



SHIRE OF MENZIES

MINUTES

**OF THE SPECIAL MEETING OF COUNCIL
HELD**

Monday 16 January 2017

Shire of Menzies

Commencing at 1.02 pm

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1 DECLARATION OF OPENING

The Shire President declared the meeting open at 1.02pm.

2 ANNOUNCEMENT OF VISITORS

There were no visitors.

3 RECORD OF ATTENDANCE

Present

Councillors:	Cr J Dwyer	Shire President
	Cr I Baird	Deputy Shire President via electronic means
	Cr D Hansen	via electronic means
	Cr I Tucker	
	Cr J Mazza	
	Cr K Mader	

Staff	Mrs R Evans	Chief Executive Officer
	Mrs D Whitehead	Executive Assistant

4 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

There were no questions taken on notice at the previous meeting.

5 PUBLIC QUESTION TIME

There were no questions from the public.

6 APPLICATIONS FOR LEAVE OF ABSENCE

There were no applications for leave of absence.

7 DECLARATIONS OF INTEREST

There were no declaration of interest.

8 NOTICE OF ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS

There were no items to be discussed behind closed doors.

9 CONFIRMATION / RECEIVAL OF MINUTES

There were no minutes to be confirmed.

10 PETITIONS / DEPUTATIONS / PRESENTATIONS

There were no petitions / deputations / presentations.

11 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

There were no announcements by presiding member without discussion.

12 REPORTS OF OFFICERS

12.1 ANNUAL REPORT

LOCATION:	N/A
APPLICANT:	N/A
DOCUMENT REF:	ADM073; ADM051
DISCLOSURE OF INTEREST:	The Author has no interest to disclose
DATE:	5 January 2017
AUTHOR:	Jeanette Taylor, Manager Finance & Administration
ATTACHMENT:	12.1 - Annual Report 2015/2016

COUNCIL RESOLUTION:	No 1126
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Moved: Cr Mazza

Seconded: Cr Tucker

That Council

- 1. Receive the Annual Report for the year ended 30 June 2016*
- 2. Advertise the availability of the Annual Report for the electors of the district;*
- 3. Set the date of the Annual Elector's meeting for 4:00pm on 9 February 2017.*

with the amendment as noted inserted after paragraph two of the Presidents report.

"The 2016 Cyclclassic was another huge success, bad weather caused the Children's entertainment to be cancelled, DJ Rev entertained the crowd from the Shire front verandah. 200 people had a delicious meal prepared and served by the Kookynie Volunteer Association Inc. The Fireworks display was even bigger and better than last year. Sunday morning our volunteers were up early to cook the Community Breakfast sponsored by the Shire of Menzies. Many thanks to Shire Staff for all their efforts from setting up the hall, arranging barriers and playing host to all the visitors to our great town. Our St John's Ambulance Volunteers were also on duty over the entire weekend and it is only fitting to acknowledge their great commitment not only to this event but their efforts for the entire year. Next year we are hoping for a bigger and better event with lots more events for the children and more entertainment to keep Spectators and Visitors in town longer."

Carried 6/0

OFFICER RECOMMENDATION

That Council

- 1. receive the Annual Report for the year ended 30 June 2016*
- 2. Advertise the availability of the Annual Report for the electors of the district; and*
- 3. Set the date of the Annual Elector's meeting for 4:00pm on 9 February 2017.*

VOTING REQUIREMENTS:

Absolute Majority

IN BRIEF:

Annual Financial Report submitted to Council for acceptance as a record of financial activity for the year ended 30 June 2016.

RELEVANT TO STRATEGIC PLAN:

Active civic leadership achieved

- Regularly review plans with community consultation on significant decisions affecting the shire.

STATUTORY AUTHORITY:

Local Government Act 1995

- Section 5.29 - Details the requirements governing the holding of an electors meeting.
- Section 5.53 - Details the contents that the annual report must contain.
- Section 5.54 - Outlines the conditions related to Council accepting the annual report.
- Section 5.55 - Provides guidelines on making the annual report available to the public.

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

The final surplus for the 2015/2016 financial year is \$3,811,614. The budgeted surplus was \$2,350,190. The variance of \$1,461,424 was the result of not transferring funds to Reserve prior to the end of year. It is anticipated that this will be undertaken as a part of the half yearly budget review to be presented to the Audit Committee Meeting in February 2017.

RISK ASSESSMENTS:

OP9 Budgets are inaccurately reported with differences in the Budget adopted by Council, and that exercised by Council administration

OP16 Council's statutory reports provide inaccurate financial information.

BACKGROUND:

A local government must prepare an Annual Report for each financial year. The timing of this report is always dependant on receiving the Auditor's report for that period once the financial statements have been prepared.

COMMENT:

The Auditor's Report is to be reviewed by the Audit Committee at the next meeting to be held. The Annual Financial Report for the year ended 30 June 2016 was signed off by the Auditor on 16 December 2016. The Annual Meeting of electors must be held within 56 days of the acceptance of the acceptance of the Annual Report. The Annual Report must be received within two months of the completion of the audit.

13 ELECTED MEMBERS MOTION OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN

There were no elected member's motions of which previous notice had been given.

14 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

There was no new business of an urgent nature introduced by Decision of the Meeting.

15 ITEMS FOR CONSIDERATION BEHIND CLOSED DOORS

There were no items for consideration behinds closed doors.

16 NEXT MEETING

The next Ordinary Council Meeting for the Shire of Menzies will be held on Thursday 23 February 2017 commencing at 1pm.

17 CLOSURE OF MEETING

There being no further business the Shire President closed the meeting at 1.10pm.

I, _____ hereby certify that the Minutes of the Special Meeting of Council held 16 January 2017 are confirmed as a true and correct record, as per the Council Resolution of the Ordinary Meeting of Council held on 23 February 2017.

Signed: _____ **Dated: 23 February 2017**

SHIRE OF MENZIES ANNUAL REPORT



2015—2016



Cr Jill Dwyer
Shire President

PRESIDENT'S REPORT

The 2015/2016 year finished with the appointment of a new Chief Executive Officer. Rhonda Evans commenced her contract with the Shire on 1 June 2016. Rhonda has followed Pascoe Durtanovich who was the Acting Chief Executive Officer for most of the year.

The War Memorial was dedicated, and a bust of James Brennan was officially unveiled on Anzac Day 2016. We also saw the addition of a mural to the memorial site.

The 2016 Cycclassic was another huge success, bad weather caused the children's entertainment to be cancelled, DJ Rev entertained the crowd from the Shire front verandah.

Two hundred people had a delicious meal prepared and served by the Kookynie Volunteer Association Inc. The Fireworks display was even bigger and better than last year.

Sunday morning our volunteers were up early to cook the Community Breakfast sponsored by the Shire of Menzies. Many thanks to Shire Staff for all their efforts from setting up the hall, arranging barriers and playing host to all the visitors to our great town.

Our St John's Ambulance Volunteers were also on duty over the entire weekend and it is only fitting to acknowledge their great commitment not only to this event but their efforts for the entire year.

Next year we are hoping for a bigger and better event with lots more events for the children and more entertainment to keep Spectators and Visitors in town longer.

This year solar lighting was installed at the Water Park to enable the facility to be used beyond daylight hours.

Additional toilet facilities at the Town Hall have been opened, and are available to both users of the hall, and for tourist operators on request.

Royalties for Regions funding through Goldfields Voluntary Regional Organisation of Councils (GVROC), the Shire of Menzies and neighbouring Shires enabled the installation of solar panels to the administration building and upgrading of the street lighting to LED. These two initiatives will have a significant effect on future operating costs, and meet our aims to make the Shire as 'green' as possible.

The reinstatement of the Kookynie airstrip has commenced. Final marking and commissioning of this will be complete in the next year.

PRESIDENT'S REPORT

Landscaping to the new Shire houses continues. Tree planting at the caravan park and around the truck bay to the north of Menzies town was undertaken. Whilst the trees planted were very small, they appear to be flourishing. It is hoped that we can source more mature trees for our next round of plantings.

