



SHIRE OF MENZIES

MINUTES

**OF THE SPECIAL MEETING OF COUNCIL
HELD**

Thursday 25 January 2018

Commencing at 1.05pm

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1 DECLARATION OF OPENING

The Shire President declared the meeting open at 1.05pm.

2 ANNOUNCEMENT OF VISITORS

There were no visitors present.

3 RECORD OF ATTENDANCE

Present

Councillors:	Cr G Dwyer	Shire President
	Cr I Tucker	
	Cr J Dwyer	
	Cr K Mader	

Staff	Mrs R Evans	Chief Executive Officer
	Mrs J Taylor	Manager Finance and Administration
	Mrs D Whitehead	Executive Assistant

Apologies	Cr I Baird	Deputy Shire President
	Cr D Hansen	

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 declarations of interest

8 PETITIONS / DEPUTATIONS / PRESENTATIONS

There were no petitions / deputations / presentations

9 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

There was no announcement by presiding member without discussion

10 REPORTS OF OFFICERS

10.1 Budget Timetable for the year ending 30 June 2019

LOCATION:	N/A
APPLICANT:	N/A
DOCUMENT REF:	EDM 052
DISCLOSURE OF INTEREST:	The Author has no interest to disclose
DATE:	8 January 2018
AUTHOR:	Jeanette Taylor, Manager of Finance & Administration
ATTACHMENT:	10.1.1 – Draft Budget Timetable

COUNCIL RESOLUTION:

No.1336

Moved: Cr Jill Dwyer

Seconded: Cr Keith Mader

That Council receive the 2018/2019 budget process and timeline as shown in Attachment 10.1.1.

Carried 4/0

OFFICER RECOMMENDATION:

That Council receive the 2018/2019 budget process and timeline as shown in Attachment 10.1.1.

VOTING REQUIREMENTS:

Simple Majority

IN BRIEF:

A review of the budget process for 2018/2019 has been undertaken. The budget timeline provides a structured approach to the budget process assisting staff and Councillors through clear communications of the anticipated time for each step of the budget.

RELEVANT TO STRATEGIC PLAN:

14.3 Active Civic Leadership achieved

- Regularly monitor and report on the Shire's Activities, budgets, plans and performance.
- Maintain sustainability through leadership, our regional and government partnerships and ensure we make informed resource decisions for our community good.

STATUTORY AUTHORITY: Nil

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

RISK ASSESSMENTS: Nil

BACKGROUND:

The 2017/2018 budget was compiled by the Chief Executive Officer and Manager of Finance using a forecast timeline setting target dates for the completion and/or discussion for the different requirements of the budget. It is proposed that the budget for 2018/2019 will follow the same approach. To achieve this a timetable has been prepared by the Manager Finance.

COMMENT:

The Shire's budget is a complex document encompassing many different business units and a wide range of expenditure and funding issues. Although a detailed knowledge of all its aspects is not required, it is important that the process provides sufficient involvement by Elected Members to allow informed decision making.

The process of understanding and adopting the budget should involve the following:

- A context needs to be provided to set the scene for the budget. This covers both the use of the long term financial plan and the rating strategy.
- There needs to be engagement with elected members to understand and agree strategic priorities
- Time needs to be allowed between the issue of budget papers and their review
- As a matter of good practice, the budget should be adopted by the end of July each year.

SHIRE OF MENZIES
Budget Timetable
2018/2019

Item	Target Date
Review service levels provided by Shire	15/02/2018
Rating Strategy	15/02/2018
Review Long Term Financial Strategic Plan	22/03/2018
Salaries and Wages - Agree workforce and consultants	22/03/2018
Rating Strategy - Adopt	29/03/2018
Adopt Rates in \$	26/04/2018
Confirm Long Term Financial Strategic Plan	26/04/2018
Fees and Charges - Adoption	24/05/2018
Present Draft Budget to Council	21/06/2018
Present Draft Budget for public Consultation	28/06/2018
Adopt Budget	26/07/2018

