



ANNUAL REPORT

2016-2017

WEBSITE

www.meekashire.wa.gov.au

CONTACT

P: (08) 9980 0600

F: (08) 9981 1505

ceo@meekashire.wa.gov.au

ADDRESS

54 Main Street
Meekatharra
WA 6642

PO Box 129
Meekatharra
WA 6642



A YEAR IN PROGRESS

Shire Presidents Report

I am pleased to report another fruitful year for the Shire of Meekatharra.

Our staff and contractors continue to perform to a very high standard whilst managing to maintain full compliance and sound management processes.

We completed another 7 kilometres of sealing on Landor Road as part of a Business Case for a \$5M program to upgrade and seal a further 20 kilometres of Landor Road over 3 years. This project is being funded with \$3M from the Mid-West Development Commission through the Royalties for Regions Mid-West Investment Plan initiative, \$1M from the Federal Roads to Recovery program and \$1M of Shire funds. Our construction crew and contractors continue to do a great job maintaining our huge road network. This year we spent a total of \$10.3M on our road network.

Our innovative Youth Services team created the first Youth Expo. This project started as an idea for a small program to help local youth see what is available to them in terms of training and careers. It quickly gained momentum and support to become a major event that attracted interest from all over the region. My congratulations go to everyone involved.

Thanks to Deputy Shire President, Cr Peter Clancy for his support and assistance during the year. Also thanks to my fellow Councillors for their dedication and hard work during the year. The role of Councillor can be quite demanding and it is very pleasing for me to be able to work with such a solid and reliable group of Councillors.

My thanks also go to our Chief Executive Officer, Roy McClymont for his management of our day to day tasks and functions. Roy and his team continue to run the Shires operations in a professional and astute manner.

Council finished the year in a sound financial position with no debt and adequate cash reserves.

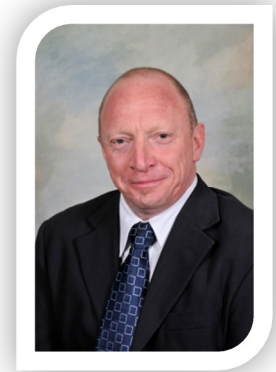
Norm Trenfield
Shire President



Chief Executive Officers Report

It has been another very busy year with our staff and contractors working hard to achieve some outstanding results. My thanks go to all our staff and contractors for their dedication, hard work and assistance during the year.

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



A special note of appreciation and gratitude goes to my three Managers; Krys East, Deputy CEO; John Dyer, Works and Services Manager and Geoff Carberry, Community and Development Services Manager – thank you for your hard work, support and loyalty during the year. Thanks also to Dave Macdonald who continues to deliver as our Project Officer.

We had a number of staff changes during the year. Welcome to all our new people and thanks go to those who left us for greener pastures.

We had another busy and successful year with a large number of special projects and tasks completed. Major road and infrastructure works included flood damage reinstatement works (\$5.1M), Landor Road resheeting, upgrading and sealing (\$2.8M), Ashburton Downs Road (\$750,000) and Mt Clere Road (\$320,000).

We continue to keep our plant fleet well maintained and up to date and this year we purchased a new 30 tonne excavator for use by our road construction crew.

Some other projects and achievements during the year included:

- Over \$15K in donations during the year plus an additional \$106,000 to RFDS in donations.
- Significant lobbying efforts to have the Meekatharra District Hospital replaced and the Goldfields Highway to Wiluna sealed .
- Upgrading of the depot fence including a monitored electric fence in an effort to reduce vandalism and theft from the depot;
- Completion of a \$1.1M upgrade to the Meekatharra Airport including replacement of the runway lights and installation of a Precision Approach Path Indicator system.
- Further upgrade of our walk trails with jarrah decking and installation of solar lights at the information bay.

Finally, congratulations to everyone involved in organising this years Meeka Festival. Special thanks go to Geoff Carberry for taking over the Festival coordination when Community Development Officer, Rachel Quinn was injured during the lead up to the Festival.

Roy McClymont
Chief Executive Officer



Disability Access & Inclusion Plan (DAIP)

The Shire of Meekatharra is committed to ensuring that the community is an accessible and inclusive community for people with disabilities, their families, and carers.

Council reviewed and amended the DAIP in January 2017 for implementation in 2017-2021. The Shire of Meekatharra is committed to achieving the seven desired outcomes of its DAIP.



1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Meekatharra.
2. People with disability have the same opportunities as other people to access the buildings and other facilities operated by the Shire of Meekatharra.
3. People with disability receive information from the Shire of Meekatharra in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff and Elected Members of the Shire of Meekatharra as other people receive from the staff and Elected Members of the Shire of Meekatharra.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Meekatharra.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Meekatharra.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Meekatharra.

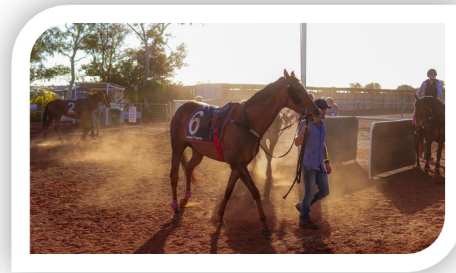
Record Keeping Plan

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

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

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.



The State Records Act 2000 s.28 (5) requires that the Records Keeping Plan must be reviewed at least every 5 years. Between reviews, the implementation/continuation is to be further developed.

The Shire of Meekatharra completed a full review of its record keeping plan in March 2013, and this was submitted and has been accepted by the State Records Office. The next review must be submitted to the State Records Office by 31 May 2018.

Complaints of Minor Breaches

Section 5.121 of the *Local Government Act* requires the complaints officer for each local government to maintain a register of complaints which result in action under section 5.110(6)(b) or (c) of the Act.

Section 5.53(2)(hb) of the *Local Government Act* requires details of entries made under section 5.121 during the financial year in the register of complaints, including:

1. The number of complaints recorded on the register of complaints;
2. How the recorded complaints were dealt with.

There were nil complaints for the 2016/2017 reporting year.

National Competition Policy

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

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The Council has reviewed all areas of operation to determine the existence or otherwise of significant business activities.

For the purpose of competitive neutrality, a significant business activity is defined as an activity with an income in excess of \$200,000 p.a., which is not a regulatory service (community service obligation), and not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 Statement.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act. A full review of all of the Shire of Meekatharra Local Laws took place during 2006/2007, and was gazetted 29 July 2008. A full review commenced in 2016/2017, and will be completed in 2017/18.



