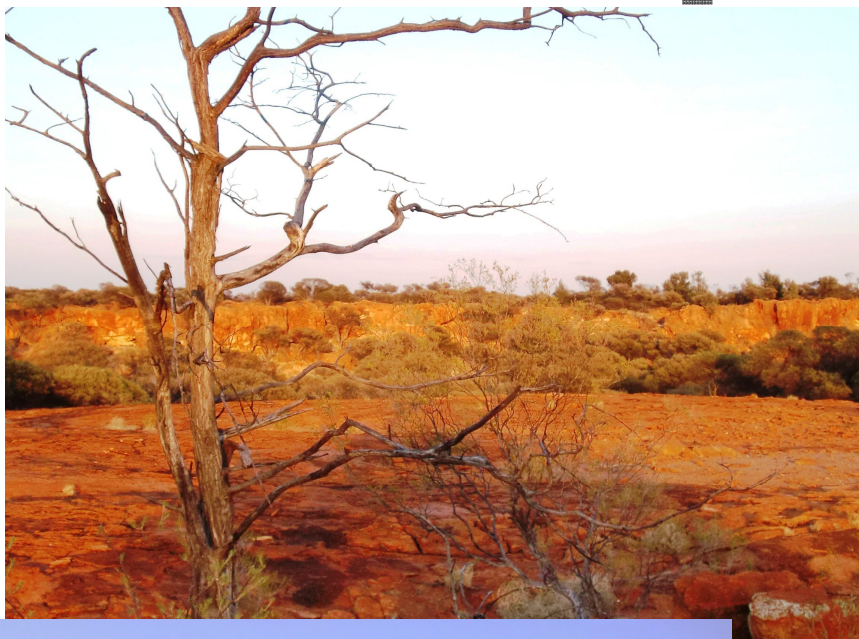


# Annual Report

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Shire of Meekatharra  
Main Street, Meekatharra  
PO Box 129, Meekatharra WA 6642  
Phone: 08 9981 1002 Fax: 08 9981 1505  
Email: [ceo@meekashire.wa.gov.au](mailto:ceo@meekashire.wa.gov.au)  
Website: [www.meekashire.wa.gov.au](http://www.meekashire.wa.gov.au)



## Shire Presidents Report

I am pleased to report 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.

In particular, the new Integrated Planning regulations have placed considerable obligations on Council to undertake the complex and rigorous requirements of this legislation. It is pleasing that our staff and consultants are progressing well with these tasks. Council has approved a draft Strategic Community Plan which is now undergoing a final period of public comment.

In accordance with the Local Government Act 1995, Council engaged an independent accountant to undertake a full financial management review of Council's operations. This review indicated that Council's financial management processes are compliant and sound.

Thanks to Deputy Shire President, Cr Norm Trenfield for his support and assistance during the year. Also thanks to my fellow Councillors for their dedication and hard work during the year.

The valuable contribution of Royalties for Regions funding towards the ongoing upgrade and sealing of Landor Road is acknowledged and appreciated.

Council processed and approved the lease of Council owned land within the Meekatharra town site to Doray Minerals Limited for the development of a 126 room accommodation facility. Council also approved the Development Application for the facility. Doray intend to contribute to, and use, the facilities available in town, making this an exciting prospect for future social and recreational programs in Meekatharra.

My thanks also go to our Chief Executive Officer, Roy McClymont for his management of our day to day tasks and functions. We are fortunate that Roy and his team continue to maintain sound governance and management processes.

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.

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

A special note of appreciation and gratitude goes to my two Managers; Krys East, Corporate and Development Services Manager and John Dyer, Works and Services Manager – thank you for your commitment, support and loyalty during the year.

Major road and infrastructure works included the Airport Road realignment (\$383,291), Landor Road upgrading and sealing (\$1,680,786), Mt Clere Road construction (\$424,763) and Sandstone Road construction (\$438,310). Royalties for Regions

Massive storms and cyclone related flooding in the previous year resulted in severe flood damage to most the Shires roads. The Shire made successful applications for funding under the Natural Disaster Relief and Recovery Arrangements. Approval was given for funding up \$10,500,000. Contractors commenced the reinstatement works in October 2011.

The Shires Youth and Recreation programs continue to be a great success and were enhanced with the purchase of new equipment for the music and other programs.

Airport landing fees and building application fees increased significantly during the year – an indication of increasing economic activity in the Shire.

The Shires plant and equipment continues to be well maintained and replaced on a regular scheduled basis and this year included the replacement of a prime mover truck, multi tyred roller and front end loader

Congratulations to the Festival Management Committee and the Meeka Goes Green committee on receiving special commendations from the Tidy Towns Competition judges.

**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. This was reviewed and the reviewed DAIP was adopted at the July 2012 meeting. 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 2011/12 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

Council has progressed with undertaking all the required Integrated Planning processes and are on target to complying with all the requirements. This year Council adopted a draft Strategic Community plan after community consultation.

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

**SHIRE OF MEEKATHARRA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

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**SHIRE OF MEEKATHARRA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Meekatharra as at 30 June 2012 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**

*7<sup>TH</sup> DECEMBER 2012*



R McClymont  
Chief Executive Officer

*The Shire of Meekatharra  
Main Street  
Meekatharra WA 6642*

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAMME**

	NOTE	2011/2012 Actual \$	2011/2012 Budget \$	2010/2011 Actual \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		-	-	-
General Purpose Funding		7,957,310	5,964,231	6,644,659
Law, Order, Public Safety		9,579	7,973	34,508
Health		1,385	1,250	604
Education and Welfare		182,994	96,028	98,730
Housing		24,474	17,500	19,731
Community Amenities		119,199	138,100	250,394
Recreation and Culture		55,204	58,900	60,505
Transport		3,667,386	6,505,911	1,804,849
Economic Services		169,773	126,440	142,812
Other Property and Services		142,863	97,250	127,322
		<u>12,330,167</u>	<u>13,013,583</u>	<u>9,184,114</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES (Excluding Borrowing Costs expense)</b>				
Governance		447,230	472,720	348,703
General Purpose Funding		277,833	244,307	(580,370)
Law, Order, Public Safety		110,226	126,167	124,706
Health		75,048	121,409	67,413
Education and Welfare		595,836	572,578	330,011
Housing		3,592	17,500	19,731
Community Amenities		367,127	551,078	522,561
Recreation & Culture		792,719	1,060,692	703,070
Transport		6,780,511	3,639,858	3,215,259
Economic Services		284,419	306,860	319,524
Other Property and Services		(202,156)	108,202	255,050
		<u>9,532,385</u>	<u>7,221,371</u>	<u>5,325,658</u>
<b>Total Comprehensive Income</b>		<u><u>2,797,782</u></u>	<u><u>5,792,212</u></u>	<u><u>3,858,456</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 2012**

**STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE**

	<b>NOTE</b>	<b>2011/2012 Actual \$</b>	<b>2011/2012 Budget \$</b>	<b>2010/2011 Actual \$</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	16	3,564,298	3,336,134	3,254,241
Grants,Subsidies,Contributions - Operating	9	4,690,028	2,286,205	3,191,670
Fees and Charges	21	1,364,930	829,984	796,446
Interest Earnings	1	733,906	565,943	599,350
Other Revenue		26,704	10,000	21,047
		<u>10,379,866</u>	<u>7,028,266</u>	<u>7,862,754</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		1,020,417	1,750,500	912,640
Materials and Contracts		4,843,077	2,075,000	1,694,722
Utilities (gas, electricity, water, etc)		244,416	253,680	143,946
Depreciation on Non-current Assets	1	2,990,808	2,844,970	2,838,902
Insurance		232,743	249,402	228,145
Other Expenses		200,924	26,108	(492,697)
		<u>9,532,385</u>	<u>7,199,660</u>	<u>5,325,658</u>
		847,481	(171,394)	2,537,096
Grants,Subsidies,Contributions - Non Operating	9	1,788,545	5,854,440	1,308,829
Profit on Asset Disposals	29(b)	161,756	120,127	12,531
Loss on Asset Disposals	29(b)	-	(10,961)	-
<b>Total Comprehensive Income</b>		<u><b>2,797,782</b></u>	<u><b>5,792,212</b></u>	<u><b>3,858,456</b></u>

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

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT OF FINANCIAL POSITION**

	NOTE	2011/2012 Actual \$	2010/2011 Actual \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	2	12,994,154	9,844,769
Trade and Other Receivables	3	818,041	1,838,117
Inventories	4	132,132	71,881
<b>TOTAL CURRENT ASSETS</b>		<u>13,944,327</u>	<u>11,754,767</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5(a)	7,433,929	7,108,338
Infrastructure	5(b)	22,275,497	20,959,908
<b>TOTAL NON-CURRENT ASSETS</b>		<u>29,709,426</u>	<u>28,068,246</u>
<b>TOTAL ASSETS</b>		<u><b>43,653,753</b></u>	<u><b>39,823,013</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	1,353,898	355,908
Provisions	7	125,381	105,434
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,479,279</u>	<u>461,342</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	7	46,631	31,610
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>46,631</u>	<u>31,610</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,525,910</b></u>	<u><b>492,952</b></u>
<b>NET ASSETS</b>		<u><b>42,127,843</b></u>	<u><b>39,330,061</b></u>
<b>EQUITY</b>			
Retained Surplus		30,336,637	28,835,218
Reserves - Cash Backed	8	8,922,357	7,625,994
Reserves - Asset Revaluation	8	2,868,849	2,868,849
<b>TOTAL EQUITY</b>		<u><b>42,127,843</b></u>	<u><b>39,330,061</b></u>

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

**SHIRE OF MEEKATHARRA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT OF CHANGES IN EQUITY**

	NOTE	2011/2012 Actual \$	2010/2011 Actual \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2011		28,835,218	26,084,103
Net Result		2,797,782	3,858,456
Transfer from/(to) Reserves		(1,296,363)	(1,107,341)
Balance as at 30 June 2012		<u>30,336,637</u>	<u>28,835,218</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2011		7,625,994	6,518,653
Amount Transferred (to)/from Retained Surplus		1,296,363	1,107,341
Balance as at 30 June 2012	8	<u>8,922,357</u>	<u>7,625,994</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2011		2,868,849	2,868,849
Revaluation Increment		-	-
Revaluation Decrement		-	-
Balance as at 30 June 2012	8	<u>2,868,849</u>	<u>2,868,849</u>
<b>RESERVES - BUILDING REVALUATION</b>			
Balance as at 1 July 2011		-	-
Revaluation Increment		-	-
Revaluation Decrement		-	-
Balance as at 30 June 2012	8	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u><u>42,127,843</u></u>	<u><u>39,330,061</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 2012**

**STATEMENT OF CASH FLOWS**

	NOTE	2011/2012 Actual \$	2011/2012 Budget \$	2010/2011 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		4,733,679	4,021,707	1,992,695
Grants, Subsidies, Contributions		4,711,116	2,286,205	3,209,082
Fees and Charges		1,352,750	1,048,614	827,706
Interest Earnings		701,394	565,943	418,097
Goods and Services Tax		837,354	800,000	540,161
Other		26,704	10,000	21,047
		<u>12,362,997</u>	<u>8,732,469</u>	<u>7,008,788</u>
<b>Payments</b>				
Employee Costs		(967,138)	(1,722,556)	(871,280)
Materials and Contracts		(3,917,727)	(1,765,708)	(1,510,908)
Utilities (gas, electricity, water, etc)		(244,416)	(249,560)	(143,946)
Insurance		(232,743)	(249,402)	(228,145)
Goods and Services Tax		(908,055)	(794,000)	(476,430)
Other		(206,846)	(26,108)	514,324
		<u>(6,476,925)</u>	<u>(4,807,334)</u>	<u>(2,716,385)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	10(b)	<u>5,886,072</u>	<u>3,925,135</u>	<u>4,292,403</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(1,167,622)	(2,388,840)	(982,118)
Payments for Construction of Infrastructure		(3,476,799)	(7,369,440)	(2,731,104)
Grants and Contributions for the Development of Assets		1,733,545	5,854,440	1,308,829
Proceeds from Sale of Plant & Equipment		174,189	315,000	55,262
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(2,736,687)</u>	<u>(3,588,840)</u>	<u>(2,349,131)</u>
<b>Cash Flows from Financing Activities</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase/(Decrease) in Cash Held</b>		3,149,385	336,295	1,943,271
Cash at Beginning of year		9,844,769	8,599,866	7,901,498
<b>Cash at End of Year</b>	10(a)	<u><u>12,994,154</u></u>	<u><u>8,936,161</u></u>	<u><u>9,844,769</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 2012**

