



A YEAR IN PROGRESS

2018 - 2019 ANNUAL REPORT

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Shire Presidents Report

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

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

We completed another large road construction program although we had minimal grant funding for roads this year. Our construction crew and contractors continue to do a great job maintaining our huge road network. This year we spent a total of \$7.6M on our road network which included \$4M federally funded natural disaster reinstatement works and over \$3.5M was spent mainly on re-sheeting, resealing and drainage improvements. We completed the restoration works on the Mt Gould Lock Up. This historic Police Station is on Landor Road, 160 kilometres west of Meekatharra. The restoration works are a credit to everyone involved with a top job being undertaken using traditional restoration methods.

Installation of a new Small Wheel (Skate) Park was completed. This exciting facility is located on the southern end of the Lions Park area. It was professionally designed and features full concrete construction which will make it serviceable for our youth and others for many years to come. We also made a start on the \$2.5M Lloyds Plaza project - renovations to the old Lloyds Building on Main Street. We aim to complete this exciting project in the 2019/20 financial year. In response to a request from the Meekatharra Aboriginal Reference Group, we installed a town siren that aims to bring back some of the time structure that was part of Meeka in the days of the old town based power house.

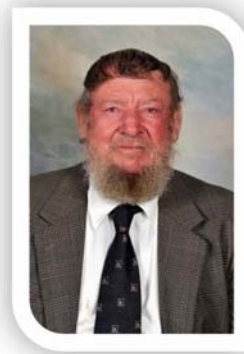
Although the Shire is not a funding body, this year we made a number of donations to local organisations including St Johns Ambulance, Fire and Rescue Service, Meekatharra Race Club, Mid West Agriculture Societies, Meeka Dirt Kart Club, Meeka FM Community Radio Station, Meeka NAIDOC week and the Meeka Gymkhana Club. We also donated \$10,000 to Farmers Across Borders to assist with their hay run and \$81,000 to the Royal Flying Doctor Service as part of our ongoing commitment to donate all landing fees back to the RFDS. Council also contributed \$12,500 towards renovations of the Club House at the Meekatharra Golf Club.

My 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; Peter Cox, Works and Services Manager and Tralee Cable, Community and Development Services Manager (CDSM) – thank you for your hard work, support and loyalty during the year. Tralee and Peter joined us during the year and I look forward to working with them to improve our service delivery in their respective departments. Thanks also to Dave Macdonald who continues to deliver on many and varied projects as our Project Officer. Mr Bill Atkinson was our Acting CDSM for about four months and I thank Bill for his management and special project work during his time with us. During the year managers Doug Davey and Geoff Carberry left our ranks and I extend very best wishes to Doug and Geoff for the future.

We had a number of other 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 (\$4M), Landor Road re-sheeting and upgrading (\$1.1M), Mt Clere Road (\$250,000), Ashburton Downs Road (\$1M) and Sandstone Road (\$300,000).

We continue to keep our plant fleet well maintained and up to date and this year we purchased two new Mack Granite Prime Mover 6 x 4 trucks, a multi tyre roller and a number of minor plant purchases and replacements. We repainted the house numbers on town kerbing, replaced the foot bridge opposite the Picture Gardens and installed new seating at Welcome Park.

Finally, congratulations to everyone involved in organising this year's Meeka Festival. Special thanks go to Emily Bailey who did a great job co-ordinating 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.

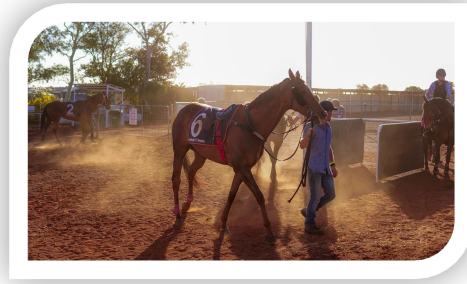
Record Keeping Plan

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 2019, and this was submitted and has been accepted by the State Records Office. The next review is due by August 2024.

Complaints of Minor Breaches

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

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

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

There were nil complaints for the 2018/2019 reporting year.

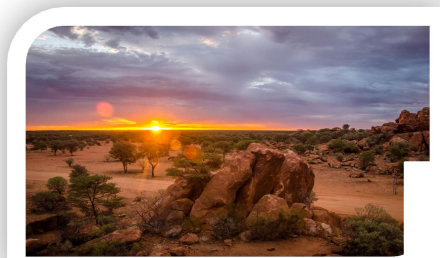
National Competition Policy

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 2019/20.

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 2018-19 period the Shire of Meekatharra had 3 employees whose salary exceeded \$100,000.

Of these employees:

- One employee had a salary of between \$110,000 and \$120,000
- One employee had a salary of between \$130,000 and \$140,000
- One employee had a salary of between \$210,000 and \$220,000

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.

No 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 2018-19 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 commenced in 2017/18 with some completed in that year. All others will be completed in 2019/20. 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.

During 2018/19 period some major projects were completed, commenced and/or continued. These included:

- Rural road construction, which involved funded flood damage re-construction due to extensive rain damage that occurred in January 2018.

Staff arranged inspection of the 9 gravel roads that were impacted and a submission of a claim under the WA Natural Disaster Relief and Recovery Arrangements. \$2,086,456 was approved for reinstatement works. This work was completed in 2018/19.

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

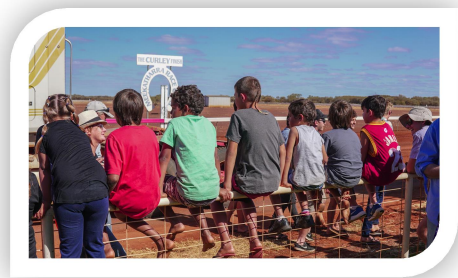
During 2017/18 the Lloyd's project design was completed and the tender phase commenced.

Staff were successful in applying for \$1M in funding from Lotterywest and the State Government Royalties for Regions program in 2018/19 towards this project. The tender was then awarded with works commencing late in this period. It is expected that stage 1 of Lloyd's redevelopment will be completed in 2019/20.

- As a result of the Facilities Revitalisation Plan it was identified that a small wheel (skate) facility should be built at the site of the Lion's Park.

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 was 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.

Tenders for the project build were awarded early 2018/19. Again the shire was successful in their application for funding and allocated \$200,000. The design was then finalized and construction commenced.

Completion of the Small Wheels Park occurred in June 2019.