Annual Salaries

The *Local Government Act 1995* requires Council to provide the number of employees who are entitled to an annual salary of \$100,000 or more, and to break those employees into salary bands of \$10,000.

For the 2016-17 period the Shire of Meekatharra had 6 employees whose salary exceeded \$100,000.

Of these employees:

- One employee had a salary of between \$100,000 and \$110,000
- One employee had a salary of between \$120,000 and \$130,000
- Two employees had a salary of between \$130,000 and \$140,000
- One employee had a salary of between \$170,000 and \$180,000

Freedom of Information

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

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

All Council meetings are open to the public, and meeting dates and venue are advertised annually. Members of the public are invited to ask questions during Public Question Time.

The Act gives individuals and organisations a general right of access to information held by the Shire of Meekatharra. It also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act.

Two Freedom of Information requests were made during the reporting period.

Public Interest Disclosures

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



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

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

In the financial year 2016-17 no disclosures relating to improper conduct were made to the Shire, and no disclosures were referred to the Ombudsman

Integrated Planning & Reporting

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

In June 2013 Council adopted a 10 year Strategic Community Plan, a 10 year Building & Structures Asset Management Plan, a 4 year Workforce Plan, and a 10 year Plant Replacement Plan. Council were further progressing with preparing a Long Term Financial Plan and Corporate Business Plan (Corporate Business Plan). These were adopted in July and October 2013 respectively.

A review of the various plans is to be completed in 2017/18. Copies of all available plans are available at the Shire Office if you wish to peruse them.

Some actions identified in the CBP are ongoing, and these include:

- 1.1.4 Continue to run and support programs and events through existing structures (Community, Youth, Sport & Recreation).
- 1.4.4 Develop, advocate and lobby a strategy for the upgrade/replacement of Meekatharra Hospital.

3.2.6 Preparing a Business Plan for whole of life construction program for the Landor-Meekatharra Road Meekatharra shire section, with analysis of potential funding options.

3.2.8 Maintaining the airport to a high standard and respond positively and promptly to all requests and demands by governing authorities.



It is envisaged that during the 2017/18 period some major projects will be completed/commenced/continued. These are:

- Continuation of upgrading and sealing of the Landor-Meekatharra Road. Further funding for future years will also be sought. Approximately 82.6km (46%) of Landor-Meekatharra Road in the Shire of Meekatharra has been sealed. An additional 4km will be sealed by the end of June 2018, leaving 93km of this route within the Shire unsealed (52% of the road).

To date, \$13.9 million has been expended on sealing sections of Landor-Meekatharra Road, with 32% of funding being contributed by the Shire, 18% contributed through the Roads to Recovery program, 1% through Main Roads Group, and 49% through the State Government's Royalties for Regions program (including Individual and Group CLGF allocations).

- Rural road construction, which includes funded flood damage re-construction due to extensive damage caused to roads in the Meekatharra Shire in January and February 2017.

Staff arranged inspection of the roads and submission of a claim under the WA Natural Disaster Relief and Recovery Arrangements. \$6,927,325 has been approved for reinstatement to twenty eight of the rural roads within the Shire. The reinstatement works will take place in 2017/18.

- The public consultation for the Facilities Revitalisation Plan identified the revitalisation of the Lloyd's building as one of the highest priorities.

During 2017/18 the Lloyd's project will be in a design and tender phase. On completion of the public consultation period and finalisation of the layout architects will complete the overall construction drawing and will prepare the tender documentation

Once completed and approved by Council the tender will be called with an aim for completion of the tender process in the 2017/2018 financial year. Nearly \$1,000,000 has

been included in the 2017/18 budget to facilitate stage one of the project, with a further budget required in 2018/19 to complete stage two.

- As a result of the Facilities Revitalisation Plan it was identified that a small wheel (skate) park should be built at the site of the old BMX track.

Council further discussed options during the 2016/2017 budget deliberations committing \$200,000 of a project cost of \$400,000 towards the construction of a facility. Progress of this project stalled during the year as indication from the public during this year revealed that there is no longer an interest in having a Small Wheel Park.



However after renewed interest Council in May 2017 decided to proceed with the project as they determine the long term benefit to the youth of Meekatharra was a worthwhile investment.

In 2017/18 the small wheel park will be in the design and tender stage. Once the design is approved application will be made for funding and on approval construction commenced.

Completion of the construction phase will be dependent on funding approvals and availability of the selected tenderer but this is not anticipated to be completed in 2017/18.

- Council has been keen to provide a further industrial area as the area located east of Oliver Street is for light industrial use only. Meekatharra is very reliant on the mining industry, and during periods of increased mining activity interest in purchasing industrial land has been shown to be of interest for those that would like to have a permanent presence in Meekatharra. However, lack of available land to purchase has proven to be a deterrent. Whilst mining activity appears to have receded in the last couple of years it is perceived just a matter of time until there is resurgence. By making the land ready for purchase it would be conducive to encouraging businesses to make Meekatharra a permanent business location.

The industrial park planning has been delayed pending final approval of the Local Planning Scheme. The land is also subject to a mining tenement, as well the need for water and drainage studies to be carried out.

A basic concept layout has been put together, however development is not expected to commence in 2017/18, as the required approvals and studies will be very time-consuming. \$800,000 will be put aside in reserve funds to progress this project when planning, studies and approvals have been completed.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
Main Street
MEEKATHARRA WA 6642

**SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30 June 2017 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 as authorisation of issue on the 14th day of December 2017



Roy W. McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	3,822,107	3,812,136	3,851,503
Operating grants, subsidies and contributions	30	6,015,214	4,781,421	2,398,406
Fees and charges	29	1,356,351	1,168,961	1,063,706
Interest earnings	2(a)	534,421	558,085	590,456
Other revenue	2(a)	345,049	5,352,342	396,449
		<u>12,073,142</u>	<u>15,672,945</u>	<u>8,300,521</u>
Expenses				
Employee costs		(1,446,889)	(1,532,731)	(1,554,262)
Materials and contracts		(1,656,838)	(7,857,034)	(2,115,499)
Utility charges		(274,087)	(332,427)	(276,573)
Depreciation on non-current assets	2(a)	(5,330,220)	(4,250,890)	(4,231,669)
Insurance expenses		(213,591)	(217,269)	(207,973)
Other expenditure		(260,058)	(185,920)	(207,342)
		<u>(9,181,683)</u>	<u>(14,376,271)</u>	<u>(8,593,318)</u>
		2,891,459	1,296,674	(292,797)
Non-operating grants, subsidies and contributions	30	8,429,250	9,117,559	8,049,983
Profit on asset disposals	21	6,962	0	0
(Loss) on asset disposals	21	(16,022)	(39,500)	(1,299,709)
Net result		11,311,649	10,374,733	6,457,477
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,533,935	0	717,400
Total other comprehensive income		1,533,935	0	717,400
Total comprehensive income		12,845,584	10,374,733	7,174,877