**RATE SETTING STATEMENT**

	NOTE	2011/2012 Actual \$	2011/2012 Budget \$	2010/2011 Actual \$
<b>OPERATING REVENUES</b>				
Governance		-	-	-
General Purpose Funding		4,393,012	2,628,097	3,390,418
Law, Order, Public Safety		9,579	7,973	34,508
Health		1,385	1,250	604
Education and Welfare		182,994	96,028	98,730
Housing		24,474	17,500	19,731
Community Amenities		119,199	138,100	250,394
Recreation and Culture		55,204	58,900	60,505
Transport		3,667,386	6,505,911	1,804,849
Economic Services		169,773	126,440	142,812
Other Property and Services		142,863	97,250	127,322
		<u>8,765,869</u>	<u>9,677,449</u>	<u>5,929,873</u>
<b>OPERATING EXPENSES</b>				
Governance		(447,230)	(472,720)	(348,703)
General Purpose Funding		(277,833)	(244,307)	580,370
Law, Order, Public Safety		(110,226)	(126,167)	(124,706)
Health		(75,048)	(121,409)	(67,413)
Education and Welfare		(595,836)	(572,578)	(330,011)
Housing		(3,592)	(17,500)	(19,731)
Community Amenities		(367,127)	(551,078)	(522,561)
Recreation & Culture		(792,719)	(1,060,692)	(703,070)
Transport		(6,780,511)	(3,639,858)	(3,215,259)
Economic Services		(284,419)	(306,860)	(319,524)
Other Property and Services		202,156	(108,202)	(255,050)
		<u>(9,532,385)</u>	<u>(7,221,371)</u>	<u>(5,325,658)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Income</b>				
(Profit)/Loss on Asset Disposals		(161,756)	(109,166)	(12,531)
Depreciation on Assets		2,990,808	2,844,970	2,838,902
Movement in Employee Benefits		34,968	2,549	31,042
<b>Capital Expenditure and Income</b>				
Purchase Land and Buildings		(98,470)	(734,500)	(555,640)
Purchase Infrastructure Assets - Roads		(3,386,750)	(7,029,440)	(2,418,492)
Purchase Plant and Equipment		(1,025,513)	(1,540,255)	(347,316)
Purchase Furniture and Equipment		(43,639)	(114,085)	(79,162)
Purchase Infrastructure - Other		(90,049)	(340,000)	(312,612)
Proceeds from Disposal of Assets		174,189	315,000	55,262
Repayment of Debentures		-	-	-
Proceeds from Debentures		-	-	-
Transfers to Reserves (Restricted Assets)		(1,296,363)	(1,246,882)	(1,357,341)
Transfers from Reserves (Restricted Assets)		-	-	250,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		3,772,865	2,159,597	1,822,297
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		3,668,072	-	3,772,865
<b>Amount Required to be Raised from Rates</b>	16	<u><u>(3,564,298)</u></u>	<u><u>(3,336,134)</u></u>	<u><u>(3,254,241)</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 2012**

1. REVENUES AND EXPENSES	NOTE	2011/2012 Actual \$	2010/2011 Actual \$
<b>Result from Ordinary Activities includes:</b>			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
- Audit		11,687	21,570
- Other Services		-	-
<b>Doubtful Debts</b>			
- Rate Debtors		73,649	-
- Sundry Debtors		1,019	51
<b>Depreciation</b>	5		
- Buildings		181,142	159,536
- Furniture and Equipment		28,827	30,078
- Machinery & Equipment		9,759	12,192
- Plant		609,870	608,882
- Infrastructure - Roads		1,877,911	1,759,468
- Infrastructure - Airport		175,624	164,401
- Infrastructure - Other		107,675	104,345
		<u>2,990,808</u>	<u>2,838,902</u>
<b>Rental Charges</b>			
- Operating leases		-	-
(ii) Crediting as Revenues:			
		2011/2012 Actual \$	2011/2012 Budget \$
<b>Interest Earnings</b>			2010/2011 Actual \$
- Investments		-	-
- Reserve Funds		522,436	409,718
- Municipal Funds		153,494	61,156
- Other Interest Earnings	20	57,976	128,476
		<u>733,906</u>	<u>599,350</u>

**SHIRE OF MEEKATHARRA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

<b>2. CASH AND CASH EQUIVALENTS</b>	<b>NOTE</b>	<b>2011/2012 Actual \$</b>	<b>2010/2011 Actual \$</b>
Cash on Hand		600	600
Cash at Bank		12,993,554	9,844,169
		<u>12,994,154</u>	<u>9,844,769</u>
<b>Represented by:</b>			
Unrestricted		3,061,865	2,145,574
Restricted		9,932,289	7,699,195
		<u>12,994,154</u>	<u>9,844,769</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	8	1,656,725	1,556,715
Building Reserve	8	960,299	554,831
Shire Water Reserve	8	150,713	141,615
Airport Runway Reserve	8	2,224,924	2,090,615
Airport Operations Reserve	8	784,965	737,580
Transport Reserve	8	530,777	323,386
Infrastructure & Development Reserve	8	769,078	722,652
Long Service Leave Reserve	8	47,170	44,323
Reseal & Rejuvenation Reserve	8	727,867	449,020
Digital TV Reserve	8	165,232	155,257
Interpretive Centre Reserve	8	904,607	850,000
<i>sub total</i>		<u>8,922,357</u>	<u>7,625,994</u>
Unspent Grants	9	1,009,932	73,201
		<u>9,932,289</u>	<u>7,699,195</u>
<b>3. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		421,390	1,470,333
Sundry Debtors		85,150	84,879
GST Receivable		172,404	53,488
Other tax Receivable		-	48,215
Accrued Interest		213,765	181,253
Less Provision for Doubtful Debts	1	(74,668)	(51)
		<u>818,041</u>	<u>1,838,117</u>
<b>4. INVENTORIES</b>			
<b>Current</b>			
Stores and Materials - at cost		132,132	71,881
		<u>132,132</u>	<u>71,881</u>

