AUDIT, RISK AND IMPROVEMENT COMMITTEE - 25 NOVEMBER 2026 ATTACHMENTS

6.1 ANNUAL FINANCIAL REPORT 2025/2026 - AUDIT EXIT MEETING 2

6.1.1 Draft Annual Financial Report 2025/26 2

SHIRE OF MENZIES

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2026

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The Shire of Menzies conducts the operations of a local government with the following community vision:

An inclusive and welcoming community, celebrating our heritage and place.

Principal place of business:
124 Shenton Street
Menzies WA 6436

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

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

Statement by CEO

The accompanying financial report of the Shire of Menzies has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2026 and the financial position as at 30 June 2026.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 16th day of NOVEMBER 2026

Anitha Nathan
CEO

Anitha Varadaraj (ANITA NATHAN)
Name of CEO

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
Revenue				
Rates	2(a),23	5,188,595	4,982,851	4,645,216
Grants, subsidies and contributions	2(a)	4,569,825	1,816,720	2,139,660
Fees and charges	2(a)	472,544	251,028	365,216
Interest revenue	2(a)	271,888	304,000	323,820
Other revenue	2(a)	38,247	110,602	1,293,051
		10,541,099	7,465,201	8,766,963
Expenses				
Employee costs	2(b)	(2,760,541)	(3,161,466)	(2,377,034)
Materials and contracts		(1,999,020)	(2,646,542)	(3,720,696)
Utility charges		(105,310)	(175,700)	(140,421)
Depreciation		(2,020,284)	(2,676,314)	(1,953,743)
Finance costs	2(b)	(30,098)	(30,098)	(23,477)
Insurance		(186,559)	(177,287)	(164,384)
Other expenditure	2(b)	(253,891)	(512,097)	(248,947)
		(7,355,703)	(9,379,504)	(8,628,702)
		3,185,396	(1,914,303)	138,261
Capital grants, subsidies and contributions	2(a)	2,779,944	3,703,044	1,300,410
Profit on asset disposals		150,695	93,813	51,402
Loss on asset disposals		(7,539)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	4	18,889	0	(888)
		2,941,989	3,796,857	1,350,924
Net result for the period		**6,127,385**	**1,882,554**	**1,489,185**
Total other comprehensive income for the period		**0**	**0**	**0**
Total comprehensive income for the period		**6,127,385**	**1,882,554**	**1,489,185**

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

SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026	2025
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	21,843,782	18,676,937
Trade and other receivables	5	661,933	585,587
Inventories	6	46,005	42,569
Other assets	7	124,133	356,487
TOTAL CURRENT ASSETS		22,675,853	19,661,580
NON-CURRENT ASSETS			
Other financial assets	4	38,794	19,905
Trade and other receivables	5	2,680	1,905
Property, plant and equipment	8	15,316,515	15,331,962
Infrastructure	9	179,483,893	176,538,250
TOTAL NON-CURRENT ASSETS		194,841,882	191,892,022
TOTAL ASSETS		217,517,735	211,553,602
CURRENT LIABILITIES			
Trade and other payables	11	525,471	584,196
Contract liabilities	12	36,550	84,134
Capital grant/contributions liabilities	12	811,010	849,246
Borrowings	13	64,946	62,136
Employee related provisions	14	209,124	157,081
TOTAL CURRENT LIABILITIES		1,647,101	1,736,793
NON-CURRENT LIABILITIES			
Borrowings	13	478,089	543,035
Employee related provisions	14	76,696	85,310
TOTAL NON-CURRENT LIABILITIES		554,785	628,345
TOTAL LIABILITIES		2,201,886	2,365,138
NET ASSETS		215,315,849	209,188,464
EQUITY			
Retained surplus		36,289,262	31,619,216
Reserve accounts	26	14,246,166	12,788,827
Revaluation surplus	15	164,780,421	164,780,421
TOTAL EQUITY		215,315,849	209,188,464

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

SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2024		**29,781,242**	**13,137,616**	**164,780,421**	**207,699,279**
Comprehensive income for the period					
Net result for the period		1,489,185	0	0	1,489,185
Total comprehensive income for the period		1,489,185	0	0	1,489,185
Transfers from reserve accounts	26	2,575,301	(2,575,301)	0	0
Transfers to reserve accounts	26	(2,226,512)	2,226,512	0	0
Balance as at 30 June 2025		**31,619,216**	**12,788,827**	**164,780,421**	**209,188,464**
Comprehensive income for the period					
Net result for the period		6,127,385	0	0	6,127,385
Total comprehensive income for the period		6,127,385	0	0	6,127,385
Transfers from reserve accounts	26	145,000	(145,000)	0	0
Transfers to reserve accounts	26	(1,602,339)	1,602,339	0	0
Balance as at 30 June 2026		**36,289,262**	**14,246,166**	**164,780,421**	**215,315,849**

