

Annual Report

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Meekatharra Races, Sept 2008



Meekatharra Rodeo, Sept 2008

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Shire Presidents Report

It is a pleasure to report on another successful year for the Shire of Meekatharra. Our staff and contractors have completed some relatively large projects whilst managing to keep up with the many compliance tasks and maintain sound governance and management processes.

The Ordinary Elections in October 2007 and an Extraordinary Election in January 2008 resulted in two new councillors being elected to council. Cr Ann Downing and Cr Jo Bergemeister have settled in to their new roles and are providing valuable input into our decision making processes. Welcome Ann and Jo.

Cr Brian O'Dwyer resigned from Council in November 2007 and moved out of the district. Cr O'Dwyer served as a Councillor for some 26 years including time as Shire President and some 15 years as Deputy Shire President. During his time in Meekatharra Cr O'Dwyer made an enormous contribution to the Council and the district - his presence will be greatly missed.

Cr SR (Budgie) Bajrai didn't renominate for council at the October elections. Cr Bajrai was a committed and constructive Councillor over a period of some 3½ years.

My thanks and congratulations go to our newly elected Deputy Shire President, Cr Norm Trenfield for his support as deputy since November 2007. Thanks also to all our Councillors for their dedication and hard work during the year.

During the year, Council further refined its management and functional structure. It is pleasing to note that our CEO, Roy McClymont, and his staff have managed to fill all key positions within our structure – quite an achievement in a very tough labour market.

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

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

Tom Hutchinson
Shire President



Chief Executive Officers Report

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

Sincere thanks to Shire President Tom Hutchinson for his ongoing support and encouragement. Thanks also to all our Shire Councillors for their fine work and contributions during the year.

During the year we welcomed the following people to our Shire: Allen Kent, Works and Services Manager; John Watson-Bates, Operations Officer; Hitesh Hans, Debtor/Creditor Officer; Nyssa Henderson, Admin Assistant; Meg Coulthard, Customer Service Officer; Elaine King, Part Time Youth/Rec Officer; Warrick Pointon, Town Maintenance and Matthew Graham, Plant Operator.

We also welcomed ML & GJ Trenfield Contracting as Aerodrome Management Contractors, Greg Byrne as Rubbish Removal Contractor and Peter Smith as Part Time Contract Ranger.

We were fortunate to be able to recruit quality staff and contractors into most positions. Recruitment of Plant Operators however continues to be very difficult. As a consequence our road construction program and efficiencies tend to suffer.

Our major road works this year were focused mainly on Mt Clere Road, Landor Road and Ashburton Downs Road with \$1.4M being spent on these three roads. Major repairs (\$300,000) were undertaken on the Grave Creek Floodway which is situated 204 kilometres along the Ashburton Downs Road. Other roads to benefit from our construction program were Sandstone Road, Wiluna North Road and Murchison Downs Road.

Council has embarked on a short term program to upgrade and renovate its housing and accommodation. Over \$150,000 was spent renovating and redesigning the Single Persons Quarters. We now have three high quality fully self contained units available for staff at this location.

Council continues to strongly support community facilities, programs and events with over \$600,000 being spent during the year on community development, youth and recreation.

A special note of appreciation goes to my three senior officers; Managers Cameron Watson and Allen Kent and Officer Megan Alchin – thank you for your commitment, support and loyalty during the year.

Roy McClymont
Chief Executive Officer

Disability Access and Inclusion Plan

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

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

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

Record Keeping Plan

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

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

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

National Competition Policy

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

1. Council does not undertake any business enterprises that are classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
2. Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
3. The principals of competitive neutrality were implemented in respect of any relevant activity undertaken during the 2008/09 financial year.

Freedom of Information

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

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

Public Interest Disclosures

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

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

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

Plan for the future of the District

The changes to the *Local Government Act 1995* replaced the need for a Principal Activities Plan with the need to Plan for the Future of the District. Council adopted a Plan for the Future during 2006/07 financial year. The Plan for the Future is for the period July 2007 to June 2011.

A copy of the plan is available at the Shire Office if you wish to peruse it.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

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SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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, su notes and other information for the financial year ended 30th June 2008 are in my opinion pro drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 200 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 12th Day of November 2008



