3,709	0	0	0	0	0	0
Clasby Air Compressor	202	1,417	1,417	0	0	0	0	0	0
Pentax AL-5B Autolevel and Tri	206	730	730	0	0	0	0	0	0
Photographic Equipment	207	15,195	15,195	0	0	0	0	0	0
Lister 5KVA Tri Genset	208	7,060	7,060	0	0	0	0	0	0
NEC Mobile Sat Telephone	209	8,230	8,230	0	0	0	0	0	0
NEC Mobile Sat Telephone	210	8,242	8,242	0	0	0	0	0	0
Blackhawk Fogger	211	5,120	5,120	0	0	0	0	0	0
Engel Car Fridge	213	969	969	0	0	0	0	0	0
2 x 40,000 Gallon Tanks	215	6,900	6,900	0	0	0	0	0	0
Genset G41B MS	216	5,420	5,420	0	0	0	0	0	0
Chesold 3 Way Fridge Freezer	220	908	908	0	0	0	0	0	0
Utility Locker	234	1,837	1,837	0	0	0	0	0	0
3000PSI Blaster Pressure Cleaner	262	2,495	2,495	0	0	0	0	0	0
2000PSI Blaster Pressure Cleaner	263	1,283	1,283	0	0	0	0	0	0
FS2000 Brushcutter	3006	27	27	0	0	0	0	0	0
Unirof Pedestrian Roller	44	1,536	1,536	0	0	0	0	0	0
Internet									
Internet Set up costs	601	151,744	151,744	0	0	0	0	0	0
Sub Total		384,500	384,499	-	-	3	-	-	-
		1,239,990	816,407	423,582	658,000	389,375	563,000	34,210	95,000

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA**

Scope

The financial report and Council's responsibility

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Meekatharra for the year ended 30 June 2006.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA (continued)**

Audit Opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Meekatharra as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Other Matters

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are no material matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 18 September 2006
Perth, WA

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