10.2 Annual Report for year ended 30 June 2017

LOCATION:	N/A
APPLICANT:	N/A
DOCUMENT REF:	FIN.860.1
DISCLOSURE OF INTEREST:	The Author has no interest to disclose
DATE:	2 January 2018
AUTHOR:	Rhonda Evans, Chief Executive Officer
ATTACHMENT:	10.2.1 Annual Report for the year ended 30 June 2017

COUNCIL RESOLUTION:

No.1337

Moved: Cr Jill Dwyer

Seconded: Cr Keith Mader

That Council:

1. Accept the Annual Report for the year ending 30 June 2017
2. Note that there are no matters of significance to address in the Auditor's Report
3. Resolve that the General Meeting of Electors take place at 3pm on Thursday 15 February 2018 at the Menzies Council Chambers, 124 Shenton Street Menzies.

Carried by Absolute Majority 4/0

OFFICER RECOMMENDATION:

That Council:

1. Accept the Annual Report for the year ending 30 June 2017
2. Note that there are no matters of significance to address in the Auditor's Report
3. Resolve that the General Meeting of Electors take place at 3pm on Thursday 15 February 2018 at the Menzies Council Chambers, 124 Shenton Street Menzies.

VOTING REQUIREMENTS:

Absolute Majority

IN BRIEF:

The Annual Financial Report was signed by the Auditor on 21 December 2017. The *Local Government Act 1995* Section 5.54 (2) requires that the Annual report is to be received within two months of the receipt of the Auditor's Report.

RELEVANT TO STRATEGIC PLAN:

- 14.1 Sustainable local economy encouraged*
- 14.2 Strong sense of community maintained*
- 14.3 Active civic leadership achieved*
- 14.4 Heritage & Natural assets conserved*

STATUTORY AUTHORITY:

Local Government Act 1995 Section 5.54 – Acceptance of Annual Report
Local Government Act 1995 Section 5.27 Electors General Meeting

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

RISK ASSESSMENTS:

OP13 Financial and Legal –Council does not comply with statutory reporting requirements and deadlines. – Assessed, deadline met.

BACKGROUND:

The Auditor’s Report for the year ended 30 June 2017 was received on 21 December 2017, and submitted to the Department for Local Government, Sport and cultural Industries on 29 December 2017.

COMMENT:

The Annual Report contains information relating to the year 2016-2017. Of particular importance are the ratios set by the Department of Local government, Sport and Cultural Industries.

The Shire has met minimum standards for most of these, but needs to make a greater commitment to Asset preservation. This is the focus for the current year (2017-2018).

The General Electors Meeting will have facilities for electors to join by both telephone and video links. Details of these will be advertised at the same time as the meeting.

The Annual Report will be available on Council’s website and Facebook and in hardcopy at the Menzies Shire Office and Library.



Shire of Menzies

Annual Report For the year ended 30 June 2017



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COMMUNITY STATISTICS



Shire of Menzies

PO Box 4
Menzies WA 6436

Email: admin@menzies.wa.gov.au

Website: www.menzies.wa.gov.au

Telephone: 08 9024 2041

Population	490 (ABS 2016)
Number of Electors	278
Number of Dwellings	130
Distance from Perth (klm)	730 klm
Area (sq klm)	124,635 square kilometres (48,122 sq mi)
Suburbs and Localities	Kookynie, 6431; Menzies, 6436; Tjuntjuntjarra 6431.
Schools	Menzies Community School Tjuntjuntjara Remote Community School
Length of Sealed Roads (klm)	41.2 klm
Length of Unsealed Road (klm)	2139
Rates Levied	\$2.8m
Total Revenue	\$7.5m
Council Employees	21
Tourist Attractions	Lake Ballard Niagara Dam, Lady Shenton Building Menzies Art Gallery, Goongarrie Cottages Spinifex Art Centre
Local Industries	Gold mining; nickel mining; pastoral;
Significant Local Events	Menzies Cyclastic

SHIRE OF MENZIES



The Shire of Menzies has common borders with the Shires of Yilgarn, Mount Magnet, Sandstone, Leonora, Laverton, Coolgardie and the City of Kalgoorlie-Boulder.