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

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		0	80	80
General purpose funding		9,840,883	7,882,898	6,149,779
Law, order, public safety		8,430	22,000	276,443
Health		6,878	5,935	7,872
Education and welfare		115,488	128,973	100,947
Housing		28,789	0	34,824
Community amenities		132,544	132,391	132,500
Recreation and culture		199,100	247,221	156,667
Transport		1,347,085	1,833,977	1,059,966
Economic services		302,376	316,277	169,699
Other property and services		91,569	5,103,193	211,744
		<u>12,073,142</u>	<u>15,672,945</u>	<u>8,300,521</u>
Expenses	2(a)			
Governance		(511,273)	(599,633)	(523,654)
General purpose funding		(228,898)	(234,194)	(186,602)
Law, order, public safety		(159,655)	(153,418)	(139,269)
Health		(66,462)	(73,182)	(86,029)
Education and welfare		(469,717)	(632,561)	(573,578)
Housing		(21,368)	0	(47,983)
Community amenities		(478,303)	(616,015)	(479,276)
Recreation and culture		(1,226,412)	(1,576,403)	(1,131,051)
Transport		(5,138,070)	(4,720,875)	(4,508,364)
Economic services		(357,615)	(582,438)	(313,980)
Other property and services		(523,910)	(5,187,552)	(603,532)
		<u>(9,181,683)</u>	<u>(14,376,271)</u>	<u>(8,593,318)</u>
Finance costs	2(a)			
		2,891,459	1,296,674	(292,797)
Non-operating grants, subsidies and contributions	30	8,429,250	9,117,559	8,049,983
Profit on disposal of assets	21	6,962	0	0
(Loss) on disposal of assets	21	(16,022)	(39,500)	(1,299,709)
Net result		<u>11,311,649</u>	<u>10,374,733</u>	<u>6,457,477</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,533,935	0	717,400
Total other comprehensive income		<u>1,533,935</u>	<u>0</u>	<u>717,400</u>
Total comprehensive income		<u>12,845,584</u>	<u>10,374,733</u>	<u>7,174,877</u>

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

SHIRE OF MEEKATHARRA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	22,573,208	18,499,553
Trade and other receivables	5	1,782,430	2,604,340
Inventories	6	130,438	137,965
TOTAL CURRENT ASSETS		24,486,076	21,241,858
NON-CURRENT ASSETS			
Investments	4	46,428	50,879
Property, plant and equipment	7	18,602,763	17,221,989
Infrastructure	8	53,233,131	45,722,952
TOTAL NON-CURRENT ASSETS		71,882,322	62,995,820
TOTAL ASSETS		96,368,398	84,237,678
CURRENT LIABILITIES			
Trade and other payables	9	397,675	1,180,105
Provisions	11	339,540	267,262
TOTAL CURRENT LIABILITIES		737,215	1,447,367
NON-CURRENT LIABILITIES			
Provisions	11	25,845	30,557
TOTAL NON-CURRENT LIABILITIES		25,845	30,557
TOTAL LIABILITIES		763,060	1,477,924
NET ASSETS		95,605,338	82,759,754
EQUITY			
Retained surplus		52,668,872	43,374,972
Reserves - cash backed	12	17,561,582	15,543,832
Revaluation surplus	13	25,374,885	23,840,950
TOTAL EQUITY		95,605,338	82,759,754

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

**SHIRE OF MEEKATHARRA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		39,646,938	12,814,389	23,123,550	75,584,877
Comprehensive income					
Net result		6,457,477	0	0	6,457,477
Changes on revaluation of assets	13	0	0	717,400	717,400
Total comprehensive income		6,457,477	0	717,400	7,174,877
Transfers from/(to) reserves		(2,729,443)	2,729,443	0	0
Balance as at 30 June 2016		43,374,972	15,543,832	23,840,950	82,759,754
Comprehensive income					
Net result		11,311,649	0	0	11,311,649
Changes on revaluation of assets	13	0	0	1,533,935	1,533,935
Total comprehensive income		11,311,649	0	1,533,935	12,845,584
Transfers from/(to) reserves		(2,017,750)	2,017,750	0	0
Balance as at 30 June 2017		52,668,872	17,561,582	25,374,885	95,605,338

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

SHIRE OF MEEKATHARRA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,954,084	4,162,136	3,493,471
Operating grants, subsidies and contributions		6,766,255	4,822,486	1,382,625
Fees and charges		1,356,351	1,168,961	1,063,705
Interest earnings		534,477	558,085	590,456
Goods and services tax		1,347,867	950,000	1,242,364
Other revenue		345,049	5,352,342	396,449
		<u>14,304,083</u>	<u>17,014,010</u>	<u>8,169,071</u>
Payments				
Employee costs		(1,424,230)	(1,557,286)	(1,544,594)
Materials and contracts		(2,361,877)	(7,289,544)	(1,624,987)
Utility charges		(274,087)	(332,427)	(276,573)
Insurance expenses		(213,591)	(217,269)	(207,973)
Goods and services tax		(1,429,538)	(950,000)	(1,181,041)
Other expenditure		(260,058)	(185,920)	(207,342)
		<u>(5,963,381)</u>	<u>(10,532,446)</u>	<u>(5,042,510)</u>
Net cash provided by (used in) operating activities	14(b)	<u>8,340,702</u>	<u>6,481,564</u>	<u>3,126,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,253,235)	(1,482,735)	(1,966,555)
Payments for construction of infrastructure		(11,482,829)	(13,088,126)	(8,810,082)
Non-operating grants, subsidies and contributions		8,429,250	9,117,559	8,049,983
Proceeds from sale of fixed assets		39,767	20,000	351,385
Net cash provided by (used in) investment activities		<u>(4,267,047)</u>	<u>(5,433,302)</u>	<u>(2,375,269)</u>
Net cash provided by (used in) financing activities		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash held		4,073,655	1,048,262	751,292
Cash at beginning of year		18,499,553	15,593,949	17,748,261
Cash and cash equivalents at the end of the year	14(a)	<u><u>22,573,208</u></u>	<u><u>16,642,211</u></u>	<u><u>18,499,553</u></u>