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

SHIRE OF MENZIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2025 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		5,094,980	4,609,179
Grants, subsidies and contributions		4,522,241	2,121,630
Fees and charges		493,771	349,563
Interest revenue		271,888	323,820
Goods and services tax received		768,277	811,069
Other revenue		38,247	1,257,022
		11,189,404	9,472,283
Payments			
Employee costs		(2,689,376)	(2,359,590)
Materials and contracts		(1,877,454)	(3,549,960)
Utility charges		(105,310)	(140,421)
Finance costs		(30,098)	(23,477)
Insurance paid		(186,559)	(164,384)
Goods and services tax paid		(752,119)	(781,566)
Other expenditure		(253,891)	(248,947)
		(5,894,807)	(7,268,345)
Net cash provided by operating activities		5,294,597	2,203,938
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(856,363)	(3,000,724)
Payments for construction of infrastructure	9(a)	(4,164,689)	(1,890,142)
Proceeds from capital grants, subsidies and contributions		2,741,708	1,446,576
Proceeds from sale of property, plant & equipment		213,728	51,402
Net cash (used in) investing activities		(2,065,616)	(3,392,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	25	(62,136)	(44,829)
Proceeds from new borrowings	25	0	650,000
Net cash provided by (used in) financing activities		(62,136)	605,171
Net increase (decrease) in cash held		3,166,845	(583,779)
Cash at beginning of year		18,676,937	19,260,716
Cash and cash equivalents at the end of the year		21,843,782	18,676,937

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

SHIRE OF MENZIES
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	23	4,814,387	4,814,387	4,461,776
Rates excluding general rates	23	374,208	168,464	183,440
Grants, subsidies and contributions		4,569,825	1,816,720	2,139,660
Fees and charges		472,544	251,028	365,216
Interest revenue		271,888	304,000	323,820
Other revenue		38,247	110,602	1,293,051
Profit on asset disposals		150,695	93,813	51,402
Fair value adjustments to financial assets at fair value through profit or loss	4	18,889	0	0
		10,710,683	7,559,014	8,818,365
Expenditure from operating activities				
Employee costs		(2,760,541)	(3,161,466)	(2,377,034)
Materials and contracts		(1,999,020)	(2,646,542)	(3,720,696)
Utility charges		(105,310)	(175,700)	(140,421)
Depreciation		(2,020,284)	(2,676,314)	(1,953,743)
Finance costs		(30,098)	(30,098)	(23,477)
Insurance		(186,559)	(177,287)	(164,384)
Other expenditure		(253,891)	(512,097)	(248,947)
Loss on asset disposals		(7,539)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(888)
		(7,363,242)	(9,379,504)	(8,629,590)
Total amounts excluded from operating activities	24(a)	1,900,893	2,582,501	1,924,049
Amount attributable to operating activities		5,248,334	762,011	2,112,824
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		2,779,944	3,703,044	1,300,410
Proceeds from disposal of property, plant and equipment		213,728	186,000	51,402
		2,993,672	3,889,044	1,351,812
Outflows from investing activities				
Acquisition of property, plant and equipment	8(a)	(856,363)	(2,611,976)	(3,000,724)
Acquisition of infrastructure	9(a)	(4,164,689)	(7,619,382)	(1,890,142)
		(5,021,052)	(10,231,358)	(4,890,866)
Amount attributable to investing activities		(2,027,380)	(6,342,314)	(3,539,054)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	25	0	0	650,000
Transfers from reserve accounts	26	145,000	1,259,000	2,575,301
		145,000	1,259,000	3,225,301
Outflows from financing activities				
Repayment of borrowings	25	(62,136)	(62,136)	(44,829)
Transfers to reserve accounts	26	(1,602,339)	(1,650,136)	(2,226,512)
		(1,664,475)	(1,712,272)	(2,271,341)
Amount attributable to financing activities		(1,519,475)	(453,272)	953,960
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	24(b)	5,355,177	6,033,575	5,827,447
Amount attributable to operating activities		5,248,334	762,011	2,112,824
Amount attributable to investing activities		(2,027,380)	(6,342,314)	(3,539,054)
Amount attributable to financing activities		(1,519,475)	(453,272)	953,960
Surplus or deficit after imposition of general rates	24(b)	**7,056,656**	**0**	**5,355,177**