- Council subsidised the neutering and veterinary care of pets for Health Care Card holders living in the Shire of Meekatharra in 2018/19 through Murdoch. This program was very successful and was extended into 2019/20 to include a budget for subsidizing of sterilization by a visiting vet June 2019.
- Mount Gould Police station was restored. This building was the first police station and lockup in the Murchison region, and was built in 1888. The building endured significant damage from various forces over the years including livestock, white ants and vandalism.

Restoration works were undertaken over a number of months and were quite extensive including:

- A protective post and rail fence was installed to keep livestock from damaging the buildings
- The outside of the building was restored by replacing crumbling blocks with naturally cemented blocks cut from the nearby creek.
- A protective coating was put over the outside.
- Damaged timbers were replaced with posts cut from nearby vegetation.
- Internal works involved the clearing out the build-up of dirt and rubbish that had built up over the years and vandalism

This project will halt further deterioration and preserve this tourism asset for the long term.

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

A place of opportunities, a place of prosperity

Principal place of business:
54 Main Street
MEEKATHARRA WA 6642

SHIRE OF MEEKATHARRA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

Local Government Act 1995
Local Government (Financial Management) Regulations 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Meekatharra for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Meekatharra at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 12 day of December 2019



Roy W. McClymont
Chief Executive Officer

SHIRE OF MEEKATHARRA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	4,196,812	4,132,142	4,040,695
Operating grants, subsidies and contributions	2(a)	4,063,380	3,702,907	3,982,544
Fees and charges	2(a)	1,323,616	1,326,680	1,414,258
Interest earnings	2(a)	651,797	636,887	565,597
Other revenue	2(a)	327,296	294,066	505,662
		10,562,901	10,092,682	10,508,756
Expenses				
Employee costs		(1,330,550)	(1,738,460)	(1,473,844)
Materials and contracts		(1,963,508)	(2,279,465)	(1,973,315)
Utility charges		(314,000)	(300,174)	(318,434)
Depreciation on non-current assets	10(b)	(6,235,990)	(6,314,247)	(6,246,801)
Insurance expenses		(214,005)	(213,754)	(209,646)
Other expenditure		(318,900)	(269,186)	(446,443)
		(10,376,953)	(11,115,286)	(10,668,483)
		185,948	(1,022,604)	(159,727)
Non-operating grants, subsidies and contributions	2(a)	4,014,171	5,239,148	5,071,585
Profit on asset disposals	10(a)	-	-	3,854
Loss on asset disposals and assets expensed	10(a)	(139,968)	(9,190)	(33,370)
Fair value adjustments to financial assets at fair value through profit or loss	7	6,151	-	-
		3,880,354	5,229,958	5,042,069
Net result for the period		4,066,302	4,207,354	4,882,342
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	2,123,331	-	34,317,806
Total other comprehensive income for the period		2,123,331	-	34,317,806
Total comprehensive income for the period		6,189,633	4,207,354	39,200,148

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
General purpose funding		8,514,709	8,165,629	8,186,162
Law, order, public safety		11,609	14,752	17,208
Health		2,904	6,104	6,086
Education and welfare		120,008	122,780	118,575
Housing		30,678	29,500	27,716
Community amenities		129,577	138,745	121,251
Recreation and culture		79,618	129,076	104,748
Transport		1,342,509	1,193,908	1,453,836
Economic services		176,724	187,494	152,263
Other property and services		154,565	104,693	320,911
		10,562,901	10,092,681	10,508,756
Expenses	2(b)			
Governance		(577,540)	(649,787)	(557,386)
General purpose funding		(274,681)	(213,450)	(217,262)
Law, order, public safety		(194,238)	(192,641)	(190,880)
Health		(98,494)	(89,741)	(89,451)
Education and welfare		(553,013)	(738,280)	(533,044)
Housing		(44,434)	(29,500)	(29,758)
Community amenities		(494,922)	(683,657)	(537,530)
Recreation and culture		(1,351,953)	(1,574,126)	(1,455,248)
Transport		(6,170,136)	(6,137,005)	(6,043,757)
Economic services		(424,897)	(608,973)	(496,599)
Other property and services		(192,645)	(198,126)	(517,568)
		(10,376,953)	(11,115,286)	(10,668,483)
		185,948	(1,022,605)	(159,727)
Non-operating grants, subsidies and contributions	2(a)	4,014,171	5,239,148	5,071,585
Profit on disposal of assets	10(a)	-	-	3,854
Loss on asset disposals and assets expensed	10(a)	(139,968)	(9,190)	(33,370)
Fair value adjustments to financial assets at fair value through profit or loss	5	6,151	-	-
		3,880,354	5,229,958	5,042,069
Net result for the period		4,066,302	4,207,353	4,882,342
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	2,123,331	-	34,317,806
Total other comprehensive income for the period		2,123,331	-	34,317,806
Total comprehensive income for the period		6,189,633	4,207,353	39,200,148

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

SHIRE OF MEEKATHARRA
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,324,728	3,781,108
Trade receivables	5	2,071,890	2,225,338
Other financial assets at amortised cost	7(a)	20,074,315	19,478,368
Inventories	6	90,303	96,870
TOTAL CURRENT ASSETS		26,561,236	25,581,684
NON-CURRENT ASSETS			
Other financial assets at amortised cost	7(b)	52,551	46,400
Property, plant and equipment	8	19,201,041	17,997,450
Infrastructure	9	96,428,324	92,938,763
TOTAL NON-CURRENT ASSETS		115,681,916	110,982,613
TOTAL ASSETS		142,243,152	136,564,297
CURRENT LIABILITIES			
Trade and other payables	12	879,502	1,343,834
Employee related provisions	14	350,694	385,960
TOTAL CURRENT LIABILITIES		1,230,196	1,729,794
NON-CURRENT LIABILITIES			
Employee related provisions	14	17,837	29,017
TOTAL NON-CURRENT LIABILITIES		17,837	29,017
TOTAL LIABILITIES		1,248,033	1,758,811
NET ASSETS		140,995,119	134,805,486
EQUITY			
Retained surplus		59,104,782	55,481,194
Reserves - cash backed	4	20,074,315	19,631,602
Revaluation surplus	11	61,816,022	59,692,690
TOTAL EQUITY		140,995,119	134,805,486