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 2008

INCOME STATEMENT BY PROGRAMME

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Revenues and Expenses from Ordinary Activities				
Classified According to Programme				
Governance		0	100	0
General Purpose Funding		4,600,826	4,308,648	4,052,716
Law, Order, Public Safety		34,656	34,501	24,008
Health		250	820	383
Education and Welfare		188,230	247,042	241,079
Housing		10,504	10,020	6,803
Community Amenities		96,777	99,100	88,414
Recreation and Culture		47,855	61,516	69,227
Transport		2,169,772	2,375,518	1,770,039
Economic Services		62,721	233,682	49,350
Other Property and Services		61,959	44,000	74,035
		<u>7,273,550</u>	<u>7,414,947</u>	<u>6,376,054</u>
EXPENSES FROM ORDINARY ACTIVITIES				
(Excluding Borrowing Costs expense)				
Governance		331,277	358,258	328,145
General Purpose Funding		140,250	233,949	261,354
Law, Order, Public Safety		151,295	178,102	124,619
Health		54,760	93,499	59,120
Education and Welfare		377,588	715,295	394,729
Housing		3,318	8,320	6,803
Community Amenities		280,866	373,124	223,899
Recreation & Culture		570,561	870,703	616,494
Transport		2,878,196	3,080,121	2,823,478
Economic Services		174,841	263,273	271,079
Other Property and Services		259,463	1,000	237,743
		<u>5,222,415</u>	<u>6,175,644</u>	<u>5,347,463</u>
Net Result		<u>2,051,135</u>	<u>1,239,303</u>	<u>1,028,591</u>

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

INCOME STATEMENT BY NATURE OR TYPE

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Revenues and Expenses from Ordinary Activities				
Classified According to Nature and Type				
Ordinary Revenues				
Rates	19	1,712,454	1,635,125	1,446,951
Grants and Subsidies - operating	12	2,476,735	2,707,080	2,438,309
Contributions Reimbursements and Donations		121,834	64,351	66,258
Fees and Charges	24	894,816	748,790	753,179
Interest Earnings	3	614,221	409,500	415,905
Other Revenue		9,696	1,000	41,797
		<u>5,829,756</u>	<u>5,565,846</u>	<u>5,162,399</u>
Ordinary Expenses				
Employee Costs		1,137,429	1,499,390	1,240,084
Materials and Contracts		1,493,320	1,940,083	1,314,082
Utilities (gas, electricity, water, etc)		166,605	194,820	188,782
Depreciation on Non-current Assets	3	2,227,948	2,356,298	2,348,497
Insurance		190,083	181,553	169,005
Other		1,026	3,500	8,713
		<u>5,216,411</u>	<u>6,175,644</u>	<u>5,269,163</u>
		613,345	(609,798)	(106,764)
Grants and Subsidies - non-operating	12	1,441,355	1,816,101	1,180,024
Profit on Asset Disposals	32	2,439	33,000	33,631
Loss on Asset Disposals	32	(6,004)	0	(78,300)
NET RESULT		<u><u>2,051,135</u></u>	<u><u>1,239,303</u></u>	<u><u>1,028,591</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 2008

BALANCE SHEET

	NOTE	2008 Actual \$	2007 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	8,268,696	7,028,799
Trade and Other Receivables	5	231,283	264,060
Inventories	6	110,866	77,352
TOTAL CURRENT ASSETS		8,610,845	7,370,211
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	5,171,819	5,361,550
Infrastructure	8	18,848,198	17,929,121
TOTAL NON-CURRENT ASSETS		24,020,017	23,290,671
TOTAL ASSETS	16	32,630,862	30,660,882
CURRENT LIABILITIES			
Trade and Other Payables	9	346,826	432,183
Provisions	10	80,388	76,662
TOTAL CURRENT LIABILITIES		427,214	508,845
NON-CURRENT LIABILITIES			
Provisions	10	20,735	20,259
TOTAL NON-CURRENT LIABILITIES		20,735	20,259
TOTAL LIABILITIES		447,949	529,104
NET ASSETS		32,182,913	30,131,778
EQUITY			
Retained Surplus		23,299,018	22,445,705
Reserves - Cash Backed	11	6,015,046	4,817,224
Reserves - Asset Revaluation	11	2,868,849	2,868,849
TOTAL EQUITY		32,182,913	30,131,778

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

STATEMENT OF CHANGES IN EQUITY

	NOTE	2008 Actual \$	2007 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2007		22,445,705	21,702,075
Net Result		2,051,135	1,028,591
Transfer from/(to) Reserves		(1,197,822)	(284,961)
Balance as at 30 June 2008		<u>23,299,018</u>	<u>22,445,705</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		4,817,224	4,532,263
Amount Transferred (to)/from Retained Surplus		1,197,822	284,961
Balance as at 30 June 2008	11	<u>6,015,046</u>	<u>4,817,224</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		2,868,849	2,868,849
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2008	11	<u>2,868,849</u>	<u>2,868,849</u>
TOTAL EQUITY		<u><u>32,182,913</u></u>	<u><u>30,131,778</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 2008