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

SHIRE OF MENZIES
FOR THE YEAR ENDED 30 JUNE 2026
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SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

The financial report of the Shire of Menzies which is a Class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995* and the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board except for disclosure requirements of:
- AASB 7 Financial Instruments: Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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 financial 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 and judgements
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:
- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - note 8
  - Infrastructure - note 9
- Measurement of employee benefits - note 14

Fair value hierarchy information can be found in note 22

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.

Initial application of accounting standards
During the current year, no new or revised Australian Accounting Standards and Interpretations were applied for the first time.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application:
- AASB 18 *(NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*

This standard is expected to have a material impact on the disclosures required to be made in the annual financial report for the year ended 30 June 2029 onwards.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers
Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/ warranties	Timing of revenue recognition
Grants, subsidies and contributions	Provision of community events	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2026

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	5,188,595	0	5,188,595
Grants, subsidies and contributions	171,659	0	0	4,398,166	4,569,825
Fees and charges	371,901	0	72,780	27,863	472,544
Interest revenue	0	0	76,868	195,020	271,888
Other revenue	0	0	0	38,247	38,247
Capital grants, subsidies and contributions	0	2,775,022	0	4,922	2,779,944
Total	543,560	2,775,022	5,338,243	4,664,218	13,321,043

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	4,645,216	0	4,645,216
Grants, subsidies and contributions	152,794	0	0	1,986,866	2,139,660
Fees and charges	335,765	0	27,627	1,824	365,216
Interest revenue	0	0	71,761	252,059	323,820
Other revenue	1,207,153	0	0	85,898	1,293,051
Capital grants, subsidies and contributions	0	1,300,410	0	0	1,300,410
Total	1,695,712	1,300,410	4,744,604	2,326,647	10,067,373

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2026 Actual	2025 Actual
	$	$
Interest revenue		
Interest on reserve account	152,202	185,868
Trade and other receivables overdue interest	65,041	60,883
Other interest revenue	54,645	77,069
	271,888	323,820
The 2026 original budget estimate in relation to:		
Trade and other receivables overdue interest was $44,000.		
(b) Expenses		
Auditor remuneration		
- Audit of the Annual Financial Report	82,800	75,300
- Other services – grant acquittals	11,250	9,300
	94,050	84,600
Employee Costs		
Employee benefit costs	2,690,329	2,311,138
Other employee costs	70,212	65,896
	2,760,541	2,377,034
Finance costs		
Interest and financial charges paid/payable for borrowings	30,098	23,477
	30,098	23,477
Other expenditure		
Sundry expenses	253,891	248,947
	253,891	248,947

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

3. CASH AND CASH EQUIVALENTS

	Note	2026	2025
		$	$
Cash at bank and on hand		21,843,782	18,676,937
Total cash and cash equivalents		21,843,782	18,676,937
Held as			
- Unrestricted cash and cash equivalents		6,750,056	4,954,730
- Restricted cash and cash equivalents	16	15,093,726	13,722,207
		21,843,782	18,676,937

MATERIAL 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 and which are subject to an insignificant risk of changes in value.

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

Restricted financial assets
Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

4. OTHER FINANCIAL ASSETS

	Note	2026	2025
		$	$
Non-current assets			
Financial assets at fair value through profit or loss		38,794	19,905
		38,794	19,905
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		19,905	20,793
Movement attributable to fair value increment/(decrement)		18,889	(888)
Units in Local Government House Trust - closing balance		38,794	19,905

MATERIAL ACCOUNTING POLICIES

Financial assets at fair value through profit or loss
The Shire classifies the following financial assets at fair value through profit or 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 elected to recognise as financial assets at fair value through profit or loss.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

5. TRADE AND OTHER RECEIVABLES

	Note	2026	2025
		$	$
Current			
Rates and statutory receivables		895,406	741,899
Trade receivables		28,178	49,672
GST receivable		95,121	111,279
Receivables for employee related provisions		8,103	7,836
Allowance for credit losses of rates and statutory receivables		(364,875)	(325,099)
		661,933	585,587
Non-current			
Rates and statutory receivables		2,680	1,905
		2,680	1,905

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers.