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 2019

			RESERVES		
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		52,668,872	17,561,582	25,374,884	95,605,338
Comprehensive income					
Net result for the period		4,882,342	-	-	4,882,342
Other comprehensive income	11	-	-	34,317,806	34,317,806
Total comprehensive income		4,882,342	-	34,317,806	39,200,148
Transfers from/(to) reserves		(2,070,020)	2,070,020	-	-
Balance as at 30 June 2018		55,481,194	19,631,602	59,692,690	134,805,486
Comprehensive income					
Net result for the period		4,066,302	-	-	4,066,302
Other comprehensive income	11	-	-	2,123,331	2,123,331
Total comprehensive income		4,066,302	-	2,123,331	6,189,633
Transfers from/(to) reserves		(442,713)	442,713	-	-
Balance as at 30 June 2019		59,104,782	20,074,315	61,816,022	140,995,119

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,428,961	4,182,142	3,939,038
Operating grants, subsidies and contributions		3,925,148	4,402,907	3,760,277
Fees and charges		1,323,616	1,326,680	1,414,258
Interest received		651,797	636,887	565,597
Goods and services tax received		1,086,003	950,000	1,055,056
Other revenue		327,296	294,066	505,690
		<u>11,742,821</u>	<u>11,792,682</u>	<u>11,239,916</u>
Payments				
Employee costs		(1,399,127)	(1,738,460)	(1,402,012)
Materials and contracts		(2,460,530)	(3,779,465)	(1,015,828)
Utility charges		(314,000)	(300,174)	(318,434)
Insurance paid		(214,005)	(213,754)	(209,646)
Goods and services tax paid		(1,026,472)	(950,000)	(1,174,041)
Other expenditure		(257,512)	(269,186)	(446,443)
		<u>(5,671,646)</u>	<u>(7,251,039)</u>	<u>(4,566,404)</u>
Net cash provided by (used in) operating activities	15	<u>6,071,175</u>	<u>4,541,643</u>	<u>6,673,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(847,277)	(1,935,908)	(1,466,880)
Payments for construction of infrastructure		(8,189,116)	(10,893,341)	(9,835,133)
Non-operating grants, subsidies and contributions		4,014,171	5,239,148	5,071,585
Payments for financial assets at amortised cost		(595,947)	-	(19,478,368)
Proceeds from sale of property, plant & equipment		90,614	46,000	243,184
Net cash provided by (used in) investment activities		<u>(5,527,556)</u>	<u>(7,544,101)</u>	<u>(25,465,612)</u>
Net increase (decrease) in cash held		543,620	(3,002,458)	(18,792,100)
Cash at beginning of year		3,781,108	23,809,327	22,573,208
Cash and cash equivalents at the end of the year	15	<u>4,324,728</u>	<u>20,806,869</u>	<u>3,781,108</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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	4,606,248	3,392,738	6,526,819
		4,606,248	3,392,738	6,526,819
Revenue from operating activities (excluding rates)				
General purpose funding		4,324,048	4,033,488	4,145,467
Law, order, public safety		11,609	14,752	17,208
Health		2,904	6,104	6,086
Education and welfare		120,008	122,780	118,575
Housing		30,678	29,500	27,716
Community amenities		129,577	138,745	121,251
Recreation and culture		79,618	129,076	108,307
Transport		1,342,509	1,193,908	1,453,836
Economic services		176,724	187,494	152,263
Other property and services		154,565	104,693	321,206
		6,372,240	5,960,540	6,471,915
Expenditure from operating activities				
Governance		(577,540)	(649,787)	(557,386)
General purpose funding		(274,681)	(213,450)	(217,262)
Law, order, public safety		(194,238)	(192,641)	(190,880)
Health		(98,494)	(89,741)	(89,451)
Education and welfare		(553,013)	(738,280)	(533,044)
Housing		(44,434)	(29,500)	(29,758)
Community amenities		(494,922)	(683,657)	(537,530)
Recreation and culture		(1,351,953)	(1,574,126)	(1,455,248)
Transport		(6,310,104)	(6,146,195)	(6,067,214)
Economic services		(424,897)	(608,973)	(496,599)
Other property and services		(192,645)	(198,126)	(527,481)
		(10,516,921)	(11,124,476)	(10,701,853)
Non-cash amounts excluded from operating activities	24(a)	6,323,361	6,323,437	6,325,936
Amount attributable to operating activities		6,784,928	4,552,239	8,622,817
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,014,171	5,239,148	5,071,585
Proceeds from disposal of assets	10(a)	90,614	46,000	243,184
Purchase of property, plant and equipment	8(a)	(847,275)	(1,935,908)	(1,466,880)
Purchase and construction of infrastructure	9(a)	(8,189,116)	(10,893,341)	(9,835,133)
Amount attributable to investing activities		(4,931,606)	(7,544,101)	(5,987,244)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(1,219,921)	(1,140,280)	(3,586,791)
Transfers from reserves (restricted assets)	4	777,208	-	1,516,771
Amount attributable to financing activities		(442,713)	(1,140,280)	(2,070,020)
Surplus/(deficit) before imposition of general rates		1,410,608	(4,132,142)	565,553
Total amount raised from general rates	23	4,196,812	4,132,142	4,040,695
Surplus/(deficit) after imposition of general rates	24(b)	5,607,420	-	4,606,248

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	3,657,233	3,378,501	3,562,551
Law, order, public safety	9,840	10,752	14,332
Education & Welfare	110,877	118,180	115,180
Recreation and culture	-	20,000	-
Transport	285,430	169,474	290,481
Economic services	-	6,000	-
	4,063,380	3,702,907	3,982,544
Non-operating grants, subsidies and contributions			
Recreation and culture	25,875	228,750	-
Transport	3,988,296	5,010,398	5,071,585
	4,014,171	5,239,148	5,071,585
Total grants, subsidies and contributions	8,077,551	8,942,055	9,054,129

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

Grants, donations and other contributions (Continued)

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 22. 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.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Significant revenue

Relates to WANDRAA road funding represented in operating grants, subsidies and contributions.