The sealing of the road to Lake Ballard is ongoing. This year an additional seven kilometres of road was laid. It is hoped that we will be able to add another seven kilometres next year.

Our main tourist attractions remain the Niagara Dam, Kookynie Townsite and Lake Ballard together with the Townsite of Menzies.

It is hoped that new updated maps and informational brochures will be available for the next tourist season to encourage those passing through to continue to pause and *"take a look around"*.

The mining sector continues to contribute the major portion of our rates. We constantly seek ways of encouraging diversification to include other industries.

The Shire was also successful in attracting a grant to assist in the construction of a building for youth activities. It is anticipated that construction will be commence in the forthcoming year.

The Desert Stars from Tjuntjuntjara burst onto the music scene this year. The Shire supports the community and its various activities.





Rhonda Evans
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

In writing this report I must first acknowledge Pascoe Durtanovich, the Acting Chief Executive Officer for eleven of the twelve months of the reporting year. Accolades for the achievements outlined in this report must be given to Pascoe and the team, some of whom are no longer with the Shire of Menzies.

Three staff joined the Shire late in the year. Paul Warner joined us as Works Supervisor, Jeanette Taylor as Manager of Finance and Administration, and Deborah Whitehead as Executive Assistant. I commenced my appointment on 1 June 2016.

The 2015/2016 year saw a number of changes in the structure of the organisation. Three positions, Deputy Chief Executive Officer, Works Manager, and Community Services Co-ordinator were made redundant. The duties undertaken by them have been reallocated to existing staff, or where appropriate contracted out. We remain committed to the aspirations of the ten year Community Strategic Plan. This will be reviewed during the 2016/2017 year and we will strive to ensure that all future plans and strategies reflect the ethos of this document.

The importance of grants from State and Federal Government must be acknowledged. Of the total revenue for the year of \$7,419,795, fifty seven percent, or \$4,290,523 was funded from grants. The Federal Assistance Grant which is allocated from Federal Taxation funds, passed to the State Government for distribution of \$1,827,842 and the Roads to Recovery Grant funded directly from the Federal Government accounted for another \$1,177,771. These grants provide for specific needs of the Shire, without which we would be unable to deliver the level of service we aim for. Certainly, projects such as the sealing of the Menzies North West Road (*to Lake Ballard and Sandstone*) would not be possible.

Outstanding rates at the close of the year fell from \$925,281 to \$628,831. A reduction of 32%. This is an awesome reduction which reflects both the incredibly hard work of the staff, and the unswerving support of Council.

Tourist numbers continue to increase each year. Special thanks must go to Laura Dwyer who staffed the Visitor's Centre for the last tourist season. Through her efforts our numbers increased significantly, and the profile of the Shire as an attractive destination has been greatly enhanced. We look forward to continuing to promote Menzies as a place to pause, and "*take a look around*".

I take this opportunity to thank both staff for their devotion to their roles, and attention to the needs of the Community, and for the support of the Council to me and the staff. I look forward to 2016/2017 and invite all residents and ratepayers to participate in their Local Government.

ELECTED MEMBERS



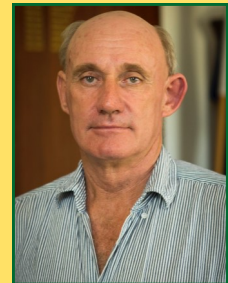
Cr Jill Dwyer
Shire President
Rural Ward
Term Expires 2017



Cr Ian Baird
Deputy Shire President
Rural Ward
Term Expires 2019



Cr Ian Tucker
Rural Ward
Term Expires 2017



Cr Keith Mader
Town Ward
Term Expires 2019



Cr Debbie Hansen
Rural Ward
Term Expires 2019



Cr Justin Lee
Town Ward
Term Expires 2017



Cr Jamie Mazza
Town Ward
Term Expires 2017



ACTIVITIES OF COUNCIL

Personal Involvement

Elected members are involved with many organisations within the community, and are also active in representing Menzies at a regional and state level. Council's nomination to other organisations include:

- Local Emergency Management Committee
- Menzies Volunteer Bushfire Brigade
- Declared Animal Group (Wild Dogs)
- Kalgoorlie Goldfields Tourism Association
- Goldfields Regional Road Group
- Goldfields Voluntary Regional Organisation of Councils

Agenda

To ensure that all items are included in the Agenda for Council meetings, it is requested that items for consideration be submitted to the Chief Executive Officer at least 14 days prior to Council meeting. This will permit your item to be researched if necessary, and be presented to Council with a recommendation for decision, if appropriate. Agendas are prepared for members and are distributed 72 hours prior to the meeting.

Copies of the Agenda are available prior to the meeting in accordance with the *Local Government Act (1995)*.

Minutes

The Minutes of Council and Committee meetings are available for inspection after the meeting in accordance with the *Local Government Act 1995*, and are available on the Council website. Please note that all Minutes are subject to confirmation by Council.



Public Library

The Shire of Menzies Public Library is situated within the Lady Shenton Building (*Menzies Visitor Centre*). It is open the same hours as the Lady Shenton Building. New Books, DVD's and magazines are received each month. Newspapers are available for reading from 9am each weekday.

Caravan Park

The Shire of Menzies Caravan Park is adjacent to the Menzies Visitor Centre (08) 9024 2702 After hours 0448 242 041. The caravan park has powered caravan sites, and tent sites available. A camp kitchen and guest laundry are also available. Booking requests can also be made to bookings@menzies.wa.gov.au (*weekdays*). One chalet with a queen and a single bed is available for booking.

Menzies Visitor Centre

The Menzies Visitor Centre is located within the Lady Shenton Building. Facilities co-located within the Visitor Centre include; Community Postal Agency, Internet Access, Gift Shop and Public Library. The Visitor Centre is open weekdays (*except public holidays*), November until March and every day, April until September.

Telephone: (08) 9024 2702

Email: admin@menzies.wa.gov.au

Emergency Services Buildings

The Emergency Services Buildings are situated on Archibald Street in the Emergency Services Area. This area comprises the Volunteer Bushfire Brigade Headquarters, Menzies Nursing Post, and Menzies St John Ambulance Sub Centre. Details of times for the Nursing Post and visiting Doctors are published in the Menzies Matters.

Airstrip

The Menzies Airstrip is located 1km north of the Menzies townsite off Goldfields Highway. The airstrip for Kookynie is adjacent to the townsite.





Dog and Cat Registrations

Dog registrations become due on the 1 November each year. All dogs and cats over 3 months and over must be registered and microchipped. All cats must be sterilised.

	Registration Fees	
Unsterilised Dog	1 Year	3 Years
	\$50.00	\$120.00
Sterilised Dog	1 Year	3 Years
<i>(Proof of sterilization required)</i>	\$20.00	\$42.50
Cats	1 Year	3 Years
<i>(All Cats must be sterilised)</i>	\$20.00	\$42.50

- A 50% discount is available for eligible pensioners (*pension card must be shown at the time of registration*).
- A 25% discount is available for dogs registered as working cattle/sheep dogs (*proof must be shown at time of registration*).
- Your dog is required to wear a tag showing your name and address as well as the registration tag.
- If you own a dog you have a legal responsibility to keep it under control, either within a fenced area on your property or on a leash when in public.
- To register your dog or cat please visit the Shire of Menzies.

For further enquiries, please contact administration on (08) 9024 2041.

Dog Impoundment

Dog Owners have an obligation to keep their dogs under effective control at all times. Dogs wandering at large present a nuisance and are a danger to the public. Dog patrols will be carried out by the ranger and complaints will be acted upon. The Dog Act 1976 provides heavy penalties for owners whose dogs are impounded.



Health and Building Information

The Principal Environmental Health Officer / Building Surveyor, Mr David Hadden is located at the Shire of Leonora Administration Offices. Any matters concerning Health and Building can be directed to Mr Hadden on (08) 9037 6044.