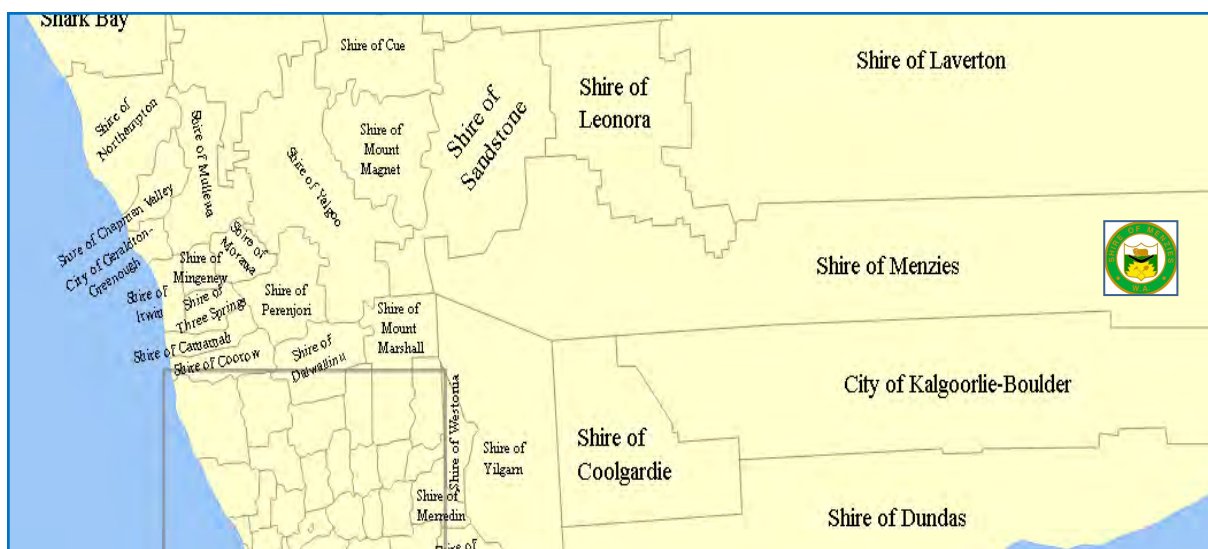
It stretches some 750 kilometres from east to west, and encompasses an area of 124,635 square kilometres.

The two major population centres, of Menzies / Kookynie to the west, and Tjuntjuntjara close to the border with South Australia are separated by a wide area of the country. Within this area a combination of mining and pastoral activities are undertaken.