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	2011/2012 Actual \$	2010/2011 Actual \$
<b>5a. PROPERTY, PLANT AND EQUIPMENT</b>		
Land & Buildings - Cost	6,486,473	6,417,429
Less Accumulated Depreciation	<u>(2,390,375)</u>	<u>(2,238,340)</u>
	4,096,098	4,179,089
 Furniture and Equipment - Cost	 302,280	 258,641
Less Accumulated Depreciation	<u>(132,614)</u>	<u>(103,787)</u>
	169,666	154,854
 Machinery & Equipment - Cost	 89,664	 89,664
Less Accumulated Depreciation	<u>(87,188)</u>	<u>(77,429)</u>
	2,476	12,235
 Plant - Cost	 7,309,157	 6,753,751
Less Accumulated Depreciation	<u>(4,143,468)</u>	<u>(3,991,591)</u>
	3,165,689	2,762,160
	<u><u>7,433,929</u></u>	<u><u>7,108,338</u></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 \$	Total \$
Balance as at 1 July 2011	4,179,089	154,854	12,235	2,762,160	7,108,338
Additions	98,470	43,639	-	1,025,513	1,167,622
Disposals	(29,426)	-	-	(470,107)	(499,533)
Revaluations - Increment	-	-	-	-	-
- (Decrement)	-	-	-	-	-
Impairment - (Losses)	-	-	-	-	-
- Reversals	-	-	-	-	-
Depreciation Operating Expense	(181,142)	(28,827)	(9,759)	(609,870)	(829,598)
Depreciation Written back	29,107	-	-	457,993	487,100
Balance as at 30 June 2012	<u><u>4,096,098</u></u>	<u><u>169,666</u></u>	<u><u>2,476</u></u>	<u><u>3,165,689</u></u>	<u><u>7,433,929</u></u>

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	2011/2012 Actual \$	2010/2011 Actual \$
<b>5b. INFRASTRUCTURE</b>		
Roads - Cost	42,990,443	39,603,693
Less Accumulated Depreciation	<u>(23,528,838)</u>	<u>(21,650,927)</u>
	19,461,605	17,952,766
 Airport - Cost	 3,694,473	 3,626,721
Less Accumulated Depreciation	<u>(2,661,190)</u>	<u>(2,485,566)</u>
	1,033,283	1,141,155
 Infrastructure Other - Cost	 2,731,786	 2,709,489
Less Accumulated Depreciation	<u>(951,177)</u>	<u>(843,502)</u>
	1,780,609	1,865,987
	<u><u>22,275,497</u></u>	<u><u>20,959,908</u></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.

**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 2011	17,952,766	1,141,155	1,865,987	20,959,908
Additions	3,386,750	67,752	22,297	3,476,799
Disposals	-	-	-	-
Revaluations - Increment	-	-	-	-
- (Decrement)	-	-	-	-
Impairment - (Losses)	-	-	-	-
- Reversals	-	-	-	-
Depreciation Expense	(1,877,911)	(175,624)	(107,675)	(2,161,210)
Depreciation Written back				
Balance as at 30 June 2012	<u><u>19,461,605</u></u>	<u><u>1,033,283</u></u>	<u><u>1,780,609</u></u>	<u><u>22,275,497</u></u>

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NOTES	2011/2012 Actual \$	2010/2011 Actual \$
<b>6. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Creditors - Sundry	1,154,289	212,149
Excess Rates	74,811	80,491
GST Payable	43,218	-
Accrued Salaries and Wages	41,541	26,026
PAYG & FBT Liability	40,039	37,242
	<u>1,353,898</u>	<u>355,908</u>
<b>7. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave & RDO's	88,904	71,583
Provision for Long Service Leave	36,477	33,851
	<u>125,381</u>	<u>105,434</u>
<b>Non Current</b>		
Provision for Long Service Leave	46,631	31,610
	<u>46,631</u>	<u>31,610</u>



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<b>8. RESERVES - CASH BACKED</b>	<b>NOTE</b>	<b>2011/2012 Actual \$</b>	<b>2011/2012 Budget \$</b>	<b>2010/2011 Actual \$</b>
<b>(a) Plant Reserve</b>	<b>2</b>			
Opening Balance		1,556,715	1,556,715	1,504,003
Amount Set Aside / Transfer to Reserve		100,010	90,164	52,712
Amount Used / Transfer from Reserve		-	-	-
		<u>1,656,725</u>	<u>1,646,879</u>	<u>1,556,715</u>
<b>(b) Building Reserve</b>	<b>2</b>			
Opening Balance		554,831	554,831	777,578
Amount Set Aside / Transfer to Reserve		405,468	402,313	27,253
Amount Used / Transfer from Reserve		-	-	(250,000)
		<u>960,299</u>	<u>957,144</u>	<u>554,831</u>
<b>(c) Shire Water Reserve</b>				
Opening Balance		141,615	141,615	136,820
Amount Set Aside / Transfer to Reserve		9,098	8,202	4,795
Amount Used / Transfer from Reserve		-	-	-
		<u>150,713</u>	<u>149,817</u>	<u>141,615</u>
<b>(d) Airport Runway (Capital) Reserve</b>	<b>2</b>			
Opening Balance		2,090,615	2,090,615	2,019,824
Amount Set Aside / Transfer to Reserve		134,309	121,087	70,791
Amount Used / Transfer from Reserve		-	-	-
		<u>2,224,924</u>	<u>2,211,702</u>	<u>2,090,615</u>
<b>(e) Airport Operating Reserve</b>	<b>2</b>			
Opening Balance		737,580	737,580	712,605
Amount Set Aside / Transfer to Reserve		47,385	42,720	24,975
Amount Used / Transfer from Reserve		-	-	-
		<u>784,965</u>	<u>780,300</u>	<u>737,580</u>
<b>(f) Transport Reserve</b>	<b>2</b>			
Opening Balance		323,386	323,385	312,435
Amount Set Aside / Transfer to Reserve		207,391	205,346	10,951
Amount Used / Transfer from Reserve		-	-	-
		<u>530,777</u>	<u>528,731</u>	<u>323,386</u>
<b>(g) Infrastructure &amp; Economic Development Reserve</b>	<b>2</b>			
Opening Balance		722,652	722,653	698,183
Amount Set Aside / Transfer to Reserve		46,426	41,855	24,469
Amount Used / Transfer from Reserve		-	-	-
		<u>769,078</u>	<u>764,508</u>	<u>722,652</u>
<b>(h) LSL Reserve</b>	<b>2</b>			
Opening Balance		44,323	44,323	42,822
Amount Set Aside / Transfer to Reserve		2,847	2,567	1,501
Amount Used / Transfer from Reserve		-	-	-
		<u>47,170</u>	<u>46,890</u>	<u>44,323</u>

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**8. RESERVES - CASH BACKED (Continued)**

	NOTE	2011/2012 Actual \$	2011/2012 Budget \$	2010/2011 Actual \$
<b>(i) Reseal &amp; Rejuvenation Reserve</b>	2			
Opening Balance		449,020	449,020	164,383
Amount Set Aside / Transfer to Reserve		278,847	275,611	284,637
Amount Used / Transfer from Reserve		-	-	-
		<u>727,867</u>	<u>724,631</u>	<u>449,020</u>
<b>(j) Digital TV Reserve</b>	2			
Opening Balance		155,257	155,257	150,000
Amount Set Aside / Transfer to Reserve		9,975	8,992	5,257
Amount Used / Transfer from Reserve		-	-	-
		<u>165,232</u>	<u>164,249</u>	<u>155,257</u>
<b>(k) Interpretive Centre Reserve</b>	2			
Opening Balance		850,000	850,000	-
Amount Set Aside / Transfer to Reserve		54,607	48,025	850,000
Amount Used / Transfer from Reserve		-	-	-
		<u>904,607</u>	<u>898,025</u>	<u>850,000</u>
<b>Total Cash Backed Reserves</b>		<u><b>8,922,357</b></u>	<u><b>8,872,876</b></u>	<u><b>7,625,994</b></u>

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.