Community Services

- The Shire of Menzies provides an extensive variety of services for the community under a wide range of legislation. Services provided include:
 - Building Control
 - Bush Fire Control
 - Cemeteries (*Tourism Value and Maintenance Only*)
 - Citizenship Ceremonies
 - Crossovers
 - Demolition Permits
 - Dog Control
 - Environmental Health
 - Fire Prevention
 - Library Services
 - Street Bins
 - Media Releases
 - Playground Equipment
 - Public Buildings for Hire
 - Public Toilets
 - Recreation/Sporting Facilities
 - Roads and Footpaths
 - Rubbish Collection
 - Street Lighting
 - Traffic Control Works
 - Local Emergency Management Committee (*LEMC*)
 - Weed Control on Reserves
 - Planning Controls
 - Parks and Reserves





Additional Community Services

Council also provides financial or other support to a number of organisations such as:

- | | |
|--|-------------------|
| • Menzies Community School | Financial Support |
| • Royal Flying Doctor Service | Financial Support |
| • Menzies Volunteer Bushfire Brigade | Financial Support |
| • Menzies Classic Cycle Race | Financial Support |
| • Golden Quest Trail Association | Financial Support |
| • Menzies St John Ambulance Sub Centre | Financial Support |
| • Tjuntjuntjara Community | Financial Support |
| • Menzies Aboriginal Corporation | Financial Support |

STATUTORY COMPLIANCE

Public Participation

Members of the public have a number of opportunities to put forward their views on particular items before Council. These are:

Deputations - Any member of the public can address the Council personally, or on behalf of another person or organisation. This opportunity is afforded at each meeting of Council.

Submissions - Some development applications do not require specific or special approval of Council. However, where special approval is required, residents are notified by advertising in local newspapers, and in some instances, they may also be notified individually by the Council or the developer.

When an application is publicly advertised, residents have the opportunity to make written submission to the Council expressing their views regarding the application.

Petitions - Written petitions can be addressed to the Council on any issue within the Council's jurisdiction. It is a good idea to advise your ward Councillor, who can familiarise themselves with the petition and refer it to the appropriate person.



Additional Community Services *continued*

Written requests - A member of the public can write to Council on any Council policy, activity or service.

Elected members - Members of the public can contact any of the Councillors to discuss any issue relevant to Council.

Access to Council Documents

The following documents are available for inspection at the Council Administration Office and the Town Library free of charge. Copies of the documents can be made available, although some will incur a charge to cover the cost of photocopying. The *Local Government Act 1995* does stipulate minimum requirements for documents to be made available for public inspection, and these include:

- Minutes and Agenda of Council and Committee Meetings
- General Policy Manual Annual Budgets Annual Report
- Annual Financial Statements
- Council Local Laws (*By laws*)
- Town Planning Scheme
- Town Planning Policy Manual
- Financial Interest Register

Requests for other information will be considered in accordance with the requirements of the *Freedom of Information Act* and the *Local Government Act 1995*. Under the FOI Act, an application fee and search fee must be submitted with the completed request form, unless the information is of a personal nature, or an exemption is granted.

Complaints

During 2015/2016 there were no complaints registered.





Disclosure of Annual Salaries in Annual Report

The Department of Local Government has made legislative amendments to require the annual report of a local government for a financial year to contain information on the number of employees and the amount of salary of employees entitled to an annual salary of \$100,000 or more.

Salary Band	Number of Employees
\$100,000—\$110,000	
\$110,000—\$120,000	
\$120,000—\$130,000	1
\$130,000—\$140,000	
\$140,000—\$150,000	1

INTEGRATED STRATEGIC PLANNING

1. Legislation Review

All local governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

Where necessary Clause 7 legislation review principles will be complied with and the Shire of Menzies remains committed to reviewing its existing local laws, as well as proposed local laws.

2. Disability Services Plan

Council adopted the Disability Access and Inclusion Plan 2013 -2018 on 29 August 2013 and submitted a progress report to the Disability Services Commission on 2 July 2016.



Disability Services Plan *continued*

The Shire of Menzies: -

- Recognises that people with disability are valued members of the community who make a variety of contributions to local social, economic and cultural life;
- Believes that a community that recognises its diversity and supports the participation and inclusion of all of its members makes for a richer community life;
- Believes that people with disability, their families and carers should be supported to remain in the community;
- Is committed to consulting with people with disability, their families and carers and disability organisations in addressing barriers to access and inclusion;
- Will ensure any agents or contractors delivering services on behalf of the Shire, work towards the desired outcomes in the Disability Access Inclusion Plan;
- Is committed to supporting local community groups and businesses to provide access and inclusion of people with disability; and
- Is committed to achieving the desired outcomes of its Disability Access Inclusion Plan.

These outcomes are:-

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.





Disability Services Plan *continued*

4. People with disability receive the same level and quality of service from the staff of the relevant public authority.
5. People with disability have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

Copies of the current Disability Access and Inclusion Plan are available from the Shire Administration Office and on the Shire of Menzies website at www.menzies.wa.gov.au

Freedom of Information Statement

This information statement is published in accordance with the *Freedom of Information Act 1992*.

Council

Council's affairs are managed by 7 people elected from the community and representing two wards. The Council acts as a community board, establishing policies and making decisions within the requirements of the *Local Government Act 1995* on a wide range of issues affecting the community, and in keeping with the legislative requirements to:

- Determine policies to be applied by Council in exercising its discretionary powers;
- Determine the type, range and scope of projects to be undertaken by Council; and
- Develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of Council.



Council continued

Ordinary meetings of Council are held on the last Thursday of each month commencing at 1pm. Members of the public are welcome to attend.

Plans for the Future

Consistent and pursuant to section 5.53(2)(e) of the *Local Government Act 1995*, Council is required to provide an overview of the Plan for the Future of the district, including any major initiatives that are proposed to commence or to continue in the next financial year.

The Integrated Planning & Reporting Framework for the Shire of Menzies includes the following separate components -

- A ten year Strategic Community Plan (SCP)
- A four year Corporate Business Plan (CBP)
- A Workforce Plan
- The Asset Management Framework

The Strategic Community Plan and Corporate Business Plan were reviewed and adopted by Council at their meeting on 25 June 2015.

General Overview

1. Housing

Renewal and maintenance programs continue to be undertaken on an annual basis. As there is a notable shortage of houses available for rent, shire housing provides a significant benefit in attracting shire staff to our community. Landscaping commenced at the two units in Shenton Street, sheds and water tanks were installed at four houses.





General Overview *continued*

2. Road Infrastructure

The Shire has continued to upgrade and maintain the road network with the use of contractors and staff. A major project undertaken was the sealing of a further seven kilometres of Menzies North West Road at a cost of \$1.6m. Progressing our future planning to provide a safer road to our popular tourist attraction, Lake Ballard.

- Re-sheeting of two sections of Kookynie Road was completed at a cost of \$195,000.
- Kensington Street was sealed with plans to add a footpath in the 2016/2017 year
- Other roads were maintained to a high standard, providing safer roads in our shire.
- Road funding was received from Roads to Recovery, and Main Roads Western Australia.

Significant Road Expenditure

Yarri Road	\$215,000
Evanston Menzies Road	\$79,000
Menzies North West Road	\$140,000

3. Plant Acquisition

Regular plant replacement is an important aspect of the Shire's asset protection component and this was achieved during the year. This provides the best returns on the sale of plant and the most up-to-date machinery is available to undertake works. This year the CAT roller, Hino truck and the Chief Executive Officer vehicles were traded for a new pedestrian roller, HAMM smooth drum roller, Hino truck and Chief Executive Officer vehicle. Additionally an accommodation trailer was purchased and customised to facilitate remote area maintenance grading.



General Overview continued

4. War Memorial

The war memorial has been completed with the addition of two black granite plinths of WW1 and WW2 Roll of Honour inscribed with the names of local men and women who served and some gave their lives for our country. A bust of James Brennan has been added as well as a mural painted on the north wall of the Shire administration building (*behind the War Memorial*) depicting soldiers taking a break in the battlefield.

The war memorial is popular with the tourists and locals and is an important place to remember our fallen men and women

5. Caravan Park Upgrade

Increasing numbers are using the Caravan Park, and we continue to upgrade the facilities and plant trees. These amenities are maintained to a high standard which is appreciated by permanent residents and the travelling public.