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

**SHIRE OF MEEKATHARRA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)	24	<u>4,517,921</u> 4,517,921	<u>855,348</u> 855,348	<u>5,642,957</u> 5,642,957
Revenue from operating activities (excluding rates)				
Governance		0	80	80
General purpose funding		6,018,776	4,070,762	2,298,276
Law, order, public safety		8,430	22,000	276,443
Health		6,878	5,935	7,872
Education and welfare		115,488	128,973	100,947
Housing		28,789	0	34,824
Community amenities		132,544	132,391	132,500
Recreation and culture		199,100	247,221	156,667
Transport		1,354,047	1,833,977	1,059,966
Economic services		302,376	316,277	169,699
Other property and services		91,569	5,103,193	211,744
		<u>8,257,997</u>	<u>11,860,809</u>	<u>4,449,018</u>
Expenditure from operating activities				
Governance		(511,273)	(599,633)	(523,654)
General purpose funding		(228,898)	(234,194)	(229,495)
Law, order, public safety		(166,529)	(153,418)	(139,269)
Health		(66,462)	(73,182)	(86,029)
Education and welfare		(469,717)	(632,561)	(573,578)
Housing		(21,368)	0	(47,983)
Community amenities		(478,303)	(616,015)	(1,498,558)
Recreation and culture		(1,226,412)	(1,576,403)	(1,131,051)
Transport		(5,147,218)	(4,760,375)	(4,745,898)
Economic services		(357,615)	(582,438)	(313,980)
Other property and services		(523,910)	(5,187,552)	(603,532)
		<u>(9,197,705)</u>	<u>(14,415,771)</u>	<u>(9,893,027)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(6,962)	0	0
Loss on disposal of assets	21	16,022	39,500	1,299,709
Movement in Local Government House Equity	4	4,451	0	0
Movement in employee benefit provisions (non-current)	11	67,564	0	40,804
Depreciation and amortisation on assets	2(a)	5,330,220	4,250,890	4,231,669
Amount attributable to operating activities		<u>8,989,508</u>	<u>2,590,776</u>	<u>5,771,130</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	30	8,429,250	9,117,559	8,049,983
Proceeds from disposal of assets	21	39,767	20,000	351,385
Purchase of property, plant and equipment	7(b)	(1,253,235)	(1,482,735)	(1,966,555)
Purchase and construction of infrastructure	8(b)	(11,482,829)	(13,088,126)	(8,810,082)
Amount attributable to investing activities		<u>(4,267,047)</u>	<u>(5,433,302)</u>	<u>(2,375,269)</u>
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	12	(2,225,514)	(969,610)	(2,971,443)
Transfers from reserves (restricted assets)	12	207,764	0	242,000
Amount attributable to financing activities		<u>(2,017,750)</u>	<u>(969,610)</u>	<u>(2,729,443)</u>
Surplus(deficiency) before general rates		<u>2,704,711</u>	<u>(3,812,136)</u>	<u>666,418</u>
Total amount raised from general rates	23	<u>3,822,107</u>	<u>3,812,136</u>	<u>3,851,503</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>6,526,819</u></u>	<u><u>0</u></u>	<u><u>4,517,921</u></u>

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

(a) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability 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.

(d) Inventories

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale 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.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at 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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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 AASB 1051 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 Shire.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	25 to 40 years
Office Furniture and equipment	1 to 20 years
Plant and equipment	1 to 20 years
Roads - Unformed	Not Depreciated
Roads - Formed	Not Depreciated
Roads - Gravel	15 years
Roads - Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 to 20 years
Drains and Sewers	80 to 100 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 in the period in which they arise.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. 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.

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 and any reduction for impairment; and
- (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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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 that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after 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 available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

(h) Impairment of Assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(l) Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(m) 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 Shire, 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note

(p) 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 in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(u) 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES		2017	2016
		\$	\$
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Transport			
Relates to WANDRRA Road funding - represented in non-operating expenditure.		6,012,633	3,811,382
Auditors remuneration			
- Audit of the Annual Financial Report		16,100	15,800
Depreciation			
Buildings - non-specialised		276,702	293,718
Furniture and equipment		51,636	45,374
Plant and equipment		1,029,232	646,206
Infrastructure - Roads		3,398,655	2,698,994
Footpaths		12,222	12,222
Other Infrastructure		354,817	341,362
Airport Infrastructure		206,956	193,793
		5,330,220	4,231,669
(ii) Crediting as revenue:			
Significant revenue			
Transport - WANDRRA Funding			
Relates to WANDRRA road funding represented in non-Operating revenue.		6,012,633	3,387,379
Other revenue			
Reimbursements and recoveries		193,245	298,632
Other		151,804	97,817
		345,049	396,449
	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	403,402	455,085	428,506
- Other funds	13,808	45,000	37,735
- Landor Rd Business Case	0	0	25,503
Other interest revenue (refer note 28)	117,211	58,000	98,713
	534,421	558,085	590,457

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

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

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

GOVERNANCE

Activities:

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

Activities:

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

Activities:

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

HEALTH

Activities:

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

EDUCATION AND WELFARE

Activities:

Provision and maintenance of various premises in support of community services including Community Resource Centre. Financial assistance on a needs arise basis for the community's education and welfare. Provision, maintenance and support for the community youth centre.

HOUSING

Activities:

Maintenance of staff and rental housing.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Activities:

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

RECREATION AND CULTURE

Activities:

Maintenance of halls, swimming pool, recreation centres and various reserves; operation of library, TV and Radio Broadcasting.