	Note	30 June 2026 Actual	30 June 2025 Actual	1 July 2024 Actual
		$	$	$
Contract assets	7	30,000	259,072	302,771
Total from contracts with customers		30,000	259,072	302,771

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables
Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and the amount can be measured reliably.

Trade receivables
Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non-financial assets as part of the ordinary course of business.

Other receivables
Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts receivable as grants with sufficiently specific performance obligations or for the construction of recognisable non-financial assets.

Measurement
Trade and other receivables are recognised initially at the amount of the transaction price.

Classification and subsequent measurement
Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable more than 12 months after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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, therefore any difference between the face value and fair value is considered immaterial.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

6. INVENTORIES

	Note	2026	2025
Current		$	$
Fuel and materials		21,602	17,419
CRC Visitor Centre		24,403	25,150
		46,005	42,569
The following movements in inventories occurred during the year:			
Balance at beginning of year		42,569	11,331
Inventories expensed during the year		(161,829)	(89,866)
Additions to inventory		165,265	121,104
Balance at end of year		46,005	42,569

MATERIAL 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.

7. OTHER ASSETS

	2026	2025
	$	$
Other assets - current		
Prepayments	93,473	97,415
Accrued income	660	0
Contract assets	30,000	259,072
	124,133	356,487

MATERIAL ACCOUNTING POLICIES
Other current assets
Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Contract assets
Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

		Assets not subject to operating lease		Assets subject to operating lease	Total property						
	Note	Land	Buildings	Buildings	Land	Buildings	Work in progress	Total property	Plant and equipment	Work in progress	Total property, plant and equipment
		$	$	$	$	$	$	$	$	$	$
Balance at 1 July 2024		649,636	9,889,411	534,510	649,636	10,423,921	1,040,055	12,113,612	1,003,372	0	13,116,984
Additions		47,537	2,175,351	60,060	47,537	2,235,411	0	2,282,948	655,201	62,575	3,000,724
Depreciation		0	(418,697)	(21,750)	0	(440,447)	0	(440,447)	(345,299)	0	(785,746)
Transfers		909	(241,140)	0	909	(241,140)	240,231	0	0	0	0
Balance at 30 June 2025		698,082	11,404,925	572,820	698,082	11,977,745	1,280,286	13,956,113	1,313,274	62,575	15,331,962
Comprises:											
Gross balance amount at 30 June 2025		698,082	12,197,197	616,321	698,082	12,813,518	1,280,286	14,791,886	3,598,164	62,575	18,452,625
Accumulated depreciation at 30 June 2025		0	(792,272)	(43,501)	0	(835,773)	0	(835,773)	(2,284,890)	0	(3,120,663)
Balance at 30 June 2025	8(b)	698,082	11,404,925	572,820	698,082	11,977,745	1,280,286	13,956,113	1,313,274	62,575	15,331,962
Additions		12,648	196,838	0	12,648	196,838	134,784	344,270	377,545	134,548	856,363
Disposals		(34,000)	0	0	(34,000)	0	0	(34,000)	(36,572)	0	(70,572)
Depreciation		0	(456,900)	(23,940)	0	(480,840)	0	(480,840)	(320,398)	0	(801,238)
Transfers		0	1,280,286	0	0	1,280,286	(1,280,286)	0	62,575	(62,575)	0
Balance at 30 June 2026		676,730	12,425,149	548,880	676,730	12,974,029	134,784	13,785,543	1,396,424	134,548	15,316,515
Comprises:											
Gross balance amount at 30 June 2026		676,730	13,674,322	616,320	676,730	14,290,642	134,784	15,102,156	3,653,585	134,548	18,890,289
Accumulated depreciation at 30 June 2026		0	(1,249,173)	(67,440)	0	(1,316,613)	0	(1,316,613)	(2,257,161)	0	(3,573,774)
Balance at 30 June 2026	8(b)	676,730	12,425,149	548,880	676,730	12,974,029	134,784	13,785,543	1,396,424	134,548	15,316,515