6. Toilets

Additional toilets were built at a cost of \$47,000 and are attached to the Town Hall.

7. Lake Ballard

The development of this significant site is ongoing. Road-works on the Menzies NW Road have improved access to the site making it safer for the touring public and other regular road users

8. Menzies Water Park

The park, dedicated to Mrs Janet Mazza who was the Menzies Nursing Sister for 14 years, has had solar powered lights installed. This addition will allow extended use of the facility on hot evenings.



General Overview continued



9. Street Lights

The street lights were retro-fitted with new LED lighting. Installed by Horizon Power the new lights offer a significant increase in energy efficiency and a reduction in the costs of street light maintenance. Funded by Royalties for Regions in conjunction with Goldfields Voluntary Regional Organisation of Councils and a Horizon Power rebate of \$5000.

10. Plant Acquisition

Solar panels were installed on the roof of the Shire administration building. Excess power will go back into the grid reducing our electricity costs in administration. Cost \$142,000. This was funded by a Royalties for Regions grant to Goldfields Voluntary Regional Organisation of Councils.

11. Airstrips

The airstrips at Menzies and Kookynie were relicensed, maintained and upgraded with the grading of the surface, and installation of the airfield furniture.

Proposed Initiatives to Commence or Continue into the Next Year

The furtherance of the above eleven listed projects will continue into the next financial year as these are on-going projects together with the proposed developments planned for the next financial year as listed:

- Restoration of Historic Buildings
- Main Street Upgrade - Planting
- Menzies Youth Centre





**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

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SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
40 Shenton Street
Menzies WA 6436

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

16

day of

December

2016



Rhonda Evans
Chief Executive Officer

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	2,571,991	2,838,081	2,850,046
Operating grants, subsidies and contributions	30	1,465,584	3,899,669	4,365,790
Fees and charges	29	116,468	145,913	129,937
Interest earnings	2(a)	262,005	160,000	210,908
Other revenue	2(a)	169,984	89,326	88,333
		<u>4,586,032</u>	<u>7,132,989</u>	<u>7,645,014</u>
Expenses				
Employee costs		(1,535,811)	(1,852,878)	(1,780,854)
Materials and contracts		(1,810,806)	(4,115,999)	(1,720,168)
Utility charges		(95,441)	(79,648)	(103,392)
Depreciation on non-current assets	2(a)	(2,532,919)	(3,270,269)	(2,706,544)
Insurance expenses		(148,449)	(161,000)	(128,956)
Other expenditure		(299,032)	(50,000)	(147,641)
		<u>(6,422,458)</u>	<u>(9,529,794)</u>	<u>(6,587,555)</u>
		(1,836,426)	(2,396,805)	1,057,459
Non-operating grants, subsidies and contributions	30	2,824,939	1,756,263	1,688,986
Profit on asset disposals	21	8,824	3,333	0
(Loss) on asset disposals	21	(9,846)	0	(44,451)
Net result		<u>987,491</u>	<u>(637,209)</u>	<u>2,701,994</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(21,610)	0	46,391,051
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>46,391,051</u>
Total comprehensive income		<u><u>965,881</u></u>	<u><u>(637,209)</u></u>	<u><u>49,093,045</u></u>

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

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		16,959	2,500	3,424
General purpose funding		4,153,169	4,216,507	6,819,123
Law, order, public safety		10,953	7,117	11,045
Health		0	500	0
Housing		56,741	57,508	539,689
Community amenities		7,085	6,350	6,345
Recreation and culture		20,177	22,125	669
Transport		1,734	2,569,562	957
Economic services		238,333	209,620	223,850
Other property and services		80,881	41,200	39,912
		<u>4,586,032</u>	<u>7,132,989</u>	<u>7,645,014</u>
Expenses	2(a)			
Governance		(646,670)	(736,405)	(605,124)
General purpose funding		(296,540)	(294,613)	(191,872)
Law, order, public safety		(109,439)	(178,333)	(125,663)
Health		(44,273)	(183,348)	(26,149)
Education and welfare		(8,000)	(9,500)	0
Housing		(162,694)	(136,916)	(96,972)
Community amenities		(96,147)	(129,578)	(134,824)
Recreation and culture		(259,331)	(430,462)	(300,111)
Transport		(3,806,610)	(6,154,051)	(3,731,699)
Economic services		(1,071,609)	(1,271,589)	(1,210,316)
Other property and services		78,855	(4,999)	(164,825)
		<u>(6,422,458)</u>	<u>(9,529,794)</u>	<u>(6,587,555)</u>
		<u>(1,836,426)</u>	<u>(2,396,805)</u>	<u>1,057,459</u>
Non-operating grants, subsidies and contributions	30	2,824,939	1,756,263	1,688,986
Profit on disposal of assets	21	8,824	3,333	0
(Loss) on disposal of assets	21	(9,846)	0	(44,451)
Net result		<u>987,491</u>	<u>(637,209)</u>	<u>2,701,994</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(21,610)	0	46,391,051
Total other comprehensive income		<u>(21,610)</u>	<u>0</u>	<u>46,391,051</u>
Total comprehensive income		<u>965,881</u>	<u>(637,209)</u>	<u>49,093,045</u>

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

SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,296,478	5,887,882
Trade and other receivables	4	1,801,663	1,193,754
Inventories	5	7,203	3,364
TOTAL CURRENT ASSETS		<u>7,105,344</u>	<u>7,085,000</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	9,420,043	9,568,956
Infrastructure	7	118,080,667	116,997,931
TOTAL NON-CURRENT ASSETS		<u>127,500,710</u>	<u>126,566,887</u>
TOTAL ASSETS		<u>134,606,054</u>	<u>133,651,887</u>
CURRENT LIABILITIES			
Trade and other payables	8	627,536	506,452
Provisions	9	78,275	166,957
TOTAL CURRENT LIABILITIES		<u>705,811</u>	<u>673,409</u>
NON-CURRENT LIABILITIES			
Provisions	9	44,240	39,568
TOTAL NON-CURRENT LIABILITIES		<u>44,240</u>	<u>39,568</u>
TOTAL LIABILITIES		<u>750,051</u>	<u>712,977</u>
NET ASSETS		<u>133,856,003</u>	<u>132,938,910</u>
EQUITY			
Retained surplus		15,404,408	14,514,016
Reserves - cash backed	12	2,666,393	2,590,905
Revaluation surplus	13	115,785,201	115,833,989
TOTAL EQUITY		<u>133,856,002</u>	<u>132,938,910</u>

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

**SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		11,846,765	2,556,161	69,442,938	83,845,865
Comprehensive income					
Net result		2,701,994	0	0	2,701,994
Changes on revaluation of assets	13	0	0	46,391,051	46,391,051
Total comprehensive income		<u>2,701,994</u>	<u>0</u>	<u>46,391,051</u>	<u>49,093,045</u>
Transfers from/(to) reserves		(34,744)	34,744	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		14,514,016	2,590,905	115,833,989	132,938,910
Comprehensive income					
Net result		987,491	0	0	987,491
Changes on revaluation of assets	13	(21,610)	0	(48,788)	(70,398)
Total comprehensive income		<u>965,881</u>	<u>0</u>	<u>(48,788)</u>	<u>917,093</u>
Transfers from/(to) reserves		(75,487)	75,487	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		<u>15,404,410</u>	<u>2,666,392</u>	<u>115,785,201</u>	<u>133,856,003</u>