TRANSPORT

Activities:

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

ECONOMIC SERVICES

Activities:

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

OTHER PROPERTY AND SERVICES

Activities:

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Law, order, public safety							
DFES Operating Grant	0	8,000	(8,000)	0	7,120	(7,120)	0
SES Operating Grant	0	2,367	(2,367)	0	(1,680)	1,680	0
Education and welfare							
Youth Grant - O.S.H.C Program	0	18,806	(18,806)	0	30,985	(30,985)	0
Youth Services Grant - DCP WA	0	82,009	(82,009)	0	83,321	(83,321)	0
Recreation and culture							
Dept Sport & Rec - Kidsport Program	0	40,000	(40,000)	0	13,140	(13,140)	0
Swimming Pool	0	35,200	(35,200)	0	0	0	0
Transport							
WANDRRA Natural Disaster - Flood Damage	0	3,387,379	(3,387,379)	0	6,012,633	(6,012,633)	0
Roads to Recovery (R2R)	27,356	1,501,713	(1,116,426)	412,643	1,734,925	(2,147,568)	0
Royalties for Regions - Landor Business Case	0	3,025,503	(1,000,000)	2,025,503	0	(2,025,503)	0
Main Roads - Regional Roads Group	0	120,000	(120,000)	0	300,000	(300,000)	0
RADS/RAFP/RAAP Grant Income	0	35,000	(35,000)	0	381,691	(381,691)	0
Royalties for Regions	0	1,000,000	(1,000,000)	0	0	0	0
Economic services							
Trails Grant	0	18,000	0	18,000	59,812	(77,812)	0
Dept. of Planning - Economic Development Strategy	399	0	(399)	0	0	0	0
Total	27,755	9,273,977	(6,845,586)	2,456,146	8,621,947	(11,078,093)	0

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(4) - Economic Dependency - A significant portion of revenue is received by way of grants from the State and Federal Government. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		5,011,626	499,575
Restricted		17,561,582	17,999,978
		<u>22,573,208</u>	<u>18,499,553</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	12	3,032,837	2,958,655
Building Reserve	12	1,571,902	1,748,025
Shire Water Reserve	12	296,120	288,862
Airport Runway Reserve	12	2,701,200	2,634,988
Airport Reserve	12	898,004	929,645
Transport Reserve	12	644,380	628,585
Infrastructure & Development Reserve	12	933,728	910,841
Leave Reserve	12	170,430	166,253
Reseals & Rejuvenation Reserve	12	3,042,005	2,465,844
Interpretive Centre Reserve	12	1,248,253	1,217,656
Roads - Second / Final Seals Reserve	12	1,114,081	1,087,032
Lloyds Revitalisation Reserve	12	520,073	507,447
Unspent Committed Grants Reserve	12	1,388,569	0
Unspent grants	2(c)	0	2,456,146
		<u>17,561,582</u>	<u>17,999,978</u>
4. INVESTMENTS			
Equity in Local Government House		<u>46,428</u>	<u>50,879</u>
At the beginning of the year		50,879	50,879
Increment		0	0
Decrement		(4,451)	0
At the end of the year		<u>46,428</u>	<u>50,879</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	921,486	1,078,421
Sundry debtors	712,997	1,591,286
Prepayments	172,443	0
GST receivable	81,671	0
Provision for Doubtful Debts	(106,167)	(65,423)
Items Held in Trust	0	56
	<u>1,782,430</u>	<u>2,604,340</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding	<u>921,486</u>	<u>1,078,421</u>
Includes:		
Past due and not impaired	921,486	1,078,421
Impaired	<u>0</u>	<u>0</u>
Sundry debtors	<u>712,997</u>	<u>1,591,286</u>
Includes:		
Past due and not impaired	712,997	1,591,286
Impaired	<u>0</u>	<u>0</u>

6. INVENTORIES

Current		
Fuel, Oil & Materials	<u>130,438</u>	<u>137,965</u>
	<u>130,438</u>	<u>137,965</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Land (Independent Valuation 2014 - Level 2)	0	416,000
- Land (Independent Valuation 2017 - Level 2)	889,400	0
	<u>889,400</u>	<u>416,000</u>
Land - vested in and under the control of Council at:		
- Management Valuation 2014 - Level 3	0	40,000
- Independent Valuation 2017 - Level 2	47,500	0
	<u>47,500</u>	<u>40,000</u>
	<u>936,900</u>	<u>456,000</u>
Buildings - non-specialised at:		
- Buildings (Independent Valuation 2014 - Level 2)	0	10,514,199
- Building (Independent Valuation 2017 - Level 2)	12,768,193	0
- Additions after valuation - cost	85,276	1,414,015
Depreciation - PPE: Buildings - non-specialised	0	(511,568)
	<u>12,853,469</u>	<u>11,416,645</u>
	<u>12,853,469</u>	<u>11,416,645</u>
Total land and buildings	<u>13,790,369</u>	<u>11,872,645</u>
Furniture and equipment at:		
- Furniture & Equipment (Independent Valuation 2016 - Level 2)	201,786	201,786
- Additions after valuation - cost	12,270	0
Depreciation - PPE: Furniture and Equipment	(51,636)	0
	<u>162,420</u>	<u>201,786</u>
Plant and equipment at:		
- Plant & Equipment (Independent Valuation 2016 - Level 2)	5,085,248	5,147,558
- Additions after valuation - cost	580,474	0
Depreciation - PPE: Plant and Equipment	(1,015,748)	0
	<u>4,649,974</u>	<u>5,147,558</u>
	<u>18,602,763</u>	<u>17,221,989</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	416,000	0	0	473,400	0	0	889,400
Land - vested in and under the control of Council	40,000	0	0	7,500	0	0	47,500
Total land	456,000	0	0	480,900	0	0	936,900
Buildings - non-specialised	11,416,645	660,491	0	1,053,035	(276,702)	0	12,853,469
Total buildings	11,416,645	660,491	0	1,053,035	(276,702)	0	12,853,469
Total land and buildings	11,872,645	660,491	0	1,533,935	(276,702)	0	13,790,369
Furniture and equipment	201,786	12,270	0	0	(51,636)	0	162,420
Plant and equipment	5,147,558	580,474	(48,826)	0	(1,029,232)	0	4,649,974
Total property, plant and equipment	17,221,989	1,253,235	(48,826)	1,533,935	(1,357,570)	0	18,602,763