2019 Actual	2019 Budget	2018 Actual
\$	\$	\$
3,868,296	4,890,398	3,772,257
3,868,296	4,890,398	3,772,257

Other revenue

Reimbursements and recoveries

Other

219,432	202,293	395,124
107,864	91,773	110,538
327,296	294,066	505,662

Fees and Charges

General purpose funding

Law, order, public safety

Health

Housing

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

11,212	15,100	13,879
1,769	4,000	2,876
2,904	5,831	6,086
27,753	25,000	24,799
129,577	137,745	119,933
29,582	45,576	31,987
991,304	953,034	1,099,912
118,349	138,494	112,144
11,166	1,900	2,640
1,323,616	1,326,680	1,414,258

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

Interest earnings

Reserve accounts interest

Rates instalment and penalty interest

Other interest earnings

540,347	460,887	411,415
94,177	143,000	120,155
17,273	33,000	34,026
651,797	636,887	565,597

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

- Other services

2019 Actual	2019 Budget	2018 Actual
\$	\$	\$
32,300	25,000	16,400
1,000	-	-
33,300	25,000	16,400

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		4,324,728	3,781,108
Other financial assets - term deposits	7(a)	20,074,315	19,478,368
		<u>24,399,043</u>	<u>23,259,476</u>
Comprises:			
- Unrestricted cash and cash equivalents		4,231,649	3,627,874
- Restricted cash and cash equivalents		20,167,394	19,631,602
		<u>24,399,043</u>	<u>23,259,476</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave	4	385,191	374,807
Unspent grants	4	-	153,232
Plant	4	2,573,716	3,110,553
Airport	4	922,337	897,477
Airport Runway	4	2,847,311	2,770,566
Building	4	1,403,941	1,366,100
Industrial Park	4	822,160	800,000
Infrastructure & Development	4	984,234	957,706
Interpretive Centre	4	1,829,622	1,780,308
Lloyd's Revitalisation	4	1,319,317	1,033,302
Reseals and Rejuvenation	4	4,006,542	3,536,578
Roads - Second/Final Seals	4	1,687,914	1,642,419
Shire Water	4	312,137	303,724
Swimming Pool	4	50,000	-
Transport	4	929,893	904,830
		<u>20,074,315</u>	<u>19,631,602</u>
Other restricted cash and cash equivalents			
Bonds and Deposits Held	26	93,079	-
Total restricted cash and cash equivalents		<u>20,167,394</u>	<u>19,631,602</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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

4. RESERVES - CASH BACKED

RESERVES - CASH BACKED															
	2019			2019			2019			2019			2018		
	Actual Opening Balance	Actual Transfer to	Actual Closing Balance	Actual Opening Balance	Budget Transfer to	Budget Closing Balance	Actual Opening Balance	Budget Transfer to	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Closing Balance	Actual Opening Balance	Actual Transfer (from)	Actual Closing Balance
(a) Leave	\$ 374,807	10,384	-	\$ 385,191	-	\$ 374,807	9,183	-	\$ 383,990	\$ 170,430	\$ 204,377	\$ 374,807	\$ 170,430	\$ 204,377	\$ 374,807
(b) Unspent grants	153,232	976	-	-	-	-	-	-	-	1,388,569	4,663	153,232	1,388,569	4,663	153,232
(c) Plant	3,110,553	86,163	(154,208)	2,573,716	(623,000)	3,110,553	76,209	-	3,186,762	3,032,837	77,716	3,110,553	3,032,837	77,716	3,110,553
(d) Airport	897,477	24,860	-	922,337	-	897,477	21,988	-	919,465	898,004	24,473	897,477	898,004	24,473	897,477
(e) Airport Runway	2,770,566	76,745	-	2,847,311	-	2,770,566	67,879	-	2,838,445	2,701,200	69,366	2,770,566	2,701,200	69,366	2,770,566
(f) Building	1,366,100	37,841	-	1,403,941	-	1,366,100	33,469	-	1,399,569	1,571,902	45,969	1,366,100	1,571,902	45,969	1,366,100
(g) Industrial Park	800,000	22,160	-	822,160	-	800,000	3,267	-	803,267	-	800,000	800,000	-	800,000	800,000
(h) Infrastructure & Development	957,706	26,528	-	984,234	-	957,706	23,464	-	981,170	933,728	23,978	957,706	933,728	23,978	957,706
(i) Interpretive Centre	1,780,308	49,314	-	1,829,622	-	1,780,308	43,618	-	1,823,926	1,248,253	532,055	1,780,308	1,248,253	532,055	1,780,308
(j) Lloyd's Revitalisation	1,033,302	286,015	-	1,319,317	-	1,033,302	282,709	-	1,316,011	520,073	513,229	1,033,302	520,073	513,229	1,033,302
(k) Reseals and Rejuvenation	3,536,578	469,964	-	4,006,542	-	3,536,578	458,646	-	3,995,224	3,042,005	494,573	3,536,578	3,042,005	494,573	3,536,578
(l) Roads - Second/Final Seals	1,642,419	45,495	-	1,687,914	-	1,642,419	40,239	-	1,682,658	1,114,081	528,338	1,642,419	1,114,081	528,338	1,642,419
(m) Shire Water	303,724	8,413	-	312,137	-	303,724	7,441	-	311,165	296,120	7,604	303,724	296,120	7,604	303,724
(n) Swimming Pool	-	50,000	-	50,000	-	-	50,000	-	50,000	-	-	-	-	-	-
(o) Transport	904,830	25,063	-	929,893	-	904,830	22,168	-	926,998	644,380	260,450	904,830	644,380	260,450	904,830
	19,631,602	1,219,921	(777,208)	20,074,315	-	19,478,368	1,140,280	-	20,618,648	17,561,582	3,586,791	19,631,602	17,561,582	3,586,791	19,631,602

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.

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:

Anticipated date of use	Name of Reserve	Purpose of the reserve
Ongoing	(a) Leave	- To be used to fund annual and long service leave requirements.
Ongoing	(b) Unspent grants	- To be used to hold unspent tied grant funding.
Ongoing	(c) Plant	- To be used for the acquisition of major plant on an ongoing basis.
Ongoing	(d) Airport	- To be used to fund the capital improvements of the airport infrastructure.
Ongoing	(e) Airport Runway	- To be used to fund the future construction requirements of the airport runway.
Ongoing	(f) Building	- To be used for the future building requirements for Council purposes.
Ongoing	(g) Industrial Park	- To be used to fund the development of a new industrial park within the Shire
Ongoing	(h) Infrastructure & Development	- 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.
Ongoing	(i) Interpretive Centre	- To be used to acquire and refurbish the Interpretive Centre.
Ongoing	(j) Lloyd's Revitalisation	- To be used to fund the renovations and building works as per Meeka Revitalisation plan at Lloyd's building.
Ongoing	(k) Reseals and Rejuvenation	- To be used to fund reseals and rejuvenation of sealed roads.
Ongoing	(l) Roads - Second/Final Seals	- To be used to fund final seals to roads that have previously been primer sealed.
Ongoing	(m) Shire Water	- To be used for capital water requirements of parks and gardens administered by the Shire.
Ongoing	(n) Swimming Pool	- To be used for renewal of the tiling of the swimming pool.
Ongoing	(o) Transport	- To be used to fund the expansion of the road network that cannot be met by operating income.

5. TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
GST receivable
Provision for Doubtful Debts

2019	2018
\$	\$
790,994	1,023,143
1,340,332	1,107,707
141,124	200,655
(200,560)	(106,167)
2,071,890	2,225,338

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6 INVENTORIES

Current

Fuel, Oil & Materials

	2019	2018
	\$	\$
	90,303	96,870
	90,303	96,870

The following movements in inventories occurred during the year:

Carrying amount at 1 July	96,870	130,438
Inventories expensed during the year	(626,558)	(717,141)
Additions to inventory	619,991	683,573
Carrying amount at 30 June	90,303	96,870

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

7. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
(a) Current assets		
Other financial assets at amortised cost	20,074,315	19,478,368
	<u>20,074,315</u>	<u>19,478,368</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - term deposits	20,074,315	19,478,368
	<u>20,074,315</u>	<u>19,478,368</u>
(b) Non-current assets		
Financial assets at fair value through profit and loss	52,551	46,400
	<u>52,551</u>	<u>46,400</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	52,551	46,400
	<u>52,551</u>	<u>46,400</u>

Changes in the fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these Statements.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8. PROPERTY, PLANT AND EQUIPMENT

(a) 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	889,400	47,500	936,900	12,853,469	12,853,469	13,790,369	162,420	4,649,974	18,602,763
Additions	-	-	-	848,681	848,681	848,681	9,693	608,505	1,466,880
(Disposals)	-	-	-	-	-	-	-	(272,700)	(272,700)
Depreciation (expense)	-	-	-	(708,730)	(708,730)	(708,730)	(40,855)	(1,049,909)	(1,799,493)
Carrying amount at 30 June 2018	889,400	47,500	936,900	12,993,420	12,993,420	13,930,320	131,259	3,935,871	17,997,450
Comprises:									
Gross carrying amount at 30 June 2018	889,400	47,500	936,900	12,993,420	12,993,420	13,930,320	223,749	5,917,227	20,071,296
Accumulated depreciation at 30 June 2018	-	-	-	-	-	-	(92,490)	(1,981,356)	(2,073,846)
Carrying amount at 30 June 2018	889,400	47,500	936,900	12,993,420	12,993,420	13,930,320	131,259	3,935,871	17,997,450
Additions	-	-	-	361,003	361,003	361,003	5,498	480,774	847,275
(Disposals)	-	-	-	-	-	-	(6,955)	(185,076)	(192,031)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	51,866	2,071,465	2,123,331
Depreciation (expense)	-	-	-	(716,358)	(716,358)	(716,358)	(33,119)	(781,759)	(1,531,236)
Transfers	-	-	-	-	-	-	11,826	(55,574)	(43,748)
Carrying amount at 30 June 2019	889,400	47,500	936,900	12,638,066	12,638,066	13,574,966	160,375	5,465,700	19,201,041
Comprises:									
Gross carrying amount at 30 June 2019	889,400	47,500	936,900	14,063,153	14,063,153	15,000,053	167,700	5,465,700	20,633,454
Accumulated depreciation at 30 June 2019	-	-	-	(1,425,088)	(1,425,088)	(1,425,088)	(7,325)	-	(1,432,413)
Carrying amount at 30 June 2019	889,400	47,500	936,900	12,638,066	12,638,066	13,574,966	160,375	5,465,700	19,201,041

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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 properties / income approach using discounted cashflow methodology	Independent Valuation	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 properties with adjustments to reflect the existing use or zoning of the land restrictions	Independent Valuation	June 2017	Price per hectare/market borrowing rate.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent Valuation	June 2017	Market sales evidence.
Buildings - non-specialised	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2017	Construction costs (level 2) and current condition, residual values and remaining useful life assessments (level 3) inputs.
Furniture and equipment	2/3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	2	Market approach using recent observable market data for similar assets (gross valuation method)	Independent Valuation	June 2019	Market price of similar assets per item.

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.

9. INFRASTRUCTURE

(a) 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Other Infrastructure	Infrastructure - Airport	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	44,504,033	250,306	4,088,205	4,390,587	53,233,131
Additions	9,650,026	-	138,638	46,470	9,835,133
Revaluation increments / (decrements) transferred to revaluation surplus	32,862,465	(68,716)	503,625	1,020,432	34,317,806
Depreciation (expense)	(3,761,915)	(12,435)	(432,868)	(240,089)	(4,447,307)
Carrying amount at 30 June 2018	83,254,609	169,154	4,297,600	5,217,400	92,938,763
Comprises:					
Gross carrying amount at 30 June 2018	83,254,609	169,154	4,297,600	5,217,400	92,938,763
Carrying amount at 30 June 2018	83,254,609	169,154	4,297,600	5,217,400	92,938,763
Additions	7,600,647	22,684	565,786	-	8,189,116
(Disposals)	-	-	(28,150)	(10,400)	(38,550)
Depreciation (expense)	(3,909,487)	(13,863)	(376,792)	(404,612)	(4,704,754)
Transfers	-	-	25,152	18,596	43,748
Carrying amount at 30 June 2019	86,945,769	177,974	4,483,596	4,820,985	96,428,323
Comprises:					
Gross carrying amount at 30 June 2019	90,855,256	191,837	4,880,121	5,231,293	101,158,508
Accumulated depreciation at 30 June 2019	(3,909,487)	(13,863)	(396,525)	(410,308)	(4,730,184)
Carrying amount at 30 June 2019	86,945,769	177,974	4,483,596	4,820,985	96,428,324

SHIRE OF MEEKATHARRA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE (Continued)

(b) 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)	Independent Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2018	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 (Gross revaluation method)	Independent Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airport	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2018	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.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

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 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets and Assets expensed

	2019			2019			2019			2019			2018			2018		
	Actual	Actual	2019	Actual	2019	2019	Budget	2019	Budget	2019	Budget	2019	Actual	2018	Actual	2018	Actual	2018
	Net Book	Actual	Actual	Actual	Actual	Actual	Net Book	Actual	Net Book	Actual	Net Book	Actual	Net Book	Actual	Net Book	Actual	Net Book	Actual
	Value	Value	Proceeds	Profit	Loss	Loss	Value	Proceeds	Value	Proceeds	Value	Proceeds	Value	Proceeds	Value	Proceeds	Value	Proceeds
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment - Assets disposed	153,167	90,614	-	-	(62,554)	-	55,190	46,000	-	(9,190)	-	272,700	243,184	-	3,854	(33,370)	-	-
Furniture and equipment - disposal	6,955	-	-	-	(6,955)	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and equipment - Assets expensed	31,909	-	-	-	(31,909)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Infrastructure - Assets expensed	28,150	-	-	-	(28,150)	-	-	-	-	-	-	-	-	-	-	-	-	-
Airport Infrastructure - Assets expensed	10,400	-	-	-	(10,400)	-	-	-	-	-	-	-	-	-	-	-	-	-
	230,581	90,614	-	-	(139,968)	-	55,190	46,000	-	(9,190)	-	272,700	243,184	-	3,854	(33,370)	-	-