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

**SHIRE OF MENZIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,868,441	2,788,081	2,589,826
Operating grants, subsidies and contributions		638,620	3,899,669	4,213,417
Fees and charges		116,468	145,913	129,937
Interest earnings		262,005	160,000	215,296
Goods and services tax		87,115	172,963	431,232
Other revenue		169,984	89,325	88,336
		<u>4,142,633</u>	<u>7,255,951</u>	<u>7,668,044</u>
Payments				
Employee costs		(1,668,278)	(1,852,878)	(1,733,060)
Materials and contracts		(1,645,104)	(1,946,458)	(1,866,660)
Utility charges		(95,441)	(79,648)	(103,392)
Insurance expenses		(148,449)	(161,000)	(128,956)
Goods and services tax		(164,510)	(172,963)	(349,522)
Other expenditure		(299,032)	0	(147,643)
		<u>(4,020,814)</u>	<u>(4,212,947)</u>	<u>(4,329,233)</u>
Net cash provided by (used in) operating activities	14(b)	<u>121,819</u>	<u>3,043,004</u>	<u>3,338,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(694,772)	(1,456,856)	(854,750)
Payments for construction of infrastructure		(2,939,307)	(3,822,795)	(2,043,700)
Non-operating grants, subsidies and contributions		2,824,939	1,756,263	1,688,986
Proceeds from sale of fixed assets		95,917	93,003	62,250
Net cash provided by (used in) investment activities		<u>(713,223)</u>	<u>(3,430,385)</u>	<u>(1,147,214)</u>
Net increase (decrease) in cash held		(591,404)	(387,381)	2,191,597
Cash at beginning of year		5,887,882	4,650,142	3,696,285
Cash and cash equivalents at the end of the year	14(a)	<u><u>5,296,478</u></u>	<u><u>4,262,761</u></u>	<u><u>5,887,882</u></u>

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

**SHIRE OF MENZIES
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		3,987,643	4,225,446	1,489,536
		<u>3,987,643</u>	<u>4,225,446</u>	<u>1,489,536</u>
Revenue from operating activities (excluding rates)				
Governance		16,959	2,500	3,424
General purpose funding		1,581,178	1,378,426	3,969,077
Law, order, public safety		10,953	7,117	11,045
Health		0	500	0
Housing		56,743	62,172	539,689
Community amenities		7,085	6,350	6,345
Recreation and culture		20,177	22,125	669
Transport		4,483	2,569,562	957
Economic services		238,333	209,620	223,850
Other property and services		86,954	43,200	39,912
		<u>2,022,865</u>	<u>4,301,572</u>	<u>4,794,968</u>
Expenditure from operating activities				
Governance		(646,670)	(736,405)	(605,124)
General purpose funding		(296,540)	(294,613)	(191,872)
Law, order, public safety		(109,439)	(178,333)	(125,663)
Health		(44,273)	(183,348)	(26,149)
Education and welfare		(8,000)	(9,500)	0
Housing		(162,694)	(136,916)	(96,972)
Community amenities		(96,147)	(129,578)	(134,824)
Recreation and culture		(259,331)	(430,462)	(300,111)
Transport		(3,811,374)	(6,154,051)	(3,776,150)
Economic services		(1,076,691)	(1,271,589)	(1,210,316)
Other property and services		78,855	(4,999)	(164,825)
		<u>(6,432,304)</u>	<u>(9,529,794)</u>	<u>(6,632,006)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(8,824)	(3,333)	0
Loss on disposal of assets	21	9,846	0	44,451
Movement in employee benefit provisions (non-current)		(84,010)	0	(83,938)
Depreciation and amortisation on assets	2(a)	2,532,919	3,270,269	2,706,544
Amount attributable to operating activities		<u>2,028,135</u>	<u>2,264,160</u>	<u>2,319,555</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,824,939	1,756,263	1,688,986
Proceeds from disposal of assets	21	95,917	93,003	62,250
Purchase of property, plant and equipment	6(b)	(694,772)	(1,456,856)	(854,750)
Purchase and construction of infrastructure	7(b)	(2,939,307)	(3,822,795)	(2,043,700)
Amount attributable to investing activities		<u>(713,223)</u>	<u>(3,430,385)</u>	<u>(1,147,214)</u>
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	12	(75,487)	(1,671,856)	(399,383)
Transfers from reserves (restricted assets)	12	0	0	364,639
Amount attributable to financing activities		<u>(75,487)</u>	<u>(1,671,856)</u>	<u>(34,744)</u>
Surplus(deficiency) before general rates		<u>1,239,425</u>	<u>(2,838,081)</u>	<u>1,137,597</u>
Total amount raised from general rates	23	<u>2,571,991</u>	<u>2,838,081</u>	<u>2,850,046</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>3,811,416</u></u>	<u><u>0</u></u>	<u><u>3,987,643</u></u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) 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.

(c) Cash and Cash Equivalents

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	5%
Furniture and equipment	10%
Plant and equipment - Heavy	15%
Plant and equipment - Sundry	25%
Electronic Equipment	25%
Tools	20%
Infrastructure - Roads	4%
Infrastructure - Floodways	8%
Infrastructure - Other	2%
Infrastructure - Grids	4%

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.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) 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.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) Superannuation

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2018	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	27,462	36,557
- Other services	0	0
Depreciation		
Buildings - non-specialised	249,259	239,119
Furniture and equipment	5,802	4,716
Plant and equipment	421,287	393,682
Infrastructure - roads	1,777,811	2,009,834
Infrastructure - parks and ovals	4,440	4,445
Infrastructure - other	74,320	54,748
	<u>2,532,919</u>	<u>2,706,544</u>
Rental charges		
- Operating leases	33,993	25,422
	<u>33,993</u>	<u>25,422</u>
(ii) Crediting as revenue:		
Significant revenue		
Early Payment of Federal Assistance Grant	0	1,267,836
	<u>0</u>	<u>1,267,836</u>
Other revenue		
Reimbursements and recoveries	39,023	36,240
Other	130,961	52,093
	<u>169,984</u>	<u>88,333</u>
	<u>169,984</u>	<u>88,333</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	75,487	99,383
- Other funds	67,098	45,919
Other interest revenue (refer note 28)	119,420	65,606
	<u>262,005</u>	<u>210,908</u>
	<u>262,005</u>	<u>210,908</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

The reporting of the Shire's general rating income and the recognition of the Western Australian Grants Commission payment together with interest on investments and costs associated with the collection of funds.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Expenditure to assist in the education of the children and youth within the Shire.

HOUSING

Objective:

To provide and maintain housing.

Activities:

Income and expenditure associated with the provision of housing to staff and others.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

The reporting of income and expenditure associated with the Town Hall, library and recreation area, oval and reserves operated by Council.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, grids, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting and the maintenance of the Council's airstrips.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

The reporting on income and expenditure including the operation of Council's caravan park and administration of the Building Code of Australia,

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Involves the expenditure and allocation of employee overheads and plant costs. Also included is the accounting for private works, salary and wages reconciliation and other incomes and expenditures not included elsewhere.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received	Expended	Closing	Received	Expended	Closing
Grant/Contribution	Function/ Activity	Balance⁽¹⁾	2014/15	2014/15	Balance⁽¹⁾	2015/16	2015/16	Balance
		1/07/14	2014/15	2014/15	30/06/15	2015/16	2015/16	30/06/16
		\$	\$	\$	\$	\$	\$	\$
Office of Premier and Cabinet	Community Amenities	10,000	0	0	10,000	0	(10,000)	0
Roads to Recovery	Transport	0	379,500	(228,849)	150,651	1,177,771	(987,308)	341,114
DFES Operating Grant	Law, Order & Public Safety	0	0	0	0	8,080	(4,893)	3,187
Tjuntjunjarra Access Road	Transport	0	0	0	0	61,200	0	61,200
Total		10,000	379,500	(228,849)	160,651	1,247,051	(1,002,201)	405,501