**Reseal and Rejuvenation Reserve**

- to be used for the future reseal of bitumen streets.

**Digital TV Reserve**

- to be used for the changeover from analogue to digital TV.

**Interpretive Centre Reserve**

- to be used for the construction of an interpretive centre.

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**8. RESERVES - CASH BACKED (Continued)**

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**

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

(a) **Roads**

Balance as at 1 July 2011	2,868,849	2,868,849
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2012	<u>2,868,849</u>	<u>2,868,849</u>

(b) **Buildings**

Balance as at 1 July 2011	-	-
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2012	<u>-</u>	<u>-</u>

**TOTAL ASSET REVALUATION RESERVES**

<u>2,868,849</u>	<u>2,868,849</u>
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**9. 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.

		2010/2011	2011/2012	2011/2012	2011/2012
Government Source	Purpose of Grant or Contribution	Grants Unspent Brought Forward	Grants Received	Grants Expended	Unexpended Grants
<b>OPERATING GRANTS</b>					
<b>GENERAL PURPOSE FUNDING</b>					
Grants Commission	Untied Financial Assistance Grant	-	2,309,015	2,309,015	-
Grants Commission	Untied Roads Financial Grant	-	1,315,043	1,315,043	-
		-	<b>3,624,058</b>	<b>3,624,058</b>	-
<b>LAW, ORDER, &amp; PUBLIC SAFETY</b>					
FESA Operational Grant	Fire Prevention	-	352	352	-
FESA Operational Grant	SES Services	-	6,571	6,571	-
		-	<b>6,923</b>	<b>6,923</b>	-
<b>WELFARE SERVICES</b>					
Department of Justice	Domestic Violence programme	44,463	-	44,463	-
WA Police	Benefit of Meekatharra Youth (ADJ)	-	5,000	5,000	-
Dept Transport	Bike Week	-	350	350	-
OSCH	Youth Centre Operations	-	13,021	13,021	-
Dept of Community Development	Youth Centre Operations	-	164,040	107,863	56,177
		<b>44,463</b>	<b>182,411</b>	<b>170,697</b>	<b>56,177</b>
<b>RECREATION &amp; CULTURE</b>					
	Swimming Pool Subsidy	-	3,000	3,000	-
		-	<b>3,000</b>	<b>3,000</b>	-
<b>TRANSPORT</b>					
Main Roads Department	Street Lighting Subsidy	-	-	-	-
FESA Operational Grant	Flood Damage	-	676,450	676,450	-
		-	<b>676,450</b>	<b>676,450</b>	-
<b>ECONOMIC SERVICES</b>					
Dept of Agriculture	Community Event Grant	20,000	-	20,000	-
		<b>20,000</b>	-	<b>20,000</b>	-
<b>TOTAL OPERATING GRANTS</b>		<b>64,463</b>	<b>4,492,842</b>	<b>4,501,128</b>	<b>56,177</b>
<b>NON OPERATING GRANTS</b>					
<b>RECREATION &amp; Culture</b>					
Dep Infrastructure	BBQ & Lights	8,738	-	8,738	-
		<b>8,738</b>	-	<b>8,738</b>	-
<b>TRANSPORT</b>					
Main Roads Department	Direct Grant	-	167,391	167,391	-
Dept of Transport & Regional Services	Roads to Recovery - General/Various	-	-	-	-
Main Roads Department	Regional Road Group	-	50,000	50,000	-
State	Royalties for Regions	-	1,539,769	593,344	946,425
RADS	Airport	-	31,385	31,385	-
		-	<b>1,788,545</b>	<b>842,120</b>	<b>946,425</b>
<b>TOTAL NON OPERATING GRANTS</b>		<b>8,738</b>	<b>1,788,545</b>	<b>850,858</b>	<b>946,425</b>
<b>Reimbursements, Contributions and Subsidies (Operating)</b>					
		-	197,186	189,856	7,330
		-	<b>197,186</b>	<b>189,856</b>	<b>7,330</b>
<b>TOTAL GRANTS, REIMBURSEMENTS, CONTRIBUTIONS and SUBSIDIES</b>		<b>73,201</b>	<b>6,478,573</b>	<b>5,541,842</b>	<b>1,009,932</b>

There were no Grants or Contributions that are included in Note 23(a) that were not received.

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**10. NOTES TO THE STATEMENT OF CASH FLOWS**

**(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	2011/2012 Actual \$	2011/2012 Budget \$	2010/2011 Actual \$
Cash - Unrestricted	2	3,061,865	63,285	2,145,574
Cash - Restricted	2	9,932,289	8,872,876	7,699,195
		<u>12,994,154</u>	<u>8,936,161</u>	<u>9,844,769</u>

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

Net Profit (or Loss)	2,797,782	5,792,212	3,858,456
Depreciation	2,990,808	2,844,970	2,838,902
(Profit)/Loss on Sale of Asset	(161,756)	(109,166)	(12,531)
(Increase)/Decrease in Receivables	945,459	1,539,331	(545,319)
Increase/(Decrease) in Doubtful Debts	74,617	(635,128)	(785,077)
(Increase)/Decrease in Inventories	(60,251)	58,517	50,683
Increase/(Decrease) in Payables	997,990	286,290	165,076
Increase/(Decrease) in Employee Provisions	34,968	2,549	31,042
Grants/Contributions for the Development of Assets	(1,733,545)	(5,854,440)	(1,308,829)
<b>Net Cash from Operating Activities</b>	<u>5,886,072</u>	<u>3,925,135</u>	<u>4,292,403</u>