	2019			2019		
	Actual	Actual	2019	Actual	2019	2019
	Net Book	Actual	Actual	Actual	Actual	Actual
	Value	Value	Proceeds	Profit	Loss	Loss
	\$	\$	\$	\$	\$	\$
By Program	185,076	90,614	-	-	(94,463)	-
Transport	185,076	90,614	-	-	(94,463)	-

The following assets were disposed of during the year.

	2019			2019		
	Actual	Actual	2019	Actual	2019	2019
	Net Book	Actual	Actual	Actual	Actual	Actual
	Value	Value	Proceeds	Profit	Loss	Loss
	\$	\$	\$	\$	\$	\$
Plant and Equipment	76,869	40,000	-	-	(36,869)	-
Transport	14,531	1,977	-	-	(12,554)	-
Bomag Bw25Rh Multi Tyre Roller	24,318	18,182	-	-	(6,137)	-
2012 Toyota Hilux 4X4 3.0L - W&S/Leading Hand	37,449	30,455	-	-	(6,994)	-
2017 Isuzu D-Max Space Cab 3.0L Turbo Diesel - Leading Hand	31,909	-	-	-	(31,909)	-
2017 Holden Colorado Ute - Works And Services Manager (Wsm)	185,076	90,614	-	-	(94,463)	-
Various items Less than \$5,000 expensed	6,955	-	-	-	(6,955)	-
Furniture & Equipment	6,955	-	-	-	(6,955)	-
Transport	28,150	-	-	-	(28,150)	-
Various items Less than \$5,000 expensed	28,150	-	-	-	(28,150)	-
Other Infrastructure	10,400	-	-	-	(10,400)	-
Transport	10,400	-	-	-	(10,400)	-
Various items Less than \$5,000 expensed	230,581	90,614	-	-	(139,968)	-
Airport Infrastructure						
Transport						
Various items Less than \$5,000 expensed						
Transport Total						

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	716,358	720,444	708,730
Furniture and equipment	33,119	41,544	40,855
Plant and equipment	781,759	1,056,776	1,049,909
Infrastructure - Roads	3,909,487	3,802,667	3,761,915
Infrastructure - Footpaths	13,863	12,571	12,435
Other Infrastructure	376,792	437,556	432,868
Infrastructure - Airport	404,612	242,689	240,089
	6,235,990	6,314,247	6,246,801

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	10 - 40 years
Office Furniture & Equipment	1 - 20 years
Plant & Equipment	1 - 20 years

Depreciation (Continued)

Asset Class	Useful life
Roads - Unformed	Not Depreciated
Roads - Formed	Not Depreciated
Roads - Gravel	10 years
Roads - Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 - 20 years
Drains & Sewers	80 - 100 years
Grids	20 years
Airfields & Runways	20 years

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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF MEEKATHARRA
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FOR THE YEAR ENDED 30TH JUNE 2019

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	946,900	-	-	-	946,900	946,900	-	-	-	946,900
Revaluation surplus - Land and Buildings	8,047,268	-	-	-	8,047,268	8,047,268	-	-	-	8,047,268
Revaluation surplus - Furniture and equipment	-	51,866	-	51,866	51,866	-	-	-	-	-
Revaluation surplus - Plant and equipment	2,474,441	2,071,465	-	2,071,465	4,545,907	2,474,441	-	-	-	2,474,441
Revaluation surplus - Infrastructure - Roads	41,588,501	-	-	-	41,588,501	8,726,036	32,862,465	-	32,862,465	41,588,501
Revaluation surplus - Infrastructure - Footpaths	197,465	-	-	-	197,465	266,181	-	(68,716)	(68,716)	197,465
Revaluation surplus - Infrastructure - Other	2,564,094	-	-	-	2,564,094	2,060,469	503,625	-	503,625	2,564,094
Revaluation surplus - Infrastructure - Airports	3,874,021	-	-	-	3,874,021	2,853,589	1,020,432	-	1,020,432	3,874,021
	59,692,691	2,123,331	-	2,123,331	61,816,022	25,374,885	34,386,522	(68,716)	34,317,806	59,692,691

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Rates paid in advance
 Accrued salaries and wages
 ATO liabilities
 Bonds and Deposits

2019	2018
\$	\$
640,036	1,236,704
100,888	39,500
11,076	11,817
34,423	55,813
93,079	-
879,502	1,343,834

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amount 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 2019

13. INFORMATION ON BORROWINGS

(a) Borrowings

The Shire of Meekatharra had no borrowings at the reporting date.

(b) New Borrowings - 2018/19

The Shire of Meekatharra had no new borrowings at the reporting date.

(c) Unspent Borrowings

The Shire of Meekatharra had no unspent borrowings at the reporting date.

(d) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2019	2018
	\$	\$
Bank overdraft limit	1,000,000	1,000,000
Credit card limit	5,000	5,000
Credit card balance at balance date	(362)	(562)
Total amount of credit unused	1,004,638	1,004,438

The Shire established an overdraft facility during 2013/14 of \$1,000,000 with Westpac Bank to assist with short term liquidity requirements. This facility was not utilised during the current reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred 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.

Risk

Information regarding exposure to risk can be found at Note 25.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2018			
Current provisions	203,879	182,081	385,960
Non-current provisions	-	29,017	29,017
	203,879	211,098	414,977
Additional provision	102,877	7,196	110,073
Amounts used	(156,519)	-	(156,519)
Balance at 30 June 2019	150,237	218,294	368,531
Comprises			
Current	150,237	200,457	350,694
Non-current	-	17,837	17,837
	150,237	218,294	368,531

Amounts are expected to be settled on the following basis:

	2019 \$	2018 \$
Less than 12 months after the reporting date	350,694	385,960
More than 12 months from reporting date	15,851	27,031
Expected reimbursements from other WA local governments	1,986	1,986
	368,531	414,977

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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.