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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,224,585	3,136,326
Restricted		3,071,893	2,751,556
		<u>5,296,478</u>	<u>5,887,882</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	187,871	182,552
Plant reserve	12	493,515	476,743
Building reserve	12	748,724	730,328
TV reserve	12	16,389	14,912
Main street reserve	12	193,332	187,859
Staff amenities reserve	12	69,225	67,265
Roads reserve	12	164,020	160,395
Caravan park reserve	12	309,195	300,436
Rates future claims reserve	12	46,442	43,916
Bitumen resealing reserve	12	203,608	199,055
Niagara Dam reserve	12	123,061	119,577
Waterpark reserve	12	111,010	107,867
Unspent grants	2(c)	405,501	160,651
		<u>3,071,893</u>	<u>2,751,556</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	628,831	925,281
Sundry debtors	1,040,166	333,554
GST receivable	212,314	134,919
Provision for Doubtful Debts	(99,540)	(200,000)
Other Receivables	19,892	0
	<u>1,801,663</u>	<u>1,193,754</u>
5. INVENTORIES		
Current		
Fuel and materials	<u>7,203</u>	<u>3,364</u>
	<u>7,203</u>	<u>3,364</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	649,200	660,200
- Additions after valuation - cost	23,061	0
	<u>672,261</u>	<u>660,200</u>
	<u>672,261</u>	<u>660,200</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2/3	6,559,872	6,680,872
- Additions after valuation - cost	1,041,340	586,591
Less: accumulated depreciation	<u>(488,379)</u>	<u>(239,119)</u>
	<u>7,112,833</u>	<u>7,028,344</u>
	<u>7,112,833</u>	<u>7,028,344</u>
Total land and buildings	<u>7,785,094</u>	<u>7,688,544</u>
Furniture and equipment at:		
- Independent valuation 2014 - level 3	0	29,000
- Additions after valuation - cost	0	13,099
- Management valuation 2016 - level 3	27,000	0
Less accumulated depreciation	<u>0</u>	<u>(4,716)</u>
	<u>27,000</u>	<u>37,383</u>
Plant and equipment at:		
- Independent valuation 2014 - level 2	0	1,881,150
- Management valuation 2014 - level 3	0	93,831
- Management valuation 2016 - level 3	1,607,949	0
- Additions after valuation - cost	0	255,060
Less accumulated depreciation	<u>0</u>	<u>(387,012)</u>
	<u>1,607,949</u>	<u>1,843,029</u>
	<u>9,420,043</u>	<u>9,568,956</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	660,200	23,061	(11,000)	0			0		672,261
Total land	<u>660,200</u>	<u>23,061</u>	<u>(11,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>672,261</u>
Buildings - non-specialised	7,028,344	333,748	0	0	0	0	(249,259)	0	7,112,833
Total buildings	<u>7,028,344</u>	<u>333,748</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(249,259)</u>	<u>0</u>	<u>7,112,833</u>
Total land and buildings	<u>7,688,544</u>	<u>356,809</u>	<u>(11,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(249,259)</u>	<u>0</u>	<u>7,785,094</u>
Furniture and equipment	37,383	18,496	0	(1,467)	(21,610)	0	(5,802)	0	27,000
Plant and equipment	1,843,029	319,467	(85,939)	(47,321)	0	0	(421,287)	0	1,607,949
Total property, plant and equipment	<u>9,568,956</u>	<u>694,772</u>	<u>(96,939)</u>	<u>(48,788)</u>	<u>(21,610)</u>	<u>0</u>	<u>(676,348)</u>	<u>0</u>	<u>9,420,043</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2014	Price per hectare / market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent valuer valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Independent valuation 2015 - level 3	144,065,666	144,065,666
- Cost	2,845,297	0
Less accumulated depreciation	<u>(31,852,946)</u>	<u>(30,075,135)</u>
	<u>115,058,017</u>	<u>113,990,531</u>
Infrastructure - parks and ovals		
- Independent valuation 2014 - level 3	222,000	222,000
Less accumulated depreciation	<u>(8,885)</u>	<u>(4,445)</u>
	<u>213,115</u>	<u>217,555</u>
Infrastructure - other		
- Independent valuation 2014 - level 3	1,795,100	1,795,100
- Management valuation 2014 - level 3	389,203	389,203
- Additions after valuation - cost	740,710	0
- User defined	13,590	660,290
Less accumulated depreciation	<u>(129,068)</u>	<u>(54,748)</u>
	<u>2,809,535</u>	<u>2,789,845</u>
	<u><u>118,080,667</u></u>	<u><u>116,997,931</u></u>

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

Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$
Infrastructure - roads	113,990,531	2,845,297	0	0	(1,777,811)	115,058,017
Infrastructure - parks and ovals	217,555	0	0	0	(4,440)	213,115
Infrastructure - other	2,789,845	94,010	0	0	(74,320)	2,809,535
Total infrastructure	<u>116,997,931</u>	<u>2,939,307</u>	<u>0</u>	<u>0</u>	<u>(1,856,571)</u>	<u>118,080,667</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	487,294	114,637
Accrued salaries and wages	30,293	57,259
ATO liabilities	33,996	55,487
Rates future credit liability	26,321	138,111
Other payables	49,632	140,958
	<u>627,536</u>	<u>506,452</u>

8. LONG-TERM BORROWINGS

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

9. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	129,154	37,803	166,957
Non-current provisions	0	39,568	39,568
	<u>129,154</u>	<u>77,371</u>	<u>206,525</u>
Additional provision	71,701	36,959	108,660
Amounts used	(141,115)	(51,555)	(192,670)
Balance at 30 June 2016	<u>59,740</u>	<u>62,775</u>	<u>122,515</u>
Comprises			
Current	59,740	18,535	78,275
Non-current	0	44,240	44,240
	<u>59,740</u>	<u>62,775</u>	<u>122,515</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	182,552	5,319	0	187,871	182,552	6,341	0	188,893	175,720	6,832	0	182,552
Plant reserve	476,743	16,772	0	493,515	665,689	23,124	0	688,813	521,121	320,261	(364,639)	476,743
Building reserve	730,328	18,396	0	748,724	541,383	518,806	0	1,060,189	702,996	27,332	0	730,328
TV reserve	14,912	1,477	0	16,389	160,395	5,572	0	165,967	14,354	558	0	14,912
Main street reserve	187,859	5,473	0	193,332	187,859	194,525	0	382,384	180,828	7,031	0	187,859
Staff amenities reserve	67,265	1,960	0	69,225	67,264	6,194	0	73,458	64,748	2,517	0	67,265
Roads reserve	160,395	3,625	0	164,020	14,911	300,518	0	315,429	154,392	6,003	0	160,395
Caravan park reserve	300,436	8,759	0	309,195	300,436	10,436	0	310,872	289,192	11,244	0	300,436
Rates future claims reserve	43,916	2,526	0	46,442	199,054	6,915	0	205,969	42,272	1,644	0	43,916
Bitumen resealing reserve	199,055	4,553	0	203,608	43,916	401,526	0	445,442	191,605	7,450	0	199,055
Niagara Dam reserve	119,577	3,484	0	123,061	119,576	94,155	0	213,731	115,102	4,475	0	119,577
Waterpark reserve	107,867	3,143	0	111,010	107,870	103,744	0	211,614	103,831	4,036	0	107,867
	<u>2,590,905</u>	<u>75,487</u>	<u>0</u>	<u>2,666,392</u>	<u>2,590,905</u>	<u>1,671,856</u>	<u>0</u>	<u>4,262,761</u>	<u>2,556,161</u>	<u>399,383</u>	<u>(364,639)</u>	<u>2,590,905</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve	Perpetual	To be used to fund annual and long service leave requirements.
Plant reserve	Perpetual	To be used for the purchase of major plant.
Building reserve	Perpetual	To be used for the acquisition of future buildings and renovation of existing buildings.
TV reserve	Perpetual	To be used to fund upgrades to the rebroadcasting equipment.
Main street reserve	Perpetual	To be used to fund major road works.
Staff amenities reserve	Perpetual	Established for the beautification of the main street.
Roads reserve	Perpetual	Established for the purpose of providing staff housing and amenities.
Caravan park reserve	Perpetual	Established for the purpose of providing of upgrading the caravan park.
Rates future claims reserve	Perpetual	Established for future rates claims.
Bitumen resealing reserve	Perpetual	Established to fund future resealing of roads.
Niagara Dam reserve	Perpetual	Established for ongoing upgrade of Niagara Dam valve workings and other maintenance.
Waterpark reserve	Perpetual	Established to provide a waterpark.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land	668,704	0	0	0	668,704	668,704	0	0	0	668,704
Plant and equipment	750,763	0	47,321	(47,321)	703,442	750,763	0	0	0	750,763
Roads	110,578,599	0	0	0	110,578,599	64,187,548	46,391,051	0	46,391,051	110,578,599
Other infrastructure	183,927	0	0	0	183,927	183,927	0	0	0	183,927
Furniture and equipment	1,467	0	1,467	(1,467)	0	1,467	0	0	0	1,467
Buildings	3,650,529	0	0	0	3,650,529	3,650,529	0	0	0	3,650,529
	<u>115,833,989</u>	<u>0</u>	<u>48,788</u>	<u>(48,788)</u>	<u>115,785,201</u>	<u>69,442,938</u>	<u>46,391,051</u>	<u>0</u>	<u>46,391,051</u>	<u>115,833,989</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>5,296,478</u>	<u>4,262,761</u>	<u>5,887,882</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	987,491	(637,209)	2,701,994
Non-cash flows in Net result:			
Depreciation	2,532,919	3,270,269	2,706,544
(Profit)/Loss on sale of asset	1,022	(3,333)	44,451
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(607,909)	1,828,605	(460,224)
(Increase)/Decrease in inventories	(3,839)	2,024	1,223
Increase/(Decrease) in payables	121,084	338,911	(43,275)
Increase/(Decrease) in provisions	(84,010)	0	77,084
Grants contributions for the development of assets	<u>(2,824,939)</u>	<u>(1,756,263)</u>	<u>(1,688,986)</u>
Net cash from operating activities	<u>121,819</u>	<u>3,043,004</u>	<u>3,338,811</u>
(c) Undrawn Borrowing Facilities			
	2016		2015
	\$		\$
Credit Standby Arrangements			
Bank overdraft limit	0		0
Bank overdraft at balance date	0		0
Credit card limit	25,000		35,000
Credit card balance at balance date	<u>(20,599)</u>		<u>(972)</u>
Total amount of credit unused	<u>4,401</u>		<u>34,028</u>
Loan facilities			
Loan facilities - current	0		0
Loan facilities - non-current	<u>0</u>		<u>0</u>
Total facilities in use at balance date	<u>0</u>		<u>0</u>
Unused loan facilities at balance date	<u>0</u>		<u>0</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