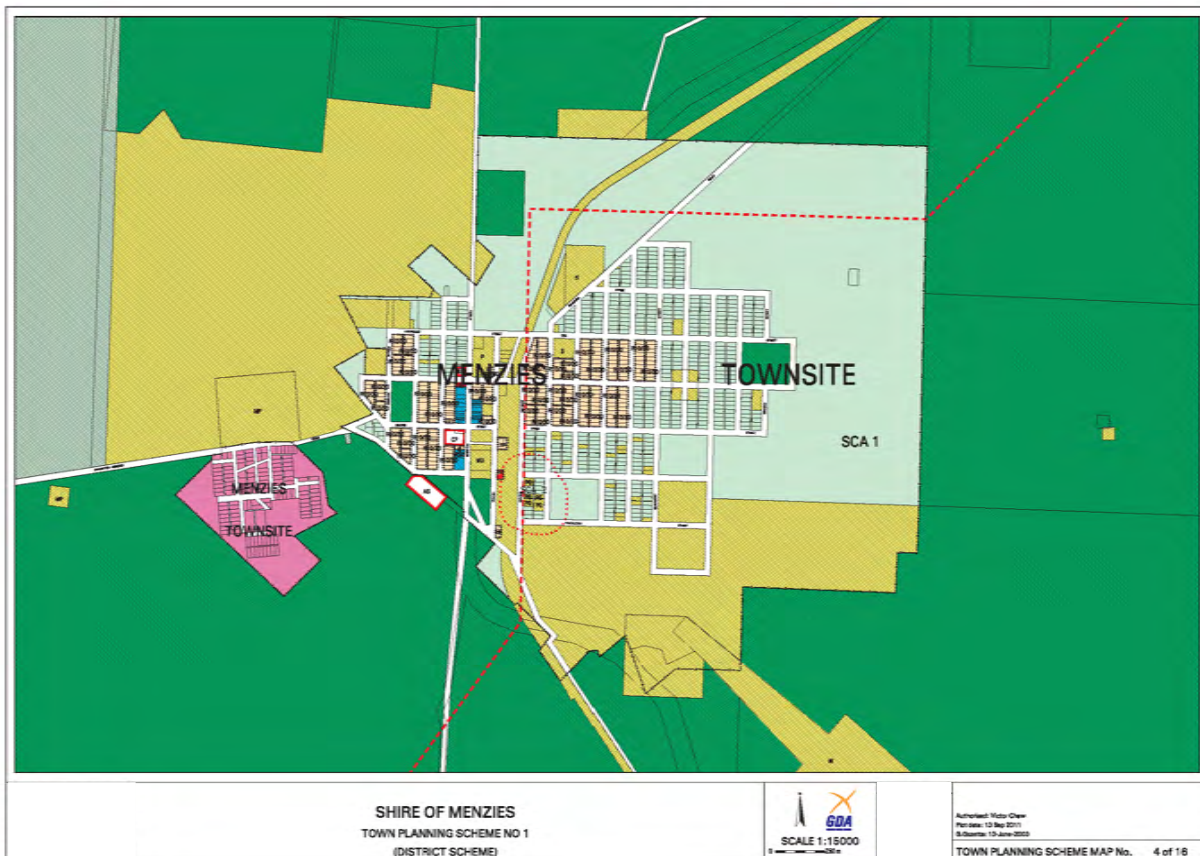
The Shire boasts schools at Menzies and Tjuntjuntjara where students from kindergarten to Year 12 attend.

Both communities are also serviced by a Nursing Post and the Royal Flying Doctor.

The Menzies Municipality was gazetted in 1895. It was dissolved and included in the North Coolgardie Road District in 1912, which was itself dissolved the same year to form the Menzies, Kookynie and Mount Malcolm Road Districts. In 1918, Kookynie was merged into Menzies, which on 1 July 1961 became the shire of today.



MENZIES TOWNSHIP



The heart of the Community is its people and their meeting places. The Menzies Hotel and the Achievable Outback Café are central to the lives of the residents of the town.

Tourists welcome the facilities provided, and are invited to join with the locals for a drink and fellowship.



KOOKYNIE TOWNSHIP



Kookynie Grand Hotel has a long and distinguished history.



Willie the horse has adopted the Hotel, the town has adopted Willie.

In recent times the Hotel and the Horse share importance as draw cards for locals and visitors alike.

Kookynie is known as the 'Living Ghost Town'.

Close by, Niagara Dam provides a watery meeting place.



TJUNTJUNTJARA



The residents of the remote community at Tjutjuntjara share their time between caring for the land and capturing important times and stories on canvas.

The children join with their counterparts from Menzies and Mount Margaret in school camps specialising in writing and music.

The Community infrastructure is being upgraded following the adoption of Amendment 5 of the Tjutjuntjara Layout Plan.



SHIRE PRESIDENTS REPORT



This year has been rather challenging, juggling Shire President duties and work commitments. I would like to thank Rhonda and Staff for their assistance over the past twelve months.

Council decided not take on any additional projects this year but completed existing projects. An additional 5 kilometres was sealed on the Menzies North West road, our aim is to provide safe travel to encourage international tourists and visitors from throughout Australia to visit the world renowned iconic statues at Lake Ballard. We also encourage visitors to travel to Niagara Dam and Kookynie and generally *"Take a Look Around"*.