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2017	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2017	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment	2	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Plant & Equipment (Indepen	2	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Roads (Management Valuation June 2015 - Level 3)	32,105,396	32,105,396
- Additions after valuation - cost	18,496,286	8,424,140
Depreciation - Infrastructure: Roads	<u>(6,097,649)</u>	<u>(2,698,994)</u>
	44,504,033	37,830,542
Footpaths		
- Footpaths (Management Valuation June 2015 - Level 3)	266,181	266,181
- Additions after valuation - cost	8,569	0
Depreciation - Infrastructure: Footpaths	<u>(24,444)</u>	<u>(12,222)</u>
	250,306	253,959
Other Infrastructure		
- Other Infrastructure (Management Valuation July 2015 - Level 3)	3,982,820	3,982,820
- Additions after valuation - cost	794,295	198,229
Depreciation - Infrastructure: Other Infrastructure	<u>(688,910)</u>	<u>(334,093)</u>
	4,088,205	3,846,956
Airport Infrastructure		
- Airport Infrastructure (Independent Valuation July 2015 - Level 3)	3,882,573	3,882,573
- Additions after valuation - cost	908,763	102,715
Depreciation - Infrastructure: Airport Infrastructure	<u>(400,749)</u>	<u>(193,793)</u>
	4,390,587	3,791,495
	<u>53,233,131</u>	<u>45,722,952</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	37,830,542	10,072,146	0	0	(3,398,655)	0	44,504,033
Footpaths	253,959	8,569	0	0	(12,222)	0	250,306
Other Infrastructure	3,846,956	596,066	0	0	(354,817)	0	4,088,205
Airport Infrastructure	3,791,495	806,048	0	0	(206,956)	0	4,390,587
Total infrastructure	45,722,952	11,482,829	0	0	(3,972,651)	0	53,233,131

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Airport Infrastructure	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	290,151	1,008,724
ATO liabilities	33,573	54,215
Prepaid Rates	62,719	86,984
GST Payable	0	24,958
Payroll Creditors	11,232	5,224
	<u>397,675</u>	<u>1,180,105</u>

10. LONG-TERM BORROWINGS

The Shire did not have any long term borrowings at the reporting date.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	146,258	121,004	267,262
Non-current provisions	0	30,557	30,557
	<u>146,258</u>	<u>151,561</u>	<u>297,819</u>
 Additional provision	 180,649	 24,510	 205,159
Amounts used	(132,121)	(5,472)	(137,593)
Balance at 30 June 2017	<u>194,786</u>	<u>170,599</u>	<u>365,385</u>
 Comprises			
Current	194,786	144,754	339,540
Non-current	0	25,845	25,845
	<u>194,786</u>	<u>170,599</u>	<u>365,385</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Plant Reserve	2,958,655	74,182	0	3,032,837	2,956,386	86,622	0	3,043,008	2,526,214	432,441	0	2,958,655
Building Reserve	1,748,025	0	(176,123)	1,571,902	1,746,683	51,178	0	1,797,861	1,687,812	302,213	(242,000)	1,748,025
Shire Water Reserve	288,862	7,258	0	296,120	288,640	8,457	0	297,097	279,714	9,148	0	288,862
Airport Runway Reserve	2,634,988	66,212	0	2,701,200	2,632,964	77,146	0	2,710,110	2,551,478	83,510	0	2,634,988
Airport Reserve	929,645	0	(31,641)	898,004	928,931	27,218	0	956,149	900,181	29,464	0	929,645
Transport Reserve	628,585	15,795	0	644,380	628,102	18,403	0	646,505	608,670	19,915	0	628,585
Infrastructure & Development Reserve	910,841	22,887	0	933,728	910,141	26,667	0	936,808	881,961	28,880	0	910,841
Leave Reserve	166,253	4,177	0	170,430	166,125	4,867	0	170,992	160,989	5,264	0	166,253
Reseals & Rejuvenation Reserve	2,465,844	576,161	0	3,042,005	2,463,959	586,719	0	3,050,678	2,038,310	427,534	0	2,465,844
Interpretive Centre Reserve	1,217,656	30,597	0	1,248,253	1,216,720	35,650	0	1,252,370	1,179,061	38,595	0	1,217,656
Roads - Second / Final Seals Reserve	1,087,032	27,049	0	1,114,081	1,086,205	31,826	0	1,118,031	0	1,087,032	0	1,087,032
Lloyds Revitalisation Reserve	507,447	12,626	0	520,073	507,061	14,857	0	521,918	0	507,447	0	507,447
Unspent Committed Grants Reserve	0	1,388,569	0	1,388,569	0	0	0	0	0	0	0	0
	<u>15,543,832</u>	<u>2,225,514</u>	<u>(207,764)</u>	<u>17,561,582</u>	<u>15,531,917</u>	<u>969,610</u>	<u>0</u>	<u>16,501,527</u>	<u>12,814,389</u>	<u>2,971,443</u>	<u>(242,000)</u>	<u>15,543,832</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant Reserve	Ongoing	- To be used for the acquisition of major plant on an ongoing basis.
Building Reserve	Ongoing	- To be used for the future building requirements for Council purposes.
Shire Water Reserve	Ongoing	- To be used for capital water requirements of parks and gardens administered by the Shire.
Airport Runway Reserve	Ongoing	- To be used to fund the future construction requirements of the airport runway.
Airport Reserve	Ongoing	- To be used to fund the capital improvements of the airport infrastructure.
Transport Reserve	Ongoing	- To be used to fund the expansion of the road network that cannot be met by operating income.
Infrastructure & Development Reserve	Ongoing	- To be used to development existing town infrastructure of a commercial or non commercial nature and fund projects deemed by Council to provide a necessary long term employment or economic benefit to the community.
Leave Reserve	Ongoing	- To to used to fund annual and long service leave requirements.
Reseals & Rejuvenation Reserve	Ongoing	- To be used to fund reseals and rejuvenation of sealed roads.
Interpretive Centre Reserve	Ongoing	- To be used to acquire and refurbish the Interpretive Centre.
Roads - Second / Final Seals Reserve	Ongoing	- To be used to fund final seals to roads that have previously been primer sealed.
Lloyds Revitalisation Reserve	Ongoing	- To be used to fund the renovations and building works as per Meeks Revitalisation plan at Lloyd's building.
Unspent Committed Grants Reserve	Ongoing	- To be used to hold unspent tied grant funding.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	466,000	480,900	0	480,900	946,900	466,000	0	0	0	466,000
Revaluation surplus - Buildings	6,994,234	1,053,035	0	1,053,035	8,047,269	6,994,234	0	0	0	6,994,234
Revaluation surplus - Plant and equipment	2,474,441	0	0	0	2,474,441	1,740,720	733,721	0	733,721	2,474,441
Revaluation surplus - Furniture and equipment	0	0	0	0	0	16,321		(16,321)	(16,321)	0
Revaluation surplus - Infrastructure - Roads	8,726,036	0	0	0	8,726,036	8,726,036	0	0	0	8,726,036
Revaluation surplus - Infrastructure - Footpaths	266,181	0	0	0	266,181	266,181	0	0	0	266,181
Revaluation surplus - Infrastructure - Other	2,060,469	0	0	0	2,060,469	2,060,469	0	0	0	2,060,469
Revaluation surplus - Infrastructure - Airport	2,853,589	0	0	0	2,853,589	2,853,589	0	0	0	2,853,589
	23,840,950	1,533,935	0	1,533,935	25,374,885	23,139,870	733,721	(16,321)	717,400	23,840,950