15. CONTINGENT LIABILITIES

The Shire of Menzies has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination:

Memorial M995306 ML, Lot 8 on Plan 222795 as shown on certificate of title 1096/558 known as 50 Shenton St, Menzies WA 6436.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DER guidelines.

16. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	2,976	32,183
- later than one year but not later than five years	0	2,976
- later than five years	0	0
	2,976	35,159

The operating leases relate to the lease of the Golden Quest Vehicle.

Council has a number of leases for staff housing, but these are cancellable and can be terminated by either party. Note 2(b)(i) also includes the expenditure for the housing leases.

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	0	548,345
- plant & equipment purchases	173,000	0
Payable:		
- not later than one year	173,000	0

The capital expenditure project outstanding at the end of the 2015 reporting period represents the construction of public toilets near the basketball courts, Menzies.

The capital expenditure project outstanding at the end of the 2016 reporting period represents commitment to purchase a new rubbish truck.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

17. JOINT VENTURE ARRANGEMENTS

The Shire, together with the Shires of Coolgardie, Dundas, Esperance, Laverton, Ngaanyatjaraku, Ravensthorpe, Wiluna and the City of Kalgoorlie-Boulder have a joint venture arrangement with regard to the provision of a Regional Records Service. The assets included in the joint venture recorded in Council's asset register as one-tenth share are as follows:

	2016	2015
	\$	\$
Non-current assets		
Land and Buildings		
Land and buildings	74,688	74,688
Less: accumulated depreciation	<u>(10,846)</u>	<u>(7,293)</u>
	<u>63,842</u>	<u>67,395</u>
Plant and Equipment		
Plant and machinery	4,182	8,247
Less: accumulated depreciation	<u>0</u>	<u>(2,968)</u>
	<u>4,182</u>	<u>5,279</u>
Light vehicles	3,200	3,549
Less: accumulated depreciation	<u>0</u>	<u>(1,084)</u>
	<u>3,200</u>	<u>2,465</u>
Furniture and equipment	8,204	12,109
Less: accumulated depreciation	<u>0</u>	<u>(2,517)</u>
	<u>8,204</u>	<u>9,592</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	11,569	13,099
General purpose funding	729,291	7,085,000
Law, order, public safety	163,644	217,555
Housing	2,859,322	3,166,983
Community amenities	690,207	508,733
Recreation and culture	2,656,574	4,532,000
Transport	114,162,916	113,990,531
Economic services	3,255,991	2,269,543
Other property and services	1,079,738	1,868,443
Unallocated	<u>9,067,200</u>	<u>0</u>
	<u>134,676,452</u>	<u>133,651,887</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	6.43	8.83	3.66
Asset sustainability ratio	1.35	1.05	0.32
Debt service cover ratio	0.00	0.00	0.32
Operating surplus ratio	(0.60)	0.31	(0.15)
Own source revenue coverage ratio	0.47	0.49	0.52

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,267,836.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Operating surplus ratio	(0.19)	(0.08)

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Housing bonds	3,200	0	(1,700)	1,500
Pet Bonds	1,200	0	(1,200)	0
	<u>4,400</u>			<u>1,500</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Community amenities								
Rubbish Truck Hino Dutro 003MN Transport	11,794	14,545	2,751	0	41,072	43,405	2,333	0
Cat Roller P0107	37,491	32,727	0	(4,764)	0	0	0	0
Other property and services								
CEO's Car 4WD	36,654	42,727	6,073	0	48,598	49,598	1,000	0
Land - Vacant Freehold (Level 2)								
Economic services								
Kookynie Lot 30 (60 Britannia)	3,000	1,318		(1,682)	0	0	0	0
Kookynie Lot 30 (60 Britannia)	2,000	1,964		(36)	0	0	0	0
Kookynie Lot 30 (60 Britannia)	3,000	1,318	0	(1,682)	0	0	0	0
Kookynie Lot 30 (60 Britannia)	3,000	1,318	0	(1,682)	0	0	0	0
	<u>96,939</u>	<u>95,917</u>	<u>8,824</u>	<u>(9,846)</u>	<u>89,670</u>	<u>93,003</u>	<u>3,333</u>	<u>0</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire has no borrowings at 30 June 2016.