Our works crew are constantly beautifying the town, additional trees have been planted and pots of colour have been strategically situated around town and the Caravan Park. Christmas time saw the introduction of colourful lights at the Shire Building and the CRC. The Shire is constantly working towards improving our town and this year entered the Tidy Towns Competition, once again thanks to Paul Warner and the Town Crew for all your efforts in keeping our town in a clean and tidy state.

Council continues to support School Holiday Programs and Christmas parties for the children of Tjuntjuntjarra and Menzies. Council also supported Murdoch University dog sterilisation program and a Staff and Community Snake Handling Workshop.

The appointment of our full time Nurse Cynthia Taylor at the Menzies Nursing post has been extremely successful, it is gratifying to have this constant support.

Over the past twelve months Council has endorsed the reseal program for Menzies Townsite roads and introduced pharmacy delivery service from the Leonora Pharmacy to the CRC in Menzies.

We sadly farewelled our Local Member and local girl Wendy Duncan. The Shire had a civic reception for Wendy Duncan, John and Steve Tonkin to acknowledge their incredible contribution to the community of the Shire of Menzies. Our thanks to local students for participating in setting up and serving the meal.

Remembrance Day, Australia Day and Anzac Day were celebrated and well attended by the community and visitors. The Governor General visited Kalgoorlie over Naidoc Week meeting with myself and Councillor Debbie Hansen during the trip.

The Menzies Cyclassic was again a very successful event with dinner being served to 279 people. The Shire staff and volunteers are to be acknowledged for the tremendous effort in making this event so successful and showcasing our town. This year there was increased participation for the children of Menzies. A bike was donated by the Minara Foundation and two \$500 dollar donations from the Kookynie Volunteers Association Inc. to purchase bikes or equipment from Avanti Bike Store in Kalgoorlie.

Our Volunteers have once again excelled, thanks to our St John's Ambulance Volunteers for always being available when the situation arises, it is very much appreciated and acknowledged by the Community. To all our Volunteers we say *"thank you"*.

Consultation with the Community will allow for the new Youth Centre to move forward in the next financial year with the advertising of Tenders for design and construction of the Centre, to be completed in the next Financial Year.

Finally I would like to convey my thanks to all Councillors, Shire Staff, Community and my amazing family for your support over the previous twelve months and look forward to being able to represent the Community of the Shire of Menzies in the future.

CHIEF EXECUTIVE OFFICER REPORT



It is with pleasure that I present the Annual Financial Report for the year ended 30 June 2017 without qualification. This achievement is thanks to both staff and members of the Council, all of whom take an active interest in the running of the Shire.

The Local Government Act 1995 places the responsibility for governance on us all, staff, elected members and the community. This year we have worked hard to ensure that information relating to the functions of Council is readily available. In the year to come, we continue to improve our communications, and welcome your input.

One of our ongoing programs in administration is ensuring we meet the new regulations relating to risk. The Audit Committee consider opportunities to both reduce and mitigate risk. All projects and matters before Council will, in the future be accompanied by a risk assessment. This is one of the ongoing projects being undertaken to ensure transparency in operations for the community and Shire of Menzies.

The year ended 30 June 2017 was one of consolidation and review. Many Road Projects were carried over to the 2017 2018 year. This has allowed us to combine the works programs for two years, and reduce the unit costs for road and other infrastructure works. Council's operating revenue was \$7,553,164 of which \$2,863,670 was raised by rates. Ninety two percent of rates were raised from the mining sector. Data from the Australian Bureau of Statistics shows that mining is the major industry for the Shire, with only 8% of employment being in other industries.

The balance of the revenue is made up predominantly from grants of \$4,176,927. The importance of grants to the operations of the Shire cannot be overstated. Federal Road Funding from Roads to Recovery, State funding from Main Roads, and Road funding from Federal Grants Commission accounts for 50% of the grant funding received. The value of these grants has been inflated as an early payment of 50% of the Financial Assistance Grant for the 2017 2018 year.

This early payment is also a contributing factor in the surplus of \$5,631,192. This amount, less the budgeted carried forward figure of \$2,754,857, plus the grants paid in advance of \$1,267,836, the balance of \$1,608,499 will, for the most part be transferred to Reserve accounts to provide for the future needs of the Shire.