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and cash equivalents	4,324,728	20,806,869	3,781,108

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	4,066,302	4,207,354	4,882,342
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	-		
Adjustments to fair value of investment property	-		
Depreciation	6,235,990	6,314,247	6,246,801
(Profit)/loss on sale of asset	139,968	9,190	29,516
Share of profits of associates and joint ventures	-		
Bonds and Deposits	-	-	
Reversal of loss on revaluation of fixed assets	-		
Movement in Local Government House	(6,151)		28
Changes in assets and liabilities:			
(Increase)/decrease in receivables	153,448	750,000	(442,908)
(Increase)/decrease in other assets	-		
(Increase)/decrease in inventories	6,567	-	33,568
Increase/(decrease) in payables	(464,332)	(1,500,000)	946,159
Increase/(decrease) in provisions	(46,446)	-	49,591
Grants contributions for the development of assets	(4,014,171)	(5,239,148)	(5,071,585)
Net cash from operating activities	6,071,175	4,541,643	6,673,512

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	-	106
General purpose funding	5,168,273	46,400
Law, order, public safety	266,309	279,708
Education and welfare	1,402,084	1,472,741
Housing	3,275,796	3,452,698
Community amenities	4,876,822	3,465,204
Recreation and culture	7,250,934	8,129,141
Transport	60,147,058	101,394,449
Economic services	3,047,779	2,630,586
Other property and services	6,970,423	8,726,156
Unallocated	49,837,674	6,967,108
	<u>142,243,152</u>	<u>136,564,297</u>

17. CONTINGENT LIABILITIES

The Shire of Meekatharra has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. At the date of this report the value and timing of remediation has not been ascertained.

Current Landfill Site

Crown Reserve 45111 Meekatharra – Lot 191 on Plan 218548 and Lot 192 on Plan 412642

Shire Depot

Crown Reserve 38927 Meekatharra – Lot 832 on Plan 21584, Lot 500 on Plan 69309 and Lot 850 on Plan 185176

18. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- plant & equipment purchases	483,000	-
	<u>483,000</u>	<u>-</u>
Payable:		
- not later than one year	483,000	-

(b) Operating Lease Commitments

The Shire had no operating lease commitments as at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES

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 of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	33,400	45,600	19,513
President's allowance	18,500	20,000	8,000
Deputy President's allowance	4,625	5,000	2,000
Travelling expenses	4,499	5,108	4,694
	61,024	75,708	34,207

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	827,463	810,866
Post-employment benefits	101,237	97,049
Other long-term benefits	198,293	171,258
Termination benefits	-	-
	1,126,993	1,079,173

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service and annual leave benefits accruing during the year.

Termination benefits

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

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

	2019 Actual	2018 Actual
	\$	\$
The following transactions occurred with related parties:		
Purchase of goods and services	730,723	1,215,770

Purchase of goods and services includes normal arms-length commercial transactions made by the shire to related parties which included maintenance type services.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

20. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the current reporting period.

21. 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.

	2019	2018
	\$	\$
Operating Income	130,443	122,718
Operating Expenses	(128,943)	(110,743)
Change in Net Assets resulting	1,500	11,975

Statement of Financial Position

Current Assets

Cash at Bank	64,694	65,947
Trade Debtors	-	-
	64,694	65,947

Current Liabilities

Trade Creditors		
Shire of Meekatharra	(64,694)	(65,947)
Air BP	-	-
	(64,694)	(65,947)

Equity

Opening Balance	-	-
Cash Transferred to/(from Muni)	(1,500)	(11,975)
Change in Net Assets	1,500	11,975
Closing Balance	-	-

SHIRE OF MEEKATHARRA
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22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES Operating Grant	-	9,780	(9,780)	-	5,670	(5,670)	-
SES Operating Grant	-	4,552	(4,552)	-	4,170	(4,170)	-
Mid West Dev. Commission - Mt Gould Police Station	-	-	-	-	25,875	(25,875)	-
Education and welfare							
Youth Grant - O.S.H.C Program	-	31,167	(31,167)	-	26,167	(26,167)	-
Youth Services Grant - DCP WA	-	84,013	(84,013)	-	84,710	(84,710)	-
Recreation and culture							
Dept. Sport & Recreation - Kidsport Program	-	-	-	-	-	-	-
Transport							
WANDRRA Natural Disaster - Flood Damage	-	3,772,257	(3,772,257)	-	3,868,296	(3,868,296)	-
Roads to Recovery (R2R)	-	1,050,995	(1,050,995)	-	-	-	-
Main Roads - Regional Roads Group	-	248,333	(248,333)	-	120,000	(120,000)	-
Total	-	5,201,097	(5,201,097)	-	4,134,888	(4,134,888)	-

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.

SHIRE OF MEEKATHARRA

23. RATING INFORMATION

(a) Rates

RATE TYPE		Differential general rate / general rate											
Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18	
		Actual Rateable Value	Actual Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gross rental valuations													
Gross Rental Value	313	4,250,186	377,710	2	(93)	377,619	378,168	-	-	378,168		366,650	
Unimproved valuations													
Unimproved Mining	728	17,449,876	3,421,938	(53,214)	116	3,368,840	3,296,801	1,000	4,000	3,301,801		3,196,405	
UV Rural / Pastoral	44	4,034,288	300,401	(745)	(2,943)	296,714	300,423	-	-	300,423		314,590	
Sub-Total	1,085	25,734,350	4,100,049	(53,957)	(2,920)	4,043,173	3,975,392	1,000	4,000	3,980,392		3,877,645	
Minimum payment													
		\$											
Gross rental valuations													
Gross Rental Value	89	48,909	35,600	-	-	35,600	35,200	-	-	35,200		38,800	
Unimproved valuations													
Unimproved Mining	322	302,477	112,700	-	-	112,700	109,200	-	-	109,200		121,800	
UV Rural / Pastoral	24	24,305	8,400			8,400	7,350	-	-	7,350		2,450	
Sub-Total	435	375,691	156,700	-	-	156,700	151,750	-	-	151,750		163,050	
	1,520	26,110,041	4,256,749	(53,957)	(2,920)	4,199,873	4,127,142	1,000	4,000	4,132,142		4,040,695	
Discounts/concessions (refer Note 23(d))						(3,061)				-		-	
Total amount raised from general rate						4,196,812				4,132,142		4,040,695	

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

SHIRE OF MEEKATHARRA
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23. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified area rate during the current reporting period.