CASH FLOW STATEMENT

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
Cash Flows From				
Operating Activities				
Receipts				
Rates		1,697,009	1,710,184	1,422,437
Grants and Subsidies - operating		2,476,735	2,707,080	2,472,659
Contributions, Reimbursements & Donations		121,834	64,351	83,756
Fees and Charges		895,353	742,384	721,346
Interest Earnings		614,221	409,500	415,907
Goods and Services Tax		398,955	263,000	361,232
Other		9,696	1,000	41,797
		<u>6,213,803</u>	<u>5,897,499</u>	<u>5,519,134</u>
Payments				
Employee Costs		(1,129,692)	(1,502,016)	(1,234,024)
Materials and Contracts		(1,647,050)	(1,916,729)	(1,089,635)
Utilities (gas, electricity, water, etc)		(166,605)	(194,820)	(188,782)
Insurance		(190,083)	(181,553)	(169,005)
Goods and Services Tax		(430,795)	(263,000)	(336,144)
Other		30,295	(3,500)	(14,435)
		<u>(3,533,930)</u>	<u>(4,061,618)</u>	<u>(3,032,025)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>2,679,873</u>	<u>1,835,881</u>	<u>2,487,109</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(484,538)	(1,356,061)	(511,817)
Payments for Construction of				
Infrastructure		(2,509,259)	(3,499,110)	(2,109,922)
Grants and Contributions for				
the Development of Assets		1,520,882	1,816,101	1,100,497
Proceeds from Sale of				
Plant & Equipment		32,939	66,000	87,273
		<u>32,939</u>	<u>66,000</u>	<u>87,273</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(1,439,976)</u>	<u>(2,973,070)</u>	<u>(1,433,969)</u>
Cash Flows from Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		1,239,897	(1,137,189)	1,053,140
Cash at Beginning of year		7,028,799	6,934,049	5,975,659
Cash at End of Year	13(a)	<u><u>8,268,696</u></u>	<u><u>5,796,860</u></u>	<u><u>7,028,799</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 2008

RATE SETTING STATEMENT

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
OPERATING REVENUES				
Governance		0	100	0
General Purpose Funding		2,888,372	2,673,523	2,605,765
Law, Order, Public Safety		34,656	34,501	24,008
Health		250	820	383
Education and Welfare		188,230	247,042	241,079
Housing		10,504	10,020	6,803
Community Amenities		96,777	99,100	88,414
Recreation and Culture		47,855	61,516	69,227
Transport		2,169,772	2,375,518	1,770,039
Economic Services		62,721	233,682	49,350
Other Property and Services		61,959	44,000	74,035
		<u>5,561,096</u>	<u>5,779,822</u>	<u>4,929,103</u>
OPERATING EXPENSES				
Governance		(331,277)	(358,258)	(328,145)
General Purpose Funding		(140,250)	(233,949)	(261,354)
Law, Order, Public Safety		(151,295)	(178,102)	(124,619)
Health		(54,760)	(93,499)	(59,120)
Education and Welfare		(377,588)	(715,295)	(394,729)
Housing		(3,318)	(8,320)	(6,803)
Community Amenities		(280,866)	(373,124)	(223,899)
Recreation & Culture		(570,561)	(870,703)	(616,494)
Transport		(2,878,196)	(3,080,121)	(2,823,478)
Economic Services		(174,841)	(263,273)	(271,079)
Other Property and Services		(259,463)	(1,000)	(237,743)
		<u>(5,222,415)</u>	<u>(6,175,644)</u>	<u>(5,347,463)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals	33	3,565	(33,000)	44,669
Depreciation on Assets	3(i)	2,227,948	2,356,298	2,348,497
Accruals - Long Service, Annual & RDO Leave		4,202	0	4,189
Capital Expenditure and Income				
Purchase Land and Buildings	31	(258,530)	(686,500)	(104,011)
Purchase Infrastructure Assets	31	(2,509,259)	(3,499,110)	(2,109,922)
Purchase Plant and Equipment	31	(169,763)	(616,050)	(355,730)
Purchase Furniture and Equipment	31	(56,245)	(53,511)	(52,076)
Proceeds from Disposal of Assets	33	32,939	66,000	87,273
Transfers to Reserves (Restricted Assets)	11	(1,201,692)	(1,145,673)	(284,961)
Transfers from Reserves (Restricted Assets)	11	3,870	166,000	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,120,804	2,206,243	1,514,285
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,248,974	0	2,120,804
Amount Req'd to be Raised from Rates	19	<u>(1,712,454)</u>	<u>(1,635,125)</u>	<u>(1,446,951)</u>

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 15 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

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

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

iv) Available-for-sale financial assets

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

(i) Investments and Other Financial Assets (Continued)

Recognition and derecognition

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

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

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

(o) Provisions

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

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

(p) Leases

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

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Rates, Grants, Donations and Other Contributions

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

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

(r) Superannuation

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

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Current and Non-Current Classification

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

(v) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effect have not been adopted by the Council for the annual reporting period ending 30 June 2008.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations (Continued)

	Issued	Applicable (*)	Impact
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.
(vii) AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 2007-09 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as also detailed here. • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+) - Applicable to not-for-profit and/or public sector entities only.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