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**11. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There are no finance lease commitments to report for the year ended 30 June 2012

**(b) Operating Lease Commitments**

There are no operating commitments to report for the year ended 30 June 2012

**(c) Capital Expenditure Commitments**

There are no capital commitments to report for the year ended 30 June 2012

**12. 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:

	<b>Balance 01-July-2011</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-June-2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Donations	5,000	-	-	5,000
Unclaimed Monies	20,498	1,068	-	21,566
Library Deposits	2,481	90	-	2,571
Building Industry Training Levy	-	53,117	53,143	(26)
Builders Registration Board	35	616	645	5
Housing Bonds	2,092	3,400	3,092	2,400
Nomination Deposits	-	320	320	-
Stockyard Caretaking	21	-	-	21
Miscellaneous Deposits	6,289	400	400	6,289
Picture Fund	1,000	-	-	1,000
Housing Sold	60,577	-	-	60,577
Cash at Bank	97,993	59,011	57,600	99,403
Trust Debtor				
Total Trust Funds	97,993	59,011	57,600	99,403

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13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2011/2012 Actual \$	2010/2011 Actual \$
Governance	835	1,002
General Purpose Funding	560,487	1,651,535
Law, Order, Public Safety	2,973	3,536
Health	6,100	2,304
Education and Welfare	284,370	308,474
Housing	1,880,000	1,901,865
Community Amenities	166,395	179,812
Recreation and Culture	2,373,703	2,435,884
Transport	21,049,066	19,486,698
Economic Services	902,077	935,611
Other Property and Services	4,022,454	2,969,820
Unallocated (Cash)	13,166,558	9,946,472
	<u>44,415,018</u>	<u>39,823,013</u>

14. FINANCIAL RATIOS	2011/2012	2010/2011	2009/2010
Current Ratio	2.78	9.49	7.19
Untied Cash to Trade Creditors Ratio	2.65	10.11	14.71
Debt Ratio	0.03	0.01	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	0.30	0.36	0.33
Outstanding Rates Ratio	0.08	0.35	0.36

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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**15. BORROWINGS**

(a) Debenture Repayments

Council had no amounts owing on debentures as at 30 June 2012

(b) New Debentures

Council had no new debentures for 2011/2012

(c) Unspent Debentures

Council has no unspent Debentures at 30 June 2012

(d) Overdraft

Council has no overdraft facility available, and none were utilized during the year ended 30 June 2012

(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 nil.

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**16. RATING INFORMATION - 2011/2012 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$ (cents)</b>	<b>Number of Properties</b>	<b>Rateable Value</b>	<b>Rate Revenue</b>	<b>Interim &amp; Back Rates</b>	<b>Total Revenue</b>	<b>Budget Rate Revenue</b>	<b>Budget Interim Rate</b>	<b>Budget Back Rate</b>	<b>Budget Total Revenue</b>
<b>General Rate</b>										
- Gross rental value	11.0893	315	2,582,700	286,403	-	286,403	287,845	-	-	287,845
- Unimproved Value Mining	17.2090	877	17,633,564	3,034,560	(8,985)	3,025,575	2,800,390	-	-	2,800,390
- Unimproved Value Pastoral	3.4740	41	4,014,966	139,480	-	139,480	139,479	-	-	139,479
<b>Sub-Totals</b>		1,233	24,231,230	3,460,443	(8,985)	3,451,458	3,227,714	0	0	3,227,714
<b>Minimum Rate</b>	<b>Minimum \$</b>									
- Gross rental value	260	78	20,535	20,280	-	20,280	20,540	-	-	20,540
- Unimproved Value Mining	260	348	235,148	90,480	-	90,480	86,060	-	-	86,060
- Unimproved Value Pastoral	260	8	18,750	2,080	-	2,080	1,820	-	-	1,820
<b>Sub-Totals</b>		434	274,433	112,840	-	112,840	108,420	-	-	108,420
Waivered Rates						3,564,298				3,336,134
Ex Gratia Rates						0				3,000
<b>Totals</b>						<b>3,564,298</b>				<b>3,339,134</b>

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**17. SPECIFIED AREA RATE - 2011/2012 FINANCIAL YEAR** NIL

**18. SERVICE CHARGES - 2011/2012 FINANCIAL YEAR** NIL

**19. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/2012 FINANCIAL YEAR** NIL

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

**20. INTEREST CHARGES AND INSTALMENTS - 2011/2012 FINANCIAL YEAR**

	<b>Interest Rate (%)</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	10	N/A	36,016	60,000
Interest on Instalments Plan	5.5	N/A	21,960	5,500
Charges on Instalment Plan	N/A	15	16,305	6,000
			<b>74,281</b>	<b>71,500</b>

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	<b>2011/2012</b>	<b>2010/2011</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>21. FEES &amp; CHARGES</b>		
General Purpose Funding	20,321	12,885
Governance	-	-
Law, Order, Public Safety	2,656	1,726
Health	1,385	604
Education & Welfare	-	-
Housing	23,583	17,027
Community Amenities	108,009	111,725
Recreation & Culture	28,338	21,994
Transport	1,018,779	477,772
Economic Services	161,519	120,401
Other Property & Services	340	32,312
	<u>1,364,930</u>	<u>796,446</u>

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

	<b>2011/2012</b>	<b>2011/2012</b>	<b>2010/2011</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>22. COUNCILLORS' REMUNERATION</b>			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	10,410	13,520	10,710
Travelling Expenses	4,588	2,500	3,813
Telecommunications	-	500	-
President's Allowance	8,000	8,000	8,000
Deputy Presidents Allowance	2,000	2,000	2,000
	<u>24,998</u>	<u>26,520</u>	<u>24,523</u>

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**23. 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 \$	2012	2011
100,000 - 109,000	2	1
120,000 - 129,000	1	1
150,000 - 159,000	1	1
	<u>1</u>	<u>1</u>

**24. EMPLOYEE NUMBERS**

The number of full-time equivalent  
Employees at balance date

2012	2011
<u>24</u>	<u>24</u>

**25. MAJOR LAND TRANSACTIONS**

No major land transactions occurred during the period.

**26. MAJOR TRADING UNDERTAKINGS**

No major trading undertakings occurred during the period.