Financial Ratios set under section 6.4(2) of the Local Government Act 1995 and Regulation 50 of the Local Government (Financial Management) Regulations 1996.

Current Ratio	7.520 (adjusted)	<i>This ratio is met if the ratio is greater than 1.</i>
Asset Sustainability ratio	46%	<i>Standard is met if the ratio is greater than 90% (this was 103% and 105% in previous years)</i>
Operating surplus ratio	20% (adjusted)	<i>Basic standard is between 1% and 15% Advanced Standard is greater than 15%</i>
Own source revenue coverage ratio	0.59	<i>Basic standard is between 40% and 60% Intermediate standard is between 60% and 90%</i>

These good results are a testament to the commitment and loyalty of all those associated with the Shire during the year.

2015-2017 COUNCILLORS



Cr Jill Dwyer
Shire President
Rural Ward
Term Expires 2017

Committees

Regional Road Group, Goldfields Esperance Zone (GECZ) or WALGA (GVROC), Goldfields Esperance Regional Collaborative Group (GERCG), Northern Goldfields InterAgency Committee, Goldfields Tourism Network, Goldfields Cyclassic—Menzies Carnival Working Group, Audit Committee, Local Emergency Management Committee (LEMC), Lake Ballard Management Advisory Committee



Cr Ian Baird
Deputy Shire President
Rural Ward
Term Expires 2019



Cr Keith Mader
Town Ward
Term Expires 2019

Committees

Goldfields Esperance Zone (GECZ) or WALGA (GVROC), Goldfields Esperance Regional Collaborative Group (GERCG), Goldfields Tourism Network, Yilgarn Iron Producers Association (YIPA), Audit Committee



Cr Ian Tucker
Rural Ward
Term Expires 2017

Committees

Audit Committee, Lake Ballard Management Advisory Committee



Cr Debbie Hansen
Rural Ward
Term Expires 2019

Committees

Regional Road Group, Goldfields Esperance Zone (GECZ) or WALGA (GVROC), Goldfields Esperance Regional Collaborative Group (GERCG), Goldfields Tourism Network, Audit Committee, Lake Ballard Management Advisory Committee



Cr Jamie Mazza
Town Ward
Term Expires 2017



Cr Justin Lee
Town Ward
Term Expires 2017

Committees

Audit Committee, Lake Ballard Management Advisory Committee

2016-2017 AUDITED FINANCIALS

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

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Principal place of business:
Address
124 Shenton Street
MENZIES WA 6436

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30th June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