(c) Service Charges

The Shire did not impose any service charges during the current reporting period.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee	Discount	2019	2019	2018
Discount Granted	%	Actual	Budget	Actual
Rates written off	n/a	770	10,000	4,127
Debtors written off	n/a	12,622	5,000	1,044
Discount allowed	n/a	3,061	-	-
		16,453	15,000	5,172

(e) Waivers or Concessions

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

Type	Discount	2019	2019	2018
	%	Actual	Budget	Actual
Rates A185 - 22 McCleary St	80%	636	-	-
Rates A187 - 31 McCleary St	80%	1,227	-	-
Rates A223 - 84 Darlot St	80%	621	-	-
Rates A442 - 2 Trenfield Crt	80%	577	-	-
		3,061	-	-

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

Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rates A185 - 22 McCleary St	n/a	Council provides an 80% concessional
Rates A187 - 31 McCleary St	n/a	arrangements to Murchison Region Aboriginal
Rates A223 - 84 Darlot St	n/a	Corporation due to an application for rates
Rates A442 - 2 Trenfield Crt	n/a	exemption under section 6.26 of the Act.

23. RATING INFORMATION (Continued)

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Payment in Full	29 Aug 2018	-	0.00%	10.00%
Option Two				
Instalment 1	29 Aug 2018	-	5.50%	10.00%
Instalment 2	02 Nov 2018	15.00	5.50%	10.00%
Instalment 3	06 Jan 2019	15.00	5.50%	10.00%
Instalment 4	12 Mar 2019	15.00	5.50%	10.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	82,849	115,000	108,503
Interest on instalment plan	11,329	28,000	11,653
Charges on instalment plan	6,735	10,000	9,360
	100,912	153,000	129,516

24. RATE SETTING STATEMENT INFORMATION

Note	2018/19 (30 June 2019 Carried Forward) \$	2018/19 Budget (30 June 2019 Carried Forward) \$	2018/19 (1 July 2018 Brought Forward) \$
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(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	10(a)	-	-	(3,854)
Movement in employee benefit provisions (non-current)		(46,446)	-	49,592
Add: Equity in Local Government House		(6,151)	-	28
Add: Loss on disposal of assets	10(a)	139,968	9,190	33,370
Add: Depreciation on assets	10(b)	6,235,990	6,314,247	6,246,801
Non cash amounts excluded from operating activities		6,323,361	6,323,437	6,325,936

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(20,074,315)	(20,618,648)	(19,631,602)
Add: Component of Leave Liability not required to be funded		350,695	339,540	385,960
Total adjustments to net current assets		(19,723,620)	(20,279,108)	(19,245,642)

Net current assets used in the Rate Setting Statement

Total current assets		26,561,236	21,730,898	25,581,684
Less: Total current liabilities		(1,230,196)	(1,451,790)	(1,729,794)
Less: Total adjustments to net current assets		(19,723,620)	(20,279,108)	(19,245,642)
Net current assets used in the Rate Setting Statement		5,607,420	-	4,606,248

25. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.25%	4,324,728	-	4,231,648	-
Financial assets at amortised cost	2.35%	20,074,315	20,074,315	-	-
2018					
Cash and cash equivalents	0.54%	3,781,108	153,232	3,627,876	-
Financial assets at amortised cost	2.80%	19,478,368	19,478,368	-	-

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	243,990	232,595

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.36%	0.96%	8.45%	100.00%	
Gross carrying amount	293,821	124,932	72,539	162,870	654,162
Loss allowance	1,050	1,197	6,131	162,870	171,248

01 July 2018

Rates receivable					
Expected credit loss	0.36%	0.96%	2.17%	0.05%	
Gross carrying amount	645,377	119,679	73,375	107,196	945,627
Loss allowance	2,307	1,146	1,589	56	5,098

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	3.20%	
Gross carrying amount	364,602	25,143	643	915,614	1,306,002
Loss allowance	-	-	-	29,312	29,312

01 July 2018

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	3.20%	
Gross carrying amount	414,343	525,891	166	34,072	974,471
Loss allowance	-	-	-	1,091	1,091

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(d).

The contractual undiscounted cash flows of the Shire's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2019</u>	\$	\$	\$	\$	\$
Payables	879,502	-	-	879,502	879,502
	879,502	-	-	879,502	879,502
<u>2018</u>					
Payables	1,343,834	-	-	1,343,834	1,402,825
	1,343,834	-	-	1,343,834	1,402,825

SHIRE OF MEEKATHARRA
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26. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash. Refer to Note 3.

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	TOTAL 30 June 2019
	\$	\$	\$		\$
Unclaimed monies	27,584	1,346	(710)	(28,220)	-
Library Membership Deposits	144	-	(80)	(64)	-
Building Industry Training Levy	96	4,159	(4,159)	(96)	-
Building Registration Board	44	3,138	(3,138)	(44)	-
Miscellaneous Deposits	3,548	2,420	(1,890)	(4,078)	-
Sale of Housing	60,577	-	-	(60,577)	-
	91,993	11,063	(9,977)	(93,079)	-

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

28. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

There was no material effect of adoption of AASB 9.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

The Shire is currently assessing the impact of adopting AASB 15 and believe it will not have a material impact on the financial report.

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

The Shire is currently assessing the impact of adopting AASB 16 and believe it will not have a material impact on the financial report.

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

The Shire is currently assessing the impact of adopting AASB 1058 and believe it will not have a material impact on the financial report.

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES 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

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Food quality and pest control, monitoring and control of environmental health. Contract operation for health issues within the community.

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

Private works operations and miscellaneous plant operations, overheads and administration costs initially charged here are reallocated to the relevant function area.

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	7.27	4.39	12.22
Asset consumption ratio	0.95	0.98	0.90
Asset renewal funding ratio	1.32	0.91	0.97
Asset sustainability ratio	1.30	1.37	1.13
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	0.01	(0.03)	0.48
Own source revenue coverage ratio	0.61	0.60	0.66

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Meekatharra

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Meekatharra which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Although the Shire has a process for accounting journal entries to be approved, some journals in our sample had not been approved, or the evidence had not been retained. There is also no independent review of journals that have been input to the accounting system. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
 - b. A review of the appropriateness and effectiveness of the Shire's financial management systems and procedures was not completed by the CEO at least once every three financial years, as required by section 5(2)(c) of the Local Government (Financial Management) Regulation 1996.
 - c. There was no evidence of independent review and authorisation of changes made to the debtors master file. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 32 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Meekatharra for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

13 December 2019