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2017	2017	2016
	\$	Budget	\$
	\$	\$	\$
Cash and cash equivalents	<u>22,573,208</u>	<u>16,642,211</u>	<u>18,499,553</u>

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

Net result	11,311,649	10,374,733	6,457,477
Non-cash flows in Net result:			
Depreciation	5,330,220	4,250,890	4,231,669
(Profit)/Loss on sale of asset	9,060	39,500	1,299,709
Equity Local Government House	4,451	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	821,910	391,065	(1,321,791)
(Increase)/Decrease in inventories	7,527	85,000	(2,759)
Increase/(Decrease) in payables	(782,430)	457,935	471,435
Increase/(Decrease) in provisions	67,566	0	40,805
Grants contributions for the development of assets	<u>(8,429,250)</u>	<u>(9,117,559)</u>	<u>(8,049,983)</u>
Net cash from operating activities	<u>8,340,702</u>	<u>6,481,564</u>	<u>3,126,561</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	<u>(197)</u>	<u>(230)</u>
Total amount of credit unused	<u>1,004,803</u>	<u>1,004,770</u>
Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	<u>0</u>	<u>0</u>
Total facilities in use at balance date	<u>0</u>	<u>0</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

15. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liability.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

The Shire did not have any joint venture arrangements at the reporting date.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	886	58,609
General purpose funding	5,897,066	0
Law, order, public safety	271,530	3,330,623
Education and welfare	1,440,168	1,684,799
Housing	3,167,758	2,423,818
Community amenities	1,579,144	257,774
Recreation and culture	7,212,991	9,261,219
Transport	66,253,348	54,340,691
Economic services	884,476	1,399,106
Other property and services	8,439,885	10,952,887
Unallocated	1,221,146	528,152
	<u>96,368,398</u>	<u>84,237,678</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	12.22	2.53	7.77
Asset sustainability ratio	1.13	1.54	1.00
Debt service cover ratio	n/a	n/a	n/a
Operating surplus ratio	0.48	(0.27)	0.59
Own source revenue coverage ratio	0.66	0.59	0.59

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,901,529.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,790,086.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	12.63	4.11	5.57
Operating surplus ratio	0.16	0.03	0.33

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Unclaimed Monies	26,991	0	0	26,991
Library Membership Deposits	405	0	(262)	144
Building Industry Training Levy	104	9,392	(9,400)	96
Building Registration Board	44	6,514	(6,514)	44
Miscellaneous Deposits	4,305	812	(1,124)	3,993
Sale of Housing	60,577	0	0	60,577
Bus Hire	525	0	0	525
	<u>92,950</u>	<u>16,718</u>	<u>(17,299)</u>	<u>92,369</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety								
AN101 - FESA Fire Unit - Izuzu	19,640	12,767	0	(6,874)	0	0	0	0
Transport								
P109 - Nisssan UD Prime Mover 2004	0	0	0	0	59,500	20,000	0	(39,500)
AN110 - Coromal Caravan	3,569	5,700	2,131	0	0	0	0	0
AN402 - Toyota Hilux 2008	7,808	2,709	0	(5,099)	0	0	0	0
AN403 - Toyota Hilux Ute 4x4	6,624	11,455	4,831	0	0	0	0	0
AN425 - 2010 Mazda BT-50 4x2 Utilit	11,185	7,136	0	(4,049)	0	0	0	0
	<u>48,826</u>	<u>39,767</u>	<u>6,962</u>	<u>(16,022)</u>	<u>59,500</u>	<u>20,000</u>	<u>0</u>	<u>(39,500)</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire did not have any borrowing repayments for debenture at the reporting date.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire has an overdraft facility of \$1,000,000 with the Westpac Bank to assist with short term liquidity requirements.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Gross Rental Value - Town	0.086281	306	4,113,996	354,960	213	4,998	360,171	354,233	0	0	354,233
Unimproved value valuations											
Unimproved Value - Mining	0.190389	675	15,779,721	3,004,285	33,154	(844)	3,036,595	2,998,915	1,000	2,000	3,001,915
Unimproved Value - Pastoral	0.06044	41	4,925,336	297,687	(35,398)	602	262,891	297,687	0	0	297,687
Sub-Total		1,022	24,819,053	3,656,932	(2,031)	4,756	3,659,657	3,650,836	1,000	2,000	3,653,836
Minimum payment	Minimum \$										
Gross rental value valuations											
Gross Rental Value - Town	400	99	55,532	39,600	0	0	39,600	40,000	0	0	40,000
Unimproved value valuations											
Unimproved Value - Mining	350	345	319,559	120,750	0	0	120,750	116,200	0	0	116,200
Unimproved Value - Pastoral	350	6	12,706	2,100	0	0	2,100	2,100	0	0	2,100
Sub-Total		450	387,797	162,450	0	0	162,450	158,300	0	0	158,300
Total amount raised from general rate		1,472	25,206,850	3,819,382	(2,031)	4,756	3,822,107	3,809,136	1,000	2,000	3,812,136
Totals							3,822,107				3,812,136
							3,822,107				3,812,136