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

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 2008

3. REVENUES AND EXPENSES	NOTE	2008 Actual \$	2007 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		17,180	9,475
- Other Services		0	0
Doubtful Debts			
- Rate Debtors		29,298	43,094
- Sundry Debtors		870	3,514
Depreciation			
Buildings		120,605	123,041
Furniture and Equipment		33,401	29,573
Machinery & Equipment		17,480	20,607
Plant		466,280	447,003
Infrastructure - Roads		1,346,875	1,487,236
Infrastructure - Airport		158,453	158,334
Infrastructure - Other		84,854	82,703
		<u>2,227,948</u>	<u>2,348,497</u>
Rental Charges			
Operating leases		<u>5,340</u>	<u>5,362</u>
		<u>5,340</u>	<u>5,362</u>
(ii) Crediting as Revenues:			
		2008 Actual \$	2008 Budget \$
		2007 Actual \$	
Interest Earnings			
Investments			
- Reserve Funds		374,061	310,000
- Municipal Funds		220,490	80,000
- Other Interest Earnings	23	<u>19,670</u>	<u>19,500</u>
		<u>614,221</u>	<u>409,500</u>
		<u>614,221</u>	<u>415,905</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 Actual \$	2007 Actual \$
4. CASH and CASH EQUIVALENTS			
Unrestricted		1,651,817	1,506,121
Restricted		6,616,879	5,522,678
		<u>8,268,696</u>	<u>7,028,799</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	11	1,531,188	1,307,648
Building Reserve	11	980,192	254,778
Shire Water Reserve	11	122,205	113,399
Airprt Runway Reserve	11	1,804,066	1,674,073
Airport Operation Reserve	11	636,484	590,622
Transport Reserve	11	279,061	258,953
Infrastructure & Development Reserve	11	623,602	578,668
Long Service Leave Reserve	11	38,248	39,083
	<i>sub total</i>	<u>6,015,046</u>	<u>4,817,224</u>
Unspent Grants	12	601,833	705,454
		<u>6,616,879</u>	<u>5,522,678</u>
5. TRADE and OTHER RECEIVABLES			
Current			
Rates Outstanding		135,322	170,363
Sundry Debtors		65,591	153,135
GST Receivable		60,538	28,698
Less Provision for Doubtful Debts		(30,168)	(88,302)
		<u>231,283</u>	<u>263,894</u>
Non Current			
Deferred Rates Outstanding (Pensioners)		0	166
		<u>0</u>	<u>166</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		110,866	77,352
		<u>110,866</u>	<u>77,352</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2007 Actual \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings - Cost	4,393,206	4,134,675
Less Accumulated Depreciation	<u>(1,850,522)</u>	<u>(1,729,916)</u>
	2,542,684	2,404,759
Furniture and Equipment - Cost	401,387	354,145
Less Accumulated Depreciation	<u>(254,172)</u>	<u>(221,908)</u>
	147,215	132,237
Machinery & Equipment - Cost	236,653	237,129
Less Accumulated Depreciation	<u>(190,368)</u>	<u>(173,543)</u>
	46,285	63,586
Plant - Cost	5,262,372	5,138,709
Less Accumulated Depreciation	<u>(2,826,737)</u>	<u>(2,377,741)</u>
	2,435,635	2,760,968
Shire Water Scheme	38,709	38,709
Less Accumulated Depreciation	<u>(38,709)</u>	<u>(38,709)</u>
	0	0
	<u>5,171,819</u>	<u>5,361,550</u>

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

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Machinery & Equipment \$	Plant \$	Shire Water Scheme \$	Total \$
Balance as at 1 July 2007	2,404,759	132,237	63,586	2,760,968	0	5,361,550
Additions	258,530	56,245	0	169,763	0	484,538
Disposals	0	(7,866)	179	(28,816)	0	(36,503)
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 Expense	(120,605)	(33,401)	(17,480)	(466,280)	0	(637,766)
Balance as at 30 June 2008	<u>2,542,684</u>	<u>147,215</u>	<u>46,285</u>	<u>2,435,635</u>	<u>0</u>	<u>5,171,819</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2007 Actual \$
8. INFRASTRUCTURE		
Roads - Cost	32,306,003	29,958,603
Less Accumulated Depreciation	<u>(16,710,745)</u>	<u>(15,363,869)</u>
	15,595,258	14,594,734
Airport - Cost	3,262,870	3,250,125
Less Accumulated Depreciation	<u>(2,000,882)</u>	<u>(1,842,429)</u>
	1,261,988	1,407,696
Infrastructure Other - Cost	2,537,873	2,388,757
Less Accumulated Depreciation	<u>(546,921)</u>	<u>(462,066)</u>
	1,990,952	1,926,691
	<u>18,848,198</u>	<u>17,929,121</u>

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

This policy accords with AASB.