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2026	Carrying amount 2025	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
		$	$					
Fair value - as determined at the last valuation date								
Land and buildings								
Land	8(a)	676,730	698,082	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2023	Price per square meter
Buildings	8(a)	12,974,029	11,977,745	2 & 3	Market approach using recent observable market data for similar properties, cost approach using current replacement cost	Independent Registered Valuer	June 2023	Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regard 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 land at market value or buildings using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease were the same as that applied to property not subject to lease.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - parks and ovals	Infrastructure - other	Infrastructure - work in progress	Total infrastructure
	$	$	$	$	$	$
Balance at 1 July 2024	170,353,690	724,939	332,600	4,215,343	189,533	175,816,105
Additions	1,261,894	67,101	59,990	493,480	7,677	1,890,142
Depreciation	(867,699)	(16,636)	(40,849)	(242,813)	0	(1,167,997)
Transfers	9,375	0	0	180,158	(189,533)	0
Balance at 30 June 2025	170,757,260	775,404	351,741	4,646,168	7,677	176,538,250
Comprises:						
Gross balance at 30 June 2025	189,125,526	919,251	815,990	7,695,487	7,677	198,563,931
Accumulated depreciation at 30 June 2025	(18,368,266)	(143,847)	(464,249)	(3,049,319)	0	(22,025,681)
Balance at 30 June 2025	170,757,260	775,404	351,741	4,646,168	7,677	176,538,250
Additions	3,440,717	0	0	478,561	245,411	4,164,689
Depreciation	(873,571)	(17,754)	(43,850)	(283,871)	0	(1,219,046)
Transfers	0	0	0	7,677	(7,677)	0
Balance at 30 June 2026	173,324,406	757,650	307,891	4,848,535	245,411	179,483,893
Comprises:						
Gross balance at 30 June 2026	192,566,243	919,251	815,990	8,181,725	245,411	202,728,620
Accumulated depreciation at 30 June 2026	(19,241,837)	(161,601)	(508,099)	(3,333,190)	0	(23,244,727)
Balance at 30 June 2026	173,324,406	757,650	307,891	4,848,535	245,411	179,483,893

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2023	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2023	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2023	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2023	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

10. FIXED ASSETS

(a) Depreciation

Depreciation rates
Useful lives for the different asset classes for the current and prior years are included in the table below:

Asset class	Useful life
Buildings	13 to 120 years
Plant and equipment	5 to 10 years
Infrastructure roads	
formation	not depreciated
pavement	80 years
seal	15 years
Infrastructure footpaths	30 to 60 years
Infrastructure other	10 to 100 years
Infrastructure parks and ovals	10 to 40 years

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under $5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulations 17A(5).* These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulations 17A(2).* Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable value

In accordance with *Local Government (Financial Management) Regulations 17A(2)* , the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls is the reportable value.

Reportable value for the purpose of *Local Government (Financial Management) Regulations 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure is 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.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is the balancing figure; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C*), the Shire is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

11. TRADE AND OTHER PAYABLES

	2026	2025
	$	$
Current		
Trade payables	244,531	47,091
Prepaid rates	79,988	59,097
Accrued payroll liabilities	44,467	23,854
Statutory liabilities	45,491	38,368
Bonds and deposits held	14,162	6,756
Other payables	34,646	5,463
Accrued expenses	62,186	403,567
	525,471	584,196

MATERIAL ACCOUNTING POLICIES

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

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

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory liabilities
Statutory liabilities are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates
Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises income for the prepaid rates that have not been refunded.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

12. OTHER LIABILITIES

	2026	2025
	$	$
Current		
Contract liabilities	36,550	84,134
Capital grant/contributions liabilities	811,010	849,246
	847,560	933,380
Reconciliation of changes in contract liabilities		
Opening balance	84,134	490,538
Additions	12,852	43,767
Revenue from contracts with customers included as a contract liability at the start of the period	(60,436)	(450,171)
	36,550	84,134
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	849,246	782,808
Additions	368,614	395,642
Revenue from capital grant/contributions held as a liability at the start of the period	(406,850)	(329,204)
	811,010	849,246
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	811,010	849,246
	811,010	849,246

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or on completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities
Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities
Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

13. BORROWINGS

	Note	2026 Current	2026 Non-current	2026 Total	2025 Current	2025 Non-current	2025 Total
Unsecured		$	$	$	$	$	$
Other loans - *WATC		64,946	478,089	543,035	62,136	543,035	605,171
Total unsecured borrowings	25	64,946	478,089	543,035	62,136	543,035	605,171

* Western Australian Treasury Corporation

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 25.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

14. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2026	2025
Current provisions	**$**	**$**
Employee benefit provisions		
Annual leave	121,652	116,004
Long service leave	57,086	16,064
	178,738	132,068
Employee related other provisions		
Employment on-costs	30,386	25,013
	30,386	25,013
Total current employee related provisions	209,124	157,081
Non-current provisions		
Employee benefit provisions		
Long service leave	65,552	71,992
	65,552	71,992
Employee related other provisions		
Employment on-costs	11,144	13,318
	11,144	13,318
Total non-current employee related provisions	76,696	85,310
Total employee related provisions	285,820	242,391

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on-costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES
Employee benefits
The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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
Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate assumptions such as anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

15. REVALUATION SURPLUS

	2026 Opening balance	2026 Closing balance	2025 Opening balance	2025 Closing balance
	$	$	$	$
Revaluation surplus - Land	624,643	624,643	624,643	624,643
Revaluation surplus - Buildings	6,781,990	6,781,990	6,781,990	6,781,990
Revaluation surplus - Infrastructure - roads	155,832,326	155,832,326	155,832,326	155,832,326
Revaluation surplus - Infrastructure - footpaths	670,782	670,782	670,782	670,782
Revaluation surplus - Infrastructure - parks and ovals	870,680	870,680	870,680	870,680
	164,780,421	164,780,421	164,780,421	164,780,421

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

16. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2026 Actual	2025 Actual
		$	$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	15,093,726	13,722,207
		15,093,726	13,722,207
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	26	14,246,166	12,788,827
Contract liabilities	12	36,550	84,134
Capital grant liabilities	12	811,010	849,246
Total restricted financial assets		15,093,726	13,722,207

17. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		37,500	37,500
Credit card balance at balance date		(16,157)	(3,964)
Total amount of credit unused		21,343	33,536
Loan facilities			
Loan facilities - current		64,946	62,136
Loan facilities - non-current		478,089	543,035
Total facilities in use at balance date		543,035	605,171
Unused loan facilities at balance date		0	0

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

18. CONTINGENT LIABILITIES

The Shire had no contingent liabilities at the end of the reporting period.

19. CAPITAL COMMITMENTS

	2026	2025
	$	$
Contracted for:		
- capital expenditure projects	83,862	3,510,237
- plant & equipment purchases	0	23,744
	83,862	3,533,981
Payable:		
- not later than one year	83,862	3,533,981

The outstanding capital expenditure projects at the end of the current reporting period include the Lady Shenton roofing remedial works, sliding gate for depot entrance and electric vehicle charging installation.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

20. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
President's annual allowance		22,138	22,138	21,493
President's meeting attendance fees		21,554	21,554	20,927
President's superannuation		0	3,495	0
President's annual allowance for ICT expenses		1,100	1,100	1,100
President's travel and accommodation expenses		12,437	5,000	3,709
		57,229	53,287	47,229
Deputy President's annual allowance		5,534	5,534	5,373
Deputy President's meeting attendance fees		10,540	10,540	10,183
Deputy President's superannuation		0	1,286	0
Deputy President's annual allowance for ICT expenses		1,100	1,100	1,100
Deputy President's travel and accommodation expenses		2,546	5,000	1,420
		19,720	23,460	18,076
All other council members meeting attendance fees		50,349	52,700	50,915
All other council members superannuation		0	4,215	0
All other council members annual allowance for ICT expenses		5,254	5,500	5,500
All other council members travel and accommodation expenses		35,929	25,000	18,601
		91,532	87,415	75,016
	20(b)	168,481	164,162	140,321

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year is as follows:				
Short-term employee benefits		772,287		690,826
Post-employment benefits		99,836		85,096
Employee - other long-term benefits		53,675		39,146
Employee - termination benefits		0		48,750
Council member costs	20(a)	168,481		140,321
		1,094,279		1,004,139

Short-term employee benefits
These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits
These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits
These amounts represent annual leave and long service leave entitlements 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).

Council member costs
These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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20. RELATED PARTY TRANSACTIONS (Continued)

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2026 Actual $	2025 Actual $
Purchase of goods and services	64,653	38,120

(d) 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 Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties
The spouse of a senior employee of the Shire provided building and property maintenance services to the Shire.

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire had no subsequent events occurring after the end of the reporting period.

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22. OTHER MATERIAL 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 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 resale 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 and council members. 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the Shire at the end of the reporting period.

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. The Shire only considers whether the highest and best use differs from its current use where it is highly probable a non-financial asset will be used for an alternative purpose or the asset is held for the purpose of generating net cash inflows.

h) Interest revenue
Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy
AASB 13 Fair Value Measurement 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.

j) 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.