21 day of December 2017



Rhonda Evans
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	21	2,863,670	2,635,870	2,571,991
Operating grants, subsidies and contributions	28	4,178,927	2,866,607	1,465,584
Fees and charges	27	175,723	125,174	116,468
Interest earnings	2(a)	250,445	202,539	262,005
Other revenue	2(a)	84,399	185,071	169,984
		<u>7,553,164</u>	<u>6,015,261</u>	<u>4,586,032</u>
Expenses				
Employee costs		(1,569,381)	(1,816,821)	(1,535,811)
Materials and contracts		(1,224,847)	(3,322,369)	(1,810,806)
Utility charges		(48,211)	(102,450)	(95,441)
Depreciation on non-current assets	2(a)	(2,076,922)	(2,532,920)	(2,532,919)
Insurance expenses		(138,200)	(157,844)	(148,449)
Other expenditure		(524,345)	(167,844)	(299,032)
		<u>(5,581,906)</u>	<u>(8,100,248)</u>	<u>(6,422,458)</u>
		1,971,258	(2,084,987)	(1,836,426)
Non-operating grants, subsidies and contributions	28	608,491	1,554,637	2,824,939
Profit on asset disposals	19	7,138	7,016	8,824
(Loss) on asset disposals	19	0	(35,221)	(9,846)
Net result		<u>2,586,887</u>	<u>(558,555)</u>	<u>987,491</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(2,385,160)	0	(21,610)
Total other comprehensive income		<u>(2,385,160)</u>	<u>0</u>	<u>(21,610)</u>
Total comprehensive income		<u><u>201,727</u></u>	<u><u>(558,555)</u></u>	<u><u>965,881</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 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		91	16,959	16,959
General purpose funding		7,213,835	5,440,969	4,153,169
Law, order, public safety		5,935	18,090	10,953
Housing		63,205	57,000	56,741
Community amenities		7,628	7,220	7,085
Recreation and culture		293	10,550	20,177
Transport		66	166,700	1,734
Economic services		189,807	161,501	238,333
Other property and services		72,304	142,281	80,881
		<u>7,553,164</u>	<u>6,021,270</u>	<u>4,586,032</u>
Expenses	2(a)			
Governance		(777,853)	(1,010,064)	(646,670)
General purpose funding		(34,375)	(285,352)	(296,540)
Law, order, public safety		(51,920)	(182,881)	(109,439)
Health		(36,615)	(96,249)	(44,273)
Education and welfare		0	(11,500)	(8,000)
Housing		(189,079)	(237,903)	(162,694)
Community amenities		(134,137)	(240,456)	(96,147)
Recreation and culture		(402,944)	(530,889)	(259,331)
Transport		(2,457,273)	(3,553,258)	(3,806,610)
Economic services		(788,328)	(1,458,499)	(1,071,609)
Other property and services		(709,382)	(499,206)	78,855
		<u>(5,581,906)</u>	<u>(8,106,257)</u>	<u>(6,422,458)</u>
Finance costs	2(a)			
		1,971,258	(2,084,987)	(1,836,426)
Non-operating grants, subsidies and contributions	28	608,491	1,554,637	2,824,939
Profit on disposal of assets	19	7,138	7,016	8,824
(Loss) on disposal of assets	19	0	(35,221)	(9,846)
Net result		<u>2,586,887</u>	<u>(558,555)</u>	<u>987,491</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(2,385,160)	0	(21,610)
Total other comprehensive income		<u>(2,385,160)</u>	<u>0</u>	<u>(21,610)</u>
Total comprehensive income		<u>201,727</u>	<u>(558,555)</u>	<u>965,881</u>

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

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

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	10,095,673	5,296,478
Trade and other receivables	4	779,660	1,801,663
Inventories	5	8,522	7,203
TOTAL CURRENT ASSETS		<u>10,883,855</u>	<u>7,105,344</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,803,884	9,420,043
Infrastructure	7	115,200,938	118,080,667
TOTAL NON-CURRENT ASSETS		<u>124,004,822</u>	<u>127,500,710</u>
TOTAL ASSETS		<u>134,888,677</u>	<u>134,606,054</u>
CURRENT LIABILITIES			
Trade and other payables	8	634,837	627,536
Provisions	9	125,858	78,275
TOTAL CURRENT LIABILITIES		<u>760,695</u>	<u>705,811</u>
NON-CURRENT LIABILITIES			
Provisions	9	70,253	44,240
TOTAL NON-CURRENT LIABILITIES		<u>70,253</u>	<u>44,240</u>
TOTAL LIABILITIES		<u>830,948</u>	<u>750,051</u>
NET ASSETS		<u>134,057,730</u>	<u>133,856,003</u>
EQUITY			
Retained surplus		16,039,864	15,404,410
Reserves - cash backed	10	4,617,825	2,666,392
Revaluation surplus	11	113,400,041	115,785,201
TOTAL EQUITY		<u>134,057,730</u>	<u>133,856,003</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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		14,492,406	2,590,905	115,806,811	132,890,122
Comprehensive income					
Net result		987,491	0	0	987,491
Changes on revaluation of assets	11	0	0	(21,610)	(21,610)
Total comprehensive income		987,491	0	(21,610)	965,881
Transfers from/(to) reserves		(75,487)	75,487	0	0
Balance as at 30 June 2016		15,404,410	2,666,392	115,785,201	133,856,003
Comprehensive income					
Net result		2,586,887	0	0	2,586,887
Changes on revaluation of assets	11	0	0	(2,385,160)	(2,385,160)
Total comprehensive income		2,586,887	0	(2,385,160)	201,727
Transfers from/(to) reserves		(1,951,433)	1,951,433	0	0
Balance as at 30 June 2017		16,039,864	4,617,825	113,400,041	134,057,730