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 2007	14,594,734	1,407,696	1,926,691	17,929,121
Additions	2,347,399	12,745	149,115	2,509,259
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 Written Back	0	0	0	0
Depreciation Expense	(1,346,875)	(158,453)	(84,854)	(1,590,182)
Balance as at 30 June 2008	<u>15,595,258</u>	<u>1,261,988</u>	<u>1,990,952</u>	<u>18,848,198</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	Actual	Actual
	\$	\$
9. TRADE and OTHER PAYABLES		
Current		
Creditors - Sundry	231,785	351,999
Excess Rates	101,039	69,717
Accrued Salaries and Wages	14,002	10,467
	<u>346,826</u>	<u>432,183</u>
10. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	72,927	56,680
Provision for Long Service Leave	7,461	19,982
	<u>80,388</u>	<u>76,662</u>
Non Current		
Provision for Long Service Leave	20,735	20,259
	<u>20,735</u>	<u>20,259</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
11. RESERVES - CASH BACKED				
(a) Plant Reserve				
	4			
Opening Balance		1,307,648	1,307,654	1,230,294
Amount Set Aside / Transfer to Reserve		223,540	78,000	77,354
Amount Used / Transfer from Reserve		0	0	0
		<u>1,531,188</u>	<u>1,385,654</u>	<u>1,307,648</u>
(b) Building Reserve				
	4			
Opening Balance		254,778	254,778	239,707
Amount Set Aside / Transfer to Reserve		725,414	905,273	15,071
Amount Used / Transfer from Reserve		0	0	0
		<u>980,192</u>	<u>1,160,051</u>	<u>254,778</u>
(c) Shire Water Reserve				
Opening Balance		113,399	113,382	106,691
Amount Set Aside / Transfer to Reserve		8,806	7,000	6,708
Amount Used / Transfer from Reserve		0	(12,000)	0
		<u>122,205</u>	<u>108,382</u>	<u>113,399</u>
(e) Airport Runway (Capital) Reserve				
	4			
Opening Balance		1,674,073	1,674,111	1,575,044
Amount Set Aside / Transfer to Reserve		129,993	99,000	99,029
Amount Used / Transfer from Reserve		0	(150,000)	0
		<u>1,804,066</u>	<u>1,623,111</u>	<u>1,674,073</u>
(f) Airport Operating Reserve				
	4			
Opening Balance		590,622	590,617	555,684
Amount Set Aside / Transfer to Reserve		45,862	35,000	34,938
Amount Used / Transfer from Reserve		0	0	0
		<u>636,484</u>	<u>625,617</u>	<u>590,622</u>
(g) Transport Reserve				
	4			
Opening Balance		258,953	258,957	243,635
Amount Set Aside / Transfer to Reserve		20,108	15,500	15,318
Amount Used / Transfer from Reserve		0	0	0
		<u>279,061</u>	<u>274,457</u>	<u>258,953</u>
(h) Infrastructure & Economic Development Reserve				
	4			
Opening Balance		578,668	578,660	544,437
Amount Set Aside / Transfer to Reserve		44,934	3,500	34,231
Amount Used / Transfer from Reserve		0	0	0
		<u>623,602</u>	<u>582,160</u>	<u>578,668</u>
(j) LSL Reserve				
	4			
Opening Balance		39,083	39,028	36,771
Amount Set Aside / Transfer to Reserve		3,035	2,400	2,312
Amount Used / Transfer from Reserve		(3,870)	(4,000)	0
		<u>38,248</u>	<u>37,428</u>	<u>39,083</u>
Total Cash Backed Reserves		<u><u>6,015,046</u></u>	<u><u>5,796,860</u></u>	<u><u>4,817,224</u></u>

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2008

11. RESERVES - CASH BACKED (Continued)

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

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

Plant Reserve

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

Building Reserve

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

Shire Water Reserve

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

Airport Runway Reserve

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

Airport Operating Reserve

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

Transport Reserve

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

Infrastructure & Economic Development Reserve

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

Long Service Leave Reserve

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

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

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

RESERVES - ASSET REVALUATION

	2008	2007
	Actual	Actual
	\$	\$

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

(a) **Roads**

Balance as at 1 July 2007	2,868,849	2,868,849
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<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>

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FOR THE YEAR ENDED 30 JUNE 2008