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire has no overdraft facility at 30 June 2016.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate											
Gross rental value valuations											
GRV Residential	0.07887	28	212,940	16,795	0	0	16,795	13,719	0	0	13,719
GRV Vacant	0.07999	3	15,652	1,252	0	0	1,252	354	0	0	354
Unimproved value valuations											
UV - Pastoral	0.03747	17	728,753	27,306	0	0	27,306	40,007	0	0	40,007
UV - Other	0.07887	0	0	0	0	0	0	1,782	0	0	1,782
UV - Mining Ops	0.14411	245	13,302,283	1,916,992	(258,906)	0	1,658,086	1,809,538	40,000	0	1,849,538
UV - Mining Exploration	0.14205	232	4,135,768	587,486	0	0	587,486	641,468	0	0	641,468
UV - Mining Prospecting	0.13999	227	49,580	68,676	0	0	68,676	69,043	0	0	69,043
Sub-Total		752	18,444,976	2,618,507	(258,906)	0	2,359,601	2,575,911	40,000	0	2,615,911
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV Residential	300	10	9,251	3,000	0	0	3,000	3,900	0	0	3,900
GRV Vacant	300	215	43,915	64,500	0	0	64,500	66,600	0	0	66,600
Unimproved value valuations											
UV - Pastoral	300	9	28,186	2,700	0	0	2,700	2,700	0	0	2,700
UV - Other	300	119	552,800	35,700	0	0	35,700	35,700	0	0	35,700
UV - Mining Ops	300	81	65,144	24,300	0	0	24,300	18,900	0	0	18,900
UV - Mining Exploration	265	139	131,733	36,835	0	0	36,835	44,785	0	0	44,785
UV - Mining Prospecting	235	193	176,338	45,355	0	0	45,355	49,585	0	0	49,585
Sub-Total		766	1,007,367	212,390	0	0	212,390	222,170	0	0	222,170
Totals		1,518	19,452,343	2,830,897	(258,906)	0	2,571,991	2,798,081	40,000	0	2,838,081
							<u>2,571,991</u>				<u>2,838,081</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>3,811,416</u>	<u>3,987,643</u>	<u>3,826,992</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	2,224,585	3,136,326	3,136,326
Restricted	3,071,893	2,751,556	2,751,557
Receivables			
Rates outstanding	628,831	925,281	925,281
Sundry debtors	1,040,166	333,554	333,554
GST receivable	212,314	134,919	0
Provision for Doubtful Debts	(99,540)	(200,000)	(200,000)
Other Receivables	19,892	0	134,919
Inventories			
Fuel and materials	7,203	3,364	3,364
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(487,294)	(114,637)	(114,637)
Accrued salaries and wages	(30,293)	(57,259)	(57,259)
ATO liabilities	(33,996)	(55,487)	(55,487)
Rates future credit liability	(26,321)	(138,111)	(138,111)
Other payables	(49,632)	(140,958)	(140,958)
Provisions			
Provision for annual leave	(59,740)	(129,154)	(129,154)
Provision for long service leave	(18,535)	(37,803)	(37,803)
Unadjusted net current assets	<u>6,399,533</u>	<u>6,411,591</u>	<u>6,411,592</u>
Adjustments			
Less: Reserves - restricted cash	(2,666,392)	(2,590,905)	(2,590,905)
Less: Restricted Cash	0	0	(160,652)
Add: Cash Backed Provision for Leave	78,275	166,957	166,957
Adjusted net current assets - surplus/(deficit)	<u>3,811,416</u>	<u>3,987,643</u>	<u>3,826,992</u>

Difference

There was a difference of \$160,651 between the surplus 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus carried forward position as disclosed in the 2015 audited financial report. The difference relates to the exclusion of unspent grants in the cash surplus.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Rates Discounts

No Discount on rates was offered in 2015/16.

Waivers or Concessions

No waivers or concessions were allowed in 2015/16.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	16-Sep-15			
Option Two				
First Instalment	16-Sep-15			
Second Instalment		5	5.5%	
Option Three				
First Instalment	16-Sep-15			
Second Instalment		5	5.5%	
Third Instalment		5	5.5%	
Fourth Instalment		5	5.5%	
Interest on unpaid rates				11%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	106,026	40,000
Interest on ESL	2,885	0
Interest on instalment plan	10,509	0
Charges on instalment plan	5,544	750
	124,964	40,750

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	275	5,771
Law, order, public safety	64	7,333
Housing	56,743	57,074
Community amenities	6,345	0
Recreation and culture	527	669
Economic services	51,343	58,807
Other property and services	1,171	283
	<u>116,468</u>	<u>129,937</u>

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,312,020	3,752,398
Law, order, public safety	10,890	3,712
Housing	0	482,615
Recreation and culture	19,650	0
Economic services	123,024	116,550
Other property and services	0	10,515
	<u>1,465,584</u>	<u>4,365,790</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	0	277,583
Transport	2,685,177	1,411,403
Other property and services	139,762	0
	<u>2,824,939</u>	<u>1,688,986</u>
	<u>4,290,523</u>	<u>6,054,776</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

16	21
----	----

32. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	73,945	61,010	59,233
President's allowance	12,211	16,395	15,918
Deputy President's allowance	2,623	3,174	3,081
Travelling expenses	33,263	38,257	37,143
Telecommunications allowance	8,712	6,695	6,500
	<u>130,754</u>	<u>125,531</u>	<u>121,875</u>

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,296,478	5,887,882	5,296,478	5,887,882
Receivables	<u>1,801,663</u>	<u>1,193,754</u>	<u>1,801,663</u>	<u>1,193,754</u>
	<u><u>7,098,141</u></u>	<u><u>7,081,636</u></u>	<u><u>7,098,141</u></u>	<u><u>7,081,636</u></u>
Financial liabilities				
Payables	<u>627,536</u>	<u>506,452</u>	<u>627,536</u>	<u>506,452</u>
	<u><u>627,536</u></u>	<u><u>506,452</u></u>	<u><u>627,536</u></u>	<u><u>506,452</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	5,296	5,887
- Statement of Comprehensive Income	5,296	5,887

Notes:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	88%	98%
- Overdue	12%	2%

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	627,536	0	0	627,536	627,536
	<u>627,536</u>	<u>0</u>	<u>0</u>	<u>627,536</u>	<u>627,536</u>
<u>2015</u>					
Payables	506,452	0	0	506,452	506,452
	<u>506,452</u>	<u>0</u>	<u>0</u>	<u>506,452</u>	<u>506,452</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

Council had no borrowings at the end of reporting periods 2015 and 2016.

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF MENZIES

Report on the Financial Report

We have audited the accompanying financial report of Shire of Menzies which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of Shire of Menzies is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 58 of the financial report "Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of the asset consumption ratio and asset renewal funding ratio does not form part of the audited financial report. As a result, we do not express an opinion on management's calculation of these ratios.

Other Matters

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the operating surplus ratio that does not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Perth
Date: 16 December 2016

**SHIRE OF MENZIES
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	1.72	0.99	0.87
Asset renewal funding ratio	0.19	1	0.37

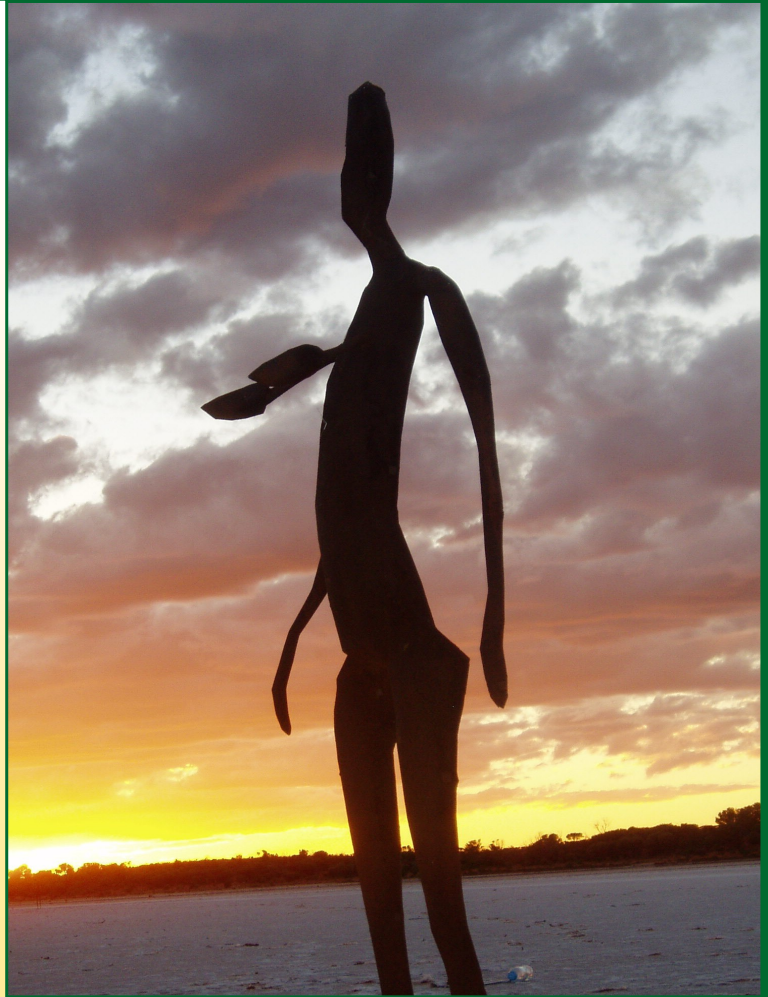
The above ratios are calculated as follows:

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

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ANNUAL REPORT 2015 –2016



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