**27. 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.

	2012 \$	2011 \$
<b>Current Year Transactions</b>		
Operating Income	145,008	93,899
Operating Expenses	(103,221)	(39,583)
Change in Net Assets resulting	<u>41,787</u>	<u>54,316</u>
<b>Statement of Financial Position</b>		
Current Assets		
Cash at Bank	95,252	1,743
Trade Debtors	-	-
<i>Shire of Halls Creek</i>		
<i>Air BP</i>		
Current Liabilities	(82,448)	
Trade Creditors	(12,804)	-
	<u>-</u>	<u>1,743</u>
Equity		
Opening balance	1,743	9,794
Cash Transferred to Municipal	(43,530)	(62,367)
Change in Net Assests	41,787	54,316
	<u>-</u>	<u>1,743</u>

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**28. NET CURRENT ASSETS**

**Composition of Estimated Net Current Asset Position  
and Surplus/ (Deficiency)**

<b>Financial Year As at</b>	<b>2011/2012 30/06/2012 Actual \$</b>	<b>2011/2012 30/06/2012 Budget \$</b>	<b>2010/2011 1/07/2011 Actual \$</b>	<b>2010/2011 1/07/2011 Budget \$</b>
<b>CURRENT ASSETS</b>				
Cash - Unrestricted	3,061,865	63,285	2,145,574	973,872
Cash - Restricted	9,932,289	8,872,876	7,699,195	7,625,994
Trade and other Receivables	818,041	361,715	1,838,117	1,265,918
Inventories	132,132	35,000	71,881	93,517
<i>Total Current Assets</i>	<b>13,944,327</b>	<b>9,332,876</b>	<b>11,754,767</b>	<b>9,959,301</b>

**LESS: CURRENT LIABILITIES**

Trade and other Payables	(1,237,546)	(460,000)	(249,391)	(173,710)
Rates in Advance	(74,811)	-	(80,491)	(92,451)
Long Term Borrowings	-	-	-	-
Accrued Expenditure	(41,541)	-	(26,026)	-
Employee Provisions	(125,381)	(95,000)	(105,434)	-
<i>Total Current Liabilities</i>	<b>(1,479,279)</b>	<b>(555,000)</b>	<b>(461,342)</b>	<b>(266,161)</b>

**NET CURRENT ASSET POSITION**

	12,465,048	8,777,876	11,293,425	9,693,140
Adjustments for:				
Items not included in calculation of Surplus/(Deficiency)				
Less: Unspent Debentures	-	-	-	-
Less: Reserve Accounts	(8,922,357)	(8,872,876)	(7,625,994)	(7,625,994)
Less: Self Supporting Loans	-	-	-	-
Add: Employee Provisions (Provided for within Budget)	125,381	-	105,434	92,451
Add: Long Term Borrowings (Provided for within Budget)	-	-	-	-
Less Budget Correction	-	95,000	-	-
Surplus (Deficiency)carried Forward	<b>3,668,072</b>	<b>-</b>	<b>3,772,865</b>	<b>2,159,597</b>

The surplus carried forward in the 2010/2011 Budget column represents the anticipated surplus used for opening funds in the 2011/2012 Budget

The surplus carried forward in the 2010/2011 Actual column represents the actual surplus as shown on the audited financial statements for 2010/2011

The difference between the actual audited surplus of	3,772,865
and the estimated surplus used in the budget of	2,159,597
is	1,613,268

The variance is represented by roadworks in progress at year end.  
and has no overall effect on the budget.

The surplus carried forward in the 2011/2012 Budget column represents the anticipated surplus as at 30 June 2012

The surplus carried forward in the 2011/2012 Actual column represents  
the actual surplus as at 30 June 2012



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**29. DISPOSAL & REPLACEMENT OF ASSETS**

29a. The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
<b>Furniture and Fittings</b>				
Furniture - General	3072-4	2445	9,129	17,185
New Telephone System		1330	-	12,500
Rec Officer Laptop	3065	3673	2,280	3,000
Hall Equipment		3534	-	6,000
Airconditioner Gym		3654	-	15,000
Platyground Equipment		3904	-	28,000
Pool Equipment		3714	-	53,000
Pool Inflatable	436	3715	10,500	-
Gym Equipment	3052	3974	5,472	10,400
Sports Complex Equipment	3075	3894	5,120	37,000
Rec Centre Light & BBQ	3075	3784	11,138	-
<i>sub total</i>			43,639	182,085
<b>Buildings</b>				
Housing - Improvements General			-	
Lot 303 Darlot	1018	921	32,252	23,000
Lot 206 Hill	1070	922	3,273	11,000
Lot 87 Main	1068	926	6,756	18,500
Sports Complex	1030	930	8,707	23,000
Lot 304 Darlot	1069	931	6,272	5,000
4/16 Regan St		938	-	5,000
Lot 205 Hill St	1042	932	4,466	10,000
Lot 207 Hill St	1041	933	5,270	10,000
Airport Residence		934	-	18,000
1/16 Regan St		935	-	5,000
2/16 Regan St		936	-	5,000
3/16 Regan St		937	-	5,000
Lot 17 Main St		939	-	2,500
Lloyds Renovations	1115	4191	2,767	80,000
SPQ Pady's Flat		3254	-	5,000
Oval Toilets		3634	-	100,000
Pool Upgrade	1058	3666	4,000	55,000
Town Hall Upgrade	1021	3544	5,926	-
Cemetery Upgrade	7127	3292	1,482	70,000
Re Roof Office Building		1334	-	215,000
Key System	1003	1323	1,073	28,000
Depot Upgrade	1050	5044	1,534	100,000
Youth Centre Upgrade	1100	2447	14,692	29,500
<i>sub total</i>			98,470	823,500

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**29. DISPOSAL & REPLACEMENT OF ASSETS (continued)**