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	2006/2007	2007/2008	2007/2008	2007/2008
		Grants Unspent Brought Forward	Grants Received	Grants Expended	Unexpended Grants
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant	0	1,434,569	1,434,569	0
Grants Commission	Untied Roads Financial Grant	0	831,408	831,408	0
		0	2,265,977	2,265,977	0
LAW, ORDER, & PUBLIC SAFETY					
FESA Operational Grant	Fire Prevention	0	14,325	14,325	0
FESA Operational Grant	SES Services	0	14,475	14,475	0
Safer WA (Dept of Justice)	Community Safety & Crime Prevention	10,510	1,200	9,908	1,802
HYPE Programme					0
		10,510	30,000	38,708	1,802
HEALTH SERVICES					
		0	0	0	0
		0	0	0	0
WELFARE SERVICES					
Department of Justice	Domestic Violence programme	87,944	57,588	89,667	55,865
	Domestic Violence Misc Grants	11,273	0	11,273	0
Attorney General	Youth After Dark	0	23,758	0	23,758
Youth Miscellaneous	Youth Centre Misc Small Grants	0	5,000	5,000	0
Iris Curley Contribution	Benefit of Meekatharra Youth (ADJ)	24,058	0	0	24,058
YAS	Youth Centre Operations	0	16,154	16,154	0
OSCH	Youth Centre Operations	0	12,148	12,148	0
Dept of Community Development	Youth Centre Operations	0	61,696	61,696	0
	Indigeneous Youth	0	0	0	0
		123,275	176,344	195,938	103,681
RECREATION & CULTURE					
	Swimming Pool Subsidy	0	3,000	3,000	0
Recreation Miscellaneous	Recreation Misc Small Grants	0	50	50	0
		0	3,050	3,050	0
TRANSPORT					
Main Roads Department	Street Lighting Subsidy	0	1,364	1,364	0
		0	1,364	1,364	0
TOTAL OPERATING GRANTS		133,785	2,476,735	2,505,037	105,483
NON OPERATING GRANTS					
RECREATION & Culture					
DYSR	Pool Plant Room	23,283	0	0	23,283
					0
		23,283	0	0	23,283
TRANSPORT					
Main Roads Department	Direct Grant	0	142,564	142,564	0
Dept of Transport & Regional Services	Roads to Recovery - General/Variuos	538,369	695,283	760,585	473,067
Main Roads Department	Regional Road Group	0	194,333	194,333	0
Main Roads Department	Flood Damage	0	403,293	403,293	0
Main Roads Department	Black Spot Program	10,017	0	10,017	0
RADS	Airport		5,882	5,882	0
		548,386	1441355	1516674	473067
ECONOMIC SERVICES					
		0	0	0	0
		0	0	0	0
TOTAL NON OPERATING GRANTS		571,669	1441355	1516674	496350
TOTAL GRANTS		705,454	3,918,090	4,021,711	601,833

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, 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	2008 Actual \$	2008 Budget \$	2007 Actual \$
Cash - Unrestricted	4	1,651,817	0	1,506,121
Cash - Restricted	4	6,616,879	5,796,860	5,522,678
		<u>8,268,696</u>	<u>5,796,860</u>	<u>7,028,799</u>

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

Net Profit (or Loss)		2,051,135	1,239,303	1,028,591
Depreciation	3(i)	2,227,948	2,356,298	2,348,497
(Profit)/Loss on Sale of Asset	32	3,565	(33,000)	44,669
(Increase)/Decrease in Receivables		87,631	68,653	(105,183)
Increase/(Decrease) in Doubtful Debts		(58,134)		46,247
(Increase)/Decrease in Inventories		(33,514)	56,082	18,612
Increase/(Decrease) in Payables		(82,077)	(32,728)	201,984
Increase/(Decrease) in Employee Provisions		4,201	(2,626)	4,189
Grants/Contributions for the Development of Assets		(1,520,882)	(1,816,101)	(1,100,497)
Net Cash from Operating Activities		<u>2,679,873</u>	<u>1,835,881</u>	<u>2,487,109</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

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FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2007 Actual \$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Leasing and Hire Purchase Commitments	Nil	Nil
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	5,342
- later than one year but not later than five years	0	13,354
- later than five years	0	0
	<u>0</u>	<u>18,696</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 1/07/2007 \$	Amounts Received \$	Amounts Paid \$	Balance 30/06/2008 \$
Donations	5,000	0	0	5,000
Unclaimed Monies	9,212	0	0	9,212
Library Deposits	2,306	64	32	2,338
Surplus Funds	334	0	0	334
Building Industry Training Levy	48	5,490	3,602	1,936
Nomination Deposits	0	1,120	1,120	0
Stockyard Caretaking	21	0	0	21
Miscellaneous Deposits	3,322	668	648	3,342
Picture Fund	1,000	0	0	1,000
	<u>21,243</u>	<u>7,342</u>	<u>5,402</u>	<u>23,183</u>

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2008

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2008 Actual \$	2007 Actual \$
Governance	1,503	0
General Purpose Funding	105,154	92,249
Law, Order, Public Safety	6,247	9,062
Health	3,966	4,520
Education and Welfare	316,362	349,270
Housing	621,749	395,640
Community Amenities	172,273	180,922
Recreation and Culture	2,157,191	2,191,664
Transport	17,374,107	16,567,734
Economic Services	871,535	846,282
Other Property and Services	2,668,259	2,994,740
Unallocated (Cash)	8,332,516	7,028,799
	32,630,862	30,660,882

17. FINANCIAL RATIOS	2008	2007	2006
Current Ratio	5.10	3.98	3.97
Untied Cash to Trade Creditors Ratio	7.13	4.28	6.07
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	0.24	0.23	0.23
Outstanding Rates Ratio	0.07	0.11	0.07

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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2008

18. BORROWINGS

- (a) Debenture Repayments
Council had no amounts owing on debentures as at 30 June 2008
- (b) New Debentures - 2007/08
Council had no new debentures for 2007/2008
- (c) Unspent Debentures
Council has no unspent Debentures at 30 June 2008
- (d) Overdraft
Council has no overdraft facility available, and none were utilized during the year ended 30 June 2008
- (e) Interest Rate Risk
Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rates on these borrowings is nil.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