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>6,526,819</u>	<u>4,517,921</u>	<u>4,517,921</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	5,011,626	499,575	499,575
Restricted	17,561,582	17,999,978	17,999,978
Receivables			
Rates outstanding	921,486	1,078,421	1,078,421
Sundry debtors	712,997	1,591,286	1,591,286
Prepayments	172,443	0	0
GST receivable	81,671	0	0
Provision for Doubtful Debts	(106,167)	(65,423)	(65,423)
Items Held in Trust	0	56	56
Inventories			
Fuel, Oil & Materials	130,438	137,965	137,965
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(290,151)	(1,008,724)	(1,008,724)
ATO liabilities	(33,573)	(54,215)	(54,215)
Prepaid Rates	(62,719)	(86,984)	(86,984)
GST Payable	0	(24,958)	(24,958)
Payroll Creditors	(11,232)	(5,224)	(5,224)
Provisions			
Provision for annual leave (Current)	(194,786)	(146,258)	(146,258)
Provision for long service leave (Current)	(144,754)	(121,004)	(121,004)
Unadjusted net current assets	<u>23,748,861</u>	<u>19,794,491</u>	<u>19,794,491</u>
Adjustments			
Less: Reserves - restricted cash	(17,561,582)	(15,543,832)	(15,543,832)
Add: Cash provisions provided in budget	339,540	267,262	267,262
Adjusted net current assets - surplus/(deficit)	<u>6,526,819</u>	<u>4,517,921</u>	<u>4,517,921</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

The Shire did not grant a discount for the early payment of rates during the year ended 2017.

Waivers or Concessions

The Shire did not grant any rate concessions during the year ended 2017.

Write-Offs

The Council resolved to write- off rates to the value of \$9,353 associated with 27 assessments during the year ended 2017. The amounts written off were considered non-recoverable.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	26 August 16	0	0.00%	10.00%
Option Two				
First Instalment	26 August 16	15	5.50%	10.00%
Second Instalment	30 October 2016	15	5.50%	10.00%
Third Instalment	3 January 2017	15	5.50%	10.00%
Fourth Instalment	9 March 2017	15	5.50%	10.00%

	2017 Revenue \$	2017 Budgeted Revenue \$	2016 Revenue \$
Interest on unpaid rates	107,107	30,000	88,608
Interest on instalment plan	10,104	28,000	9,938
Charges on instalment plan	9,465	22,000	10,110
Interest on unpaid debtors	0	0	167
	126,676	80,000	108,823

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. FEES & CHARGES	2017	2016
	\$	\$
General purpose funding	14,524	14,933
Law, order, public safety	2,990	3,476
Health	6,878	7,872
Housing	23,166	30,276
Community amenities	132,544	132,500
Recreation and culture	38,048	32,797
Transport	1,006,069	705,617
Economic services	128,464	136,113
Other property and services	3,668	122
	<u>1,356,351</u>	<u>1,063,706</u>

30. GRANT REVENUE

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

	2017	2016
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions		
General purpose funding	5,472,999	1,692,941
Law, order, public safety	5,440	272,967
Education and welfare	114,307	100,815
Recreation and culture	88,140	75,200
Transport	265,516	238,483
Economic services	68,812	18,000
	<u>6,015,214</u>	<u>2,398,406</u>
Non-operating grants, subsidies and contributions		
Transport	8,429,250	8,049,983
	<u>8,429,250</u>	<u>8,049,983</u>
	<u>14,444,464</u>	<u>10,448,389</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	<u>25</u>	<u>22</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	15,600	24,000	18,100
Presidents allowance	8,000	8,000	8,000
Deputy Presidents allowance	2,000	2,000	2,000
Travelling expenses	1,465	2,114	1,575
Telecommunications allowance	0	500	0
	<u>27,065</u>	<u>36,614</u>	<u>29,675</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017
\$

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

Short-term employee benefits	612,510
Post-employment benefits	77,572
Other long-term benefits	104,807
	<u>794,889</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

Council has no interest in any Joint Venture.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

2017
\$

Associated companies/individuals:

Purchase of goods and services	991,426
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Joint venture entities:	0
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Amounts outstanding from related parties:	0
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Amounts payable to related parties:	0
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Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire acts as an agent for Air BP providing aviation fuel to customers at the airport. Council provides the service to ensure the ongoing viability of regular public transport flights to Meekatharra. The figures below are included in the Shire's Financial Statements.

	2017	2016
	\$	\$
Operating Income	138,919	164,630
Operating Expenses	(117,564)	(137,857)
Change in Net Assets resulting	<u>21,355</u>	<u>26,773</u>
Statement of Financial Position		
Current Assets		
Cash at Bank	72,300	74,017
Trade Debtors	0	0
Current Liabilities		
Trade Creditors		
Shire of Meekatharra	(72,300)	(74,017)
Air BP	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Equity		
Opening Balance	0	0
Cash Transferred to/(from Muni)	(21,355)	(26,773)
Change in Net Assets	<u>21,355</u>	<u>26,773</u>
Closing Balance	<u>0</u>	<u>0</u>

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	22,573,208	18,499,553	22,573,208	18,499,553
Receivables	1,782,430	2,604,340	1,782,430	2,604,340
	<u>24,355,638</u>	<u>21,103,893</u>	<u>24,355,638</u>	<u>21,103,893</u>
Financial liabilities				
Payables	397,675	1,180,105	397,675	1,180,105
	<u>397,675</u>	<u>1,180,105</u>	<u>397,675</u>	<u>1,180,105</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market 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.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire'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 with the assistance of independent advisers (where applicable). 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 is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	225,732	184,996
- Statement of Comprehensive Income	225,732	184,996

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire'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. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is 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.

The Shire 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 Shire's credit risk at balance date was:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	95%	80%
- Overdue	5%	20%

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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36. 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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	397,675	0	0	397,675	397,675
	<u>397,675</u>	<u>0</u>	<u>0</u>	<u>397,675</u>	<u>397,675</u>
<u>2016</u>					
Payables	1,180,105	0	0	1,180,105	1,180,105
	<u>1,180,105</u>	<u>0</u>	<u>0</u>	<u>1,180,105</u>	<u>1,180,105</u>

**SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The Shire had no borrowings during the reporting period.

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

Opinion

We have audited the accompanying financial report of the Shire of Meekatharra which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Meekatharra:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Meekatharra as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Meekatharra;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit;
- (iii) The asset consumption ratio and asset renewal funding ratio are included in the annual financial report is supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.


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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 14th of December 2017

**SHIRE OF MEEKATHARRA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.90	0.94	0.97
Asset renewal funding ratio	0.97	0.75	0.60

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$