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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23. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2025/26 Actual rateable value*	2025/26 Actual rate revenue	2025/26 Actual interim rates	2025/26 Actual total revenue	2025/26 Budget rate revenue	2025/26 Budget interim rate	2025/26 Budget total revenue	2024/25 Actual total revenue
				$	$	$	$	$	$	$	$
Vacant and Improved	Gross rental valuation	0.08940	37	2,141,320	191,434	0	191,434	191,434	0	191,434	191,105
Mining	Unimproved valuation	0.16393	243	23,817,997	3,904,484	0	3,904,484	3,904,484	0	3,904,484	3,551,636
Exploration and Prospecting	Unimproved valuation	0.14754	525	4,303,828	634,987	0	634,987	634,987	0	634,987	634,643
Pastoral and Other	Unimproved valuation	0.08530	86	978,687	83,482	0	83,482	83,482	0	83,482	84,392
Total general rates			891	31,241,832	4,814,387	0	4,814,387	4,814,387	0	4,814,387	4,461,776
		Minimum payment $									
Minimum payment											
Vacant and Improved	Gross rental valuation	200	206	50,022	41,200	157	41,357	41,200	0	41,200	42,400
Mining	Unimproved valuation	328	58	62,908	19,024	274,105	293,129	19,024	0	19,024	19,352
Exploration and Prospecting	Unimproved valuation	328	320	380,660	104,960	(68,518)	36,442	104,960	0	104,960	118,408
Pastoral and Other	Unimproved valuation	328	10	18,626	3,280	0	3,280	3,280	0	3,280	3,280
Total minimum payments			594	512,216	168,464	205,744	374,208	168,464	0	168,464	183,440
Total general rates and minimum payments			1,485	31,754,048	4,982,851	205,744	5,188,595	4,982,851	0	4,982,851	4,645,216
Total rates							5,188,595			4,982,851	4,645,216

(b) Rates related information

Rates instalment interest							11,826			10,000	10,813
Rates instalment plan charges							2,520			7,000	4,510
Rates overdue interest							65,041			44,000	54,346
Rates written off							(14,670)			(240,000)	(89,979)

*Rateable Value at time of raising of rate.

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24. DETERMINATION OF SURPLUS OR DEFICIT

The following amounts have been excluded from the determination of the budgeted deficiency in accordance with *Financial Management Regulation 32.* Reconciling items relate to movements within current assets and liabilities reflected on the statement of financial activity and required to reconcile the Net current assets to the surplus or deficit after imposition of general rates.

	Note	2025/26 (30 June 2026 carried forward)	2025/26 Budget (30 June 2026 carried forward)	2024/25 (30 June 2025 carried forward)
		$	$	$
(a) Amounts excluded from operating activities				
Less: Profit on asset disposals		(150,695)	(93,813)	(51,402)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(18,889)	0	888
Add: Loss on disposal of assets		7,539	0	0
Add: Depreciation		2,020,284	2,676,314	1,953,743
Movement in current liabilities associated with funds held in reserve account:				
- Employee related provisions		52,043	0	9,059
Non-cash movements in non-current assets and liabilities:				
- Pensioner deferred rates		(775)	0	(364)
- Employee related provisions		(8,614)	0	12,125
Total amounts excluded from operating activities		1,900,893	2,582,501	1,924,049
(b) Adjustments to net current assets				
Less: Reserve accounts	26	(14,246,166)	(13,179,963)	(12,788,827)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13	64,946	0	62,136
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee related provisions		209,124	148,022	157,081
Total adjustments to net current assets		(13,972,096)	(13,031,941)	(12,569,610)
Net current assets used in the statement of financial activity				
Total current assets		22,675,853	14,049,173	19,661,580
Less: Total current liabilities		(1,647,101)	(1,017,232)	(1,736,793)
Less: Total adjustments to net current assets		(13,972,096)	(13,031,941)	(12,569,610)
Surplus or deficit after imposition of general rates		7,056,656	0	5,355,177

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25. BORROWING AND LEASE LIABILITIES

Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
GROH House Construction x 2		0	650,000	(44,829)	605,171	0	(62,136)	543,035	605,171	0	(62,136)	543,035
Total borrowings	13	0	650,000	(44,829)	605,171	0	(62,136)	543,035	605,171	0	(62,136)	543,035