19. RATING INFORMATION - 2007/2008 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	9.3829	340	2,066,072	193,857	9,905	203,762	200,785	0	0	200,785
- Unimproved Value Mining	10.4193	553	13,326,771	1,388,556	(65,200)	1,323,356	1,289,841	0	0	1,289,841
- Unimproved Value Pastoral	5.3500	43	1,812,648	96,977	10,759	107,736	97,399	0	0	97,399
Sub-Totals		936	17,205,491	1,679,390	(44,536)	1,634,854	1,588,025	0	0	1,588,025
Minimum Rate	Minimum \$									
- Gross rental value	200	73	9,400	14,600	0	14,600	9,750	0	0	9,750
- Unimproved Value Mining	200	309	180,841	61,800	0	61,800	600	0	0	600
- Unimproved Value Pastoral	200	6	2,749	1,200	0	1,200	36,750	0	0	36,750
Sub-Totals		388	192,990	77,600	0	77,600	47,100	0	0	47,100
Ex Gratia						1,712,454				1,635,125
Totals						1,712,454				1,635,125

Prior Year Rates written off (Not included above)	These Rates relate to previous years and were treated as an expense.	8,019	25,000
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SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

20. SPECIFIED AREA RATE - 2007/2008 FINANCIAL YEAR NIL

21. SERVICE CHARGES - 2007/2008 FINANCIAL YEAR NIL

**22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2007/2008 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Debtor - Rates	Write-Off	N/A	8,019	25,000

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

23. INTEREST CHARGES AND INSTALMENTS - 2007/2008 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10	N/A	14,506	15,000
Interest on Instalments Plan	5.5	N/A	5,164	4,500
Charges on Instalment Plan	N/A	15	2,280	2,000
			21,950	21,500

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

24. FEES & CHARGES	2008 Actual \$	2007 Actual \$
General Purpose Funding	7,261	8,551
Law, Order, Public Safety	1,212	1,831
Health	0	383
Education & Welfare	668	2,001
Housing	10,504	6,803
Community Amenities	91,641	88,414
Recreation & Culture	17,904	18,185
Transport	700,572	577,775
Economic Services	62,657	48,038
Other Property & Services	2,397	1,198
	<u>894,816</u>	<u>753,179</u>

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

25. COUNCILLORS' REMUNERATION	2008 Actual \$	2008 Budget \$	2007 Actual \$
Meeting Fees	10,705	14,400	11,119
Travelling Expenses	3,800	6,000	4,889
Telecommunications	272	500	0
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,000	2,000	2,000
	<u>24,777</u>	<u>30,900</u>	<u>26,008</u>

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

26. 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 \$	2008	2007
100,000 - 109,999	<u>1</u>	<u>1</u>

27. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2008	2007
<u>16</u>	<u>27</u>

28. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the period.

29. MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

30. 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	2008 \$	2007 \$
Operating Income	140,946	128,728
Operating Expenses	(87,110)	(86,771)
Change in Net Assets resulting	<u>53,836</u>	<u>41,957</u>

Statement of Financial Position

Current Assets		
Cash at Bank	11,261	4,825
Trade Debtors	0	0
Current Liabilities		
Trade Creditors	0	0
	<u>11,261</u>	<u>4,825</u>
Equity		
Opening balance	4,825	2,940
Cash Transferred to Municipal	(47,400)	(40,072)
Change in Net Assets	53,836	41,957
	<u>11,261</u>	<u>4,825</u>

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

31. PURCHASE OF ASSETS

The following assets were purchased during the year

	Asset No	G/L Account	Actual	\$
Plant & Equipment				
Toyota Corolla 1CQM834	392	2444	18,502	
Oval Line Marking Machine	394	3636	394	
Diesel Generator 16.5 kva	391	5284	19,015	
Diesel generator John Deere	396	5284	24,614	
2x Satelite Phones	397	5014	2,273	
Caravans - Washing Machine & Refrigerator	110	5034	1,391	
Pump CP1501C	398	5154	31,976	
Pump Submersible	399	5154	4,607	
Toyota Prado 1CTO126	393	5205	47,389	
Airport - Line Laser (Marking Equipment)	600	5385	11,730	
Airport - Fire Fighting Poly Pipes	602	5216	6,118	
Traffic Counter	603	5324	1,754	
			<i>sub total</i>	169,763
Land & Buildings				
Repair Office Pasaageawy	1003	1328	5,064	
Ranger Office Airconditioner (Depot)	1050	1647	4,022	
Construction & Improvements to Staff Housing		2704		
Lot220	1001	2704	16,939	
Lot246	1016	2704	4,050	
Lot213	1067	2704	154,252	
Sports Complex	1037	2704	15,895	
Lot304	1069	2704	6,058	
Lot205	1042	2704	16,940	
Airport Residence	1086	2704	8,268	
1/16 Regan St	1113	2704	13,521	
2/16 Regan St	1113	2704	13,521	
			<i>sub total</i>	258,530