29a The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual \$	Budget \$
<b>Plant and Equipment</b>				\$ 74,300
Misc Plant - Satellite Phone	397	5014	5,828	-
Misc Plant - Pumps	429	5014	31,208	-
Misc Plant - Tools	446	5014	13,854	-
Misc Plant - Trailer	311	5014	5,500	-
Multi Tyre Roller	434	5294	168,175	200,000
Works Trailer	432	5264	3,577	-
Utilities	445	5084	38,212	35,000
Utilities	438	5084	19,100	-
Loader	433	5334	322,145	310,000
Dolly Trailer	440	5164	12,550	15,000
Dolly Trailer	441	5164	12,550	15,000
Caravans & Equipment	321	5034	24,420	165,000
Caravans & Equipment	3026	5034	16,475	-
Youth Trailer	P436	2449	3,545	3,555
Recreation Trailer	435	4004	3,577	5,000
Mosquito Fogger	3029	2374	4,350	20,000
DCEO Vehicle	444	1355	45,317	40,000
Managers Vehicle	437	5144	63,041	85,000
Project Vehicle		1332	-	35,000
Generator	553	5284	25,629	25,000
Trucks	439	5124	206,460	300,000
Airport Fire Fighting System		5216	-	25,000
Communication Equipment		5314	-	46,400
<i>sub total</i>			<i>1,025,513</i>	<i>1,399,255</i>
<b>Infrastructure - Roads</b>				
Rural Road Construction - Gravel	8530	4200	2,944,772	2,268,880
Rural Road Construction - Seal	8540	4200	383,291	150,000
Grids		4200	-	30,000
Water Bores	8540	4530	58,687	50,000
<i>sub total</i>			<i>3,386,750</i>	<i>2,498,880</i>
<b>Infrastructure - Airport</b>				
Airport - Construction	5001	5104	67,752	49,000
<i>sub total</i>			<i>67,752</i>	<i>49,000</i>
<b>Infrastructure - Other</b>				
Cornish Lift		3624	-	35,000
Headframe - Viewing Platform		3637	-	30,000
Tank Fence & Fittings	7103	3994	6,577	10,000
Mt Gould Police Station		4181	-	20,000
Parks & Gardens		4026	-	15,000
Main St Cameras		2027	-	100,000
Luke Pit Water Scheme		3944	-	80,000
Race Course Improvements	7131	4016	8,360	15,000
Pump & Fittings - Oval		3914	-	40,000
Entry Statements & Signs	7124	5424	7,360	30,000
<i>sub total</i>			<i>22,297</i>	<i>375,000</i>
			<b>4,644,421</b>	<b>5,327,720</b>

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**29. DISPOSAL & REPLACEMENT OF ASSETS (Continued)**

29b. 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 \$
<b>Plant and Equipment</b>									
Cat Loader	348	300,300	300,300	-	-	90,000	65,000	90,000	65,000
Multipac Roller	356	137,520	128,289	9,231	11,000	35,000	50,000	25,769	39,000
Trailer John Papas	414	3,800	917	2,883	-	3,008	-	125	-
Ford Futura	388	28,487	28,487	-	4,250	11,818	15,000	11,818	10,750
<b>Land &amp; Buildings</b>									
Lot 246 Darlot	1016	29,426	29,107	319	-	34,363	-	34,044	-
		<b>499,533</b>	<b>487,100</b>	<b>12,433</b>	<b>15,250</b>	<b>174,189</b>	<b>130,000</b>	<b>161,756</b>	<b>114,750</b>

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**30. 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:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	12,994,154	9,844,769	12,994,154	9,844,769
Receivables	645,637	1,838,117	818,041	1,838,117
	<u>13,639,791</u>	<u>11,682,886</u>	<u>13,812,195</u>	<u>11,682,886</u>
<b>Financial Liabilities</b>				
Payables	1,270,641	355,908	1,353,898	355,908
	<u>1,270,641</u>	<u>355,908</u>	<u>1,353,898</u>	<u>355,908</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates fair value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

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**30. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	129,942	98,448
- Statement of Comprehensive Income	129,942	98,448

**Notes:**

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

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**30. 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 12	30 Jun 11
Percentage of Rates and Annual Charges		
- Current	61.55%	43.51%
- Overdue	38.45%	56.49%
Percentage of Other Receivables		
- Current	87.45%	94.94%
- Overdue	12.55%	5.06%

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**30. 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:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2012</u></b>					
Payables	1,353,898	-	-	1,353,898	1,353,898
Borrowings	-	-	-	-	-
	<u>1,353,898</u>	<u>-</u>	<u>-</u>	<u>1,353,898</u>	<u>1,353,898</u>
<b><u>2011</u></b>					
Payables	355,908	-	-	355,908	355,908
Borrowings	-	-	-	-	-
	<u>355,908</u>	<u>-</u>	<u>-</u>	<u>355,908</u>	<u>355,908</u>

**SHIRE OF MEEKATHARRA  
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**31. 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.

**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  
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**32. 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), Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making judgements about carrying values of assets and liabilities that are 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 in the notes 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 Statement of Financial Position are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the Statement of Financial Position.

**SHIRE OF MEEKATHARRA  
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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Trade and Other Receivables**

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

**(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.

***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 borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income 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**

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

***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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 materially from that determined using fair value at reporting date.

***Land under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Depreciation of Non-Current Assets**

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

Assets are depreciated from the date of acquisition, or in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

Buildings	25 - 40 years
Office 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 & Sewers	40 years
Grids	20 years
Airfields and Runways	20 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**SHIRE OF MEEKATHARRA  
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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capitalisation Threshold***

Expenditure on items of equipment under \$5,000 is not capitalised.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

***(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.

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(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 and are subsequently measured at amortised cost.

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

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

**SHIRE OF MEEKATHARRA  
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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**(i) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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.

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

**(k) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(l) 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.

**SHIRE OF MEEKATHARRA  
FINANCIAL REPORT  
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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

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

**(n) 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 at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(o) 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 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 within the notes to this report.

**(p) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.



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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) 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 the 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.

**(r) Rounding Off Figures**

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

**s) Comparative Figures**

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

**(t) Budget Comparative Figures**

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

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) New Accounting Standards and Interpretations for Application in Future Periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets  [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) New Accounting Standards and Interpretations for Application in Future Periods**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(vii)	AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
	AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
	AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	
(viii)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
	[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			

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**32. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) New Accounting Standards and Interpretations for Application in Future Periods**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(ix)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 - 12  
AASB 2009 - 14  
AASB 2010 - 4  
AASB 2010 - 5  
AASB 2010 - 6  
AASB 2010 - 9  
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

## 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 Shire of Meekatharra, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer.

#### Council Responsibility for the Financial Report

The Council of Meekatharra are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying the 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 which require us to 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 judgement, 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 Shire'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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.



## Auditor's Opinion

In our opinion, the financial report of the Shire of Meekatharra;

- i. presents fairly, in all material respects, the financial position of Shire of Meekatharra as at 30 June 2012, and of its performance and cash flows for the year ended ; and
- ii. Complies with Australian Accounting Standards (including the Australian Accounting Interpretation);and
- iii. Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended), and Regulations under that act.

## Statutory Compliance

I did not, during the course of my audit, become aware of any instances where the Shire of Meekatharra did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.

BDO Audit (WA) Pty Ltd

BDO  


Chris Burton  
Director

Perth, Western Australia  
Dated this 7<sup>th</sup> day of December 2012