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ended 30 June 2026	Budget for year ending 30 June 2026	Actual for year ended 30 June 2025
					$	$	$
GROH House Construction x 2	241	*WATC	4.45%	1/07/2033	(30,098)	(30,098)	(23,477)
Total					(30,098)	(30,098)	(23,477)
Total finance cost payments					(30,098)	(30,098)	(23,477)

* WA Treasury Corporation

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26. RESERVE ACCOUNTS

	2026 Actual opening balance	2026 Actual transfer to	2026 Actual transfer (from)	2026 Actual closing balance	2026 Budget opening balance	2026 Budget transfer to	2026 Budget transfer (from)	2026 Budget closing balance	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Leave reserve	217,079	2,538	0	219,617	217,079	3,395	0	220,474	214,046	3,033	0	217,079
(b) Building reserve	3,484,145	40,679	0	3,524,824	3,484,145	54,487	(700,000)	2,838,632	3,039,696	534,521	(90,072)	3,484,145
(c) Plant reserve	1,271,657	14,528	(145,000)	1,141,185	1,271,657	19,887	(234,000)	1,057,544	1,833,161	25,595	(587,099)	1,271,657
(d) Road Infrastructure reserve	2,608,163	1,183,107	0	3,791,270	2,608,163	1,190,924	(325,000)	3,474,087	2,381,342	821,256	(594,435)	2,608,163
(e) Main Street reserve	0	0	0	0	0	0	0	0	146,590	1,778	(148,368)	0
(f) Staff Amenities reserve	0	0	0	0	0	0	0	0	412,601	4,986	(417,587)	0
(g) TV reserve	0	0	0	0	0	0	0	0	18,676	222	(18,898)	0
(h) Caravan Park reserve	425,414	4,973	0	430,387	425,414	6,653	0	432,067	446,106	6,308	(27,000)	425,414
(i) Bitumen reserve	0	0	0	0	0	0	0	0	630,202	7,622	(637,824)	0
(j) Rates creditors reserve	0	0	0	0	0	0	0	0	53,367	651	(54,018)	0
(k) Niagara Dam reserve	1,813,230	21,178	0	1,834,408	1,813,230	28,356	0	1,841,586	1,787,901	25,329	0	1,813,230
(l) Water reserve	230,855	2,702	0	233,557	230,855	3,610	0	234,465	227,634	3,221	0	230,855
(m) Waste Management reserve	980,894	312,113	0	1,293,007	980,895	315,340	0	1,296,235	671,197	309,697	0	980,894
(n) Former Post Office reserve	442,860	5,167	0	448,027	442,859	6,926	0	449,785	436,681	6,179	0	442,860
(o) Commercial Enterprise reserve	1,100,278	12,846	0	1,113,124	1,100,278	17,207	0	1,117,485	627,159	473,119	0	1,100,278
(p) Land Purchase reserve	214,252	2,508	0	216,760	214,252	3,351	0	217,603	211,257	2,995	0	214,252
	12,788,827	1,602,339	(145,000)	14,246,166	12,788,827	1,650,136	(1,259,000)	13,179,963	13,137,616	2,226,512	(2,575,301)	12,788,827

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as reserve accounts.
The purposes of the reserve accounts, as established by Council resolutions or the adopted budget, are set out below:

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	To be used to fund annual and long service leave requirements.
(b) Building reserve	To be used for the acquisition of future buildings and renovation of existing buildings.
(c) Plant reserve	To be used for the purchase of major plant.
(d) Road Infrastructure reserve	To be used to fund major road works.
(e) Main Street reserve	Established for the beautification of the main street.
(f) Staff Amenities reserve	Established for the purpose of providing staff housing and amenities.
(g) TV reserve	To be used to fund upgrades to the rebroadcasting equipment.
(h) Caravan Park reserve	Established for the purpose of providing upgrades to the caravan park.
(i) Bitumen reserve	Established to fund the resealing of roads.
(j) Rates creditors reserve	Established for future rate claims.
(k) Niagara Dam reserve	Established for ongoing upgrade of Niagara Dam valve workings and other maintenance.
(l) Water reserve	To assist the Tjuntjuntjara community to achieve funding for a swimming pool.
(m) Waste Management reserve	Provide for the statutory reinstatement and development of the reserve.
(n) Former Post Office reserve	For restoration and maintenance of the former post office.
(o) Commercial Enterprise reserve	To fund an activity or purchase with a view to producing a profit.
(p) Land Purchase reserve	To be used for purchase of selective properties with developmental potential.