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

31. PURCHASE OF ASSETS - Continued

The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual	\$
Furniture and Equipment				
Projector & Screen (DVC)	2184	2550	1,905	
Record Compactus	2189	1326	5,009	
Electronic Notice Board	2190	1326	2,787	
Office Desk & Bookcase (Overseer)	2191	1326	1,615	
Video Camera	2192	1324	2,289	
Office Chair x 7	2193	1324	3,196	
Shredder	2194	1324	1,595	
Digital Camera	2195	1324	298	
Rapid Clean Floor Polisher (Youth)	2196	2445	3,426	
Network Printer & Photocopier	2197	1244	25,117	
22000 litre Tank (Pool)	2198	3714	4,940	
Fit Quip Walking Machine	2199	3882	2,511	
Weight Lifting Equipment	2200	2882	1,557	
			<i>sub total</i>	56,245
Infrastructure - Roads				
Additions to Gravel Roads	8530	4200	2,255,250	
Additions to Sealed Roads	8540			
Reseal Town Streets - various	8540	4530	92,149	
			<i>sub total</i>	2,347,399
Infrastructure - Other				
Oval Water Tanks	7103	3639	67,459	
Submersible Pump and Power Upgrade (Oval)	7103	3914	11,471	
Pine Rails around Oval	7130	3638	3,577	
Racecourse Upgrade	7131	4016	37,195	
Meekatharra Dive Trails	7114	5394	29,413	
				149,115
Airport Infrastructure				
Airport Fencing	7132	5214	12,745	
			<i>sub total</i>	12,745
				2,993,797

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

32. DISPOSAL & REPLACEMENT OF ASSETS

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									
Rover lawn Mower	3015	475	178	297	0	91	0	206	0
Toyota Echo	366	12,645	10,539	2,106	0	4,545	0	(2,439)	0
Holden Rodeo	383	28,471	6,164	22,307	0	17,182	0	5,125	0
Domestic Violence Security Alarm	554	3,584	1,056	2,528	0	2,528	0	0	0
Lawn Mower	551	1,400	0	1,400	0	727	0	673	0
		46,575	17,937	28,638	0	25,073	0	3,565	0
Furniture									
Domestic Violence Furniture	2017	3,959	595	3,364	0	3,364	0	0	0
Domestic Violence Office equipment	2018	1,551	233	1,318	0	1,318	0	0	0
Domestic Violence IT Equipment	2183	1,587	308	1,279	0	1,279	0	0	0
Domestic Violence Projector	2184	1,905	0	1,905	0	1,905	0	0	0
		9,002	1,136	7,866	0	7,866	0	0	0
Total		55,577	19,073	36,504	0	32,939	0	3,565	0

SHIRE OF MEEKATHARRA

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FOR THE YEAR ENDED 30 JUNE 2008

33 FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	8,268,696	7,028,799	8,268,696	7,028,799
Receivables	231,283	264,060	231,283	264,060
	<u>8,499,979</u>	<u>7,292,859</u>	<u>8,499,979</u>	<u>7,292,859</u>
Financial Liabilities				
Payables	245,787	362,466	245,787	362,466
	<u>245,787</u>	<u>362,466</u>	<u>245,787</u>	<u>362,466</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

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FOR THE YEAR ENDED 30 JUNE 2008

33 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

Council manages these risks by having its cash at bank at 2 independent financial institutions.

	30-Jun-08	30-Jun-07
	\$	\$
Impact of a 1% (*) movement in interest rates on cash:		
- Equity	82,687	70,288
- Income Statement	82,687	70,288

Notes:

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

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

(+) Maximum impact.

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

33 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	75.00%	74.00%
- Overdue	25.00%	26.00%

SHIRE OF MEEKATHARRA

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

33 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2008</u>					
Payables	346,826	0	0	346,826	346,826
Borrowings	0	0	0	0	0
	<u>346,826</u>	<u>0</u>	<u>0</u>	<u>346,826</u>	<u>346,826</u>
<u>2007</u>					
Payables	432,183	0	0	432,183	432,183
Borrowings	0	0	0	0	0
	<u>432,183</u>	<u>0</u>	<u>0</u>	<u>432,183</u>	<u>432,183</u>

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Meekatharra, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the Shire of Meekatharra is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MEEKATHARRA (Continued)**

Statutory Compliance

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and Local Government (Financial Management) Regulations 1996 (as amended).

Differential Rates

Local public notice of Council's intention to impose differential general rates was not given prior to its adoption as required by Section 6.36(1) of the Act.

Rate Instalment Reminder

The instalment reminder notice did not include the rate of interest to be imposed on unpaid rates as required by Financial Management Regulation 57(2).

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other 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



GREG GODWIN
PARTNER

Address: Perth, WA
Date: 12 November 2008

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