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 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,492,870	2,240,490	2,868,441
Operating grants, subsidies and contributions		5,438,635	2,866,607	638,620
Fees and charges		175,722	125,174	116,468
Interest earnings		250,445	202,539	262,005
Goods and services tax		207,067	0	87,115
Other revenue		84,399	185,073	169,984
		<u>8,649,138</u>	<u>5,619,883</u>	<u>4,142,633</u>
Payments				
Employee costs		(1,515,239)	(1,816,821)	(1,668,278)
Materials and contracts		(1,199,411)	(2,799,014)	(1,645,104)
Utility charges		(48,211)	(127,450)	(95,441)
Insurance expenses		(138,200)	(157,844)	(148,449)
Goods and services tax		(73,971)	0	(164,510)
Other expenditure		(524,345)	(167,844)	(299,032)
		<u>(3,499,377)</u>	<u>(5,068,973)</u>	<u>(4,020,814)</u>
Net cash provided by (used in) operating activities	12(b)	<u>5,149,761</u>	<u>550,910</u>	<u>121,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(226,188)	(1,402,235)	(694,772)
Payments for construction of infrastructure		(783,324)	(3,020,261)	(2,939,307)
Non-operating grants, subsidies and contributions		608,491	1,554,637	2,824,939
Proceeds from sale of fixed assets		50,455	87,500	95,917
Net cash provided by (used in) investment activities		<u>(350,566)</u>	<u>(2,780,359)</u>	<u>(713,223)</u>
Net increase (decrease) in cash held		4,799,195	(2,229,449)	(591,404)
Cash at beginning of year		5,296,478	5,296,478	5,887,882
Cash and cash equivalents at the end of the year	12(a)	<u>10,095,673</u>	<u>3,067,029</u>	<u>5,296,478</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 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>3,811,416</u> 3,811,416	<u>2,350,190</u> 2,350,190	<u>3,987,643</u> 3,987,643
Revenue from operating activities (excluding rates)			
Governance	91	16,959	16,959
General purpose funding	4,350,165	1,250,462	1,581,178
Law, order, public safety	5,935	18,090	10,953
Housing	63,205	57,000	56,741
Community amenities	8,418	7,220	7,085
Recreation and culture	293	10,550	20,177
Transport	66	1,582,583	4,485
Economic services	189,807	161,501	238,333
Other property and services	<u>78,652</u>	<u>282,042</u>	<u>86,954</u>
	4,696,632	3,386,407	2,022,865
Expenditure from operating activities			
Governance	(777,853)	(1,010,064)	(646,670)
General purpose funding	(34,375)	(285,352)	(296,540)
Law, order, public safety	(51,920)	(182,881)	(109,439)
Health	(36,615)	(96,249)	(44,273)
Education and welfare	0	(11,500)	(8,000)
Housing	(189,079)	(237,903)	(162,694)
Community amenities	(134,137)	(240,456)	(96,147)
Recreation and culture	(402,944)	(530,889)	(259,331)
Transport	(2,457,273)	(3,582,471)	(3,811,374)
Economic services	(788,328)	(1,458,499)	(1,071,609)
Other property and services	<u>(709,382)</u>	<u>(499,206)</u>	<u>73,773</u>
	(5,581,906)	(8,135,470)	(6,432,304)
Operating activities excluded from budget			
(Profit) on disposal of assets	19. (7,138)	(7,016)	(8,824)
Loss on disposal of assets	19. 0	35,221	9,846
Movement in employee benefit provisions (non-current)	73,595	0	(84,010)
Depreciation and amortisation on assets	2(a) <u>2,076,922</u>	<u>2,532,920</u>	<u>2,532,919</u>
Amount attributable to operating activities	5,069,521	162,252	2,028,135
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	608,491	1,554,637	2,824,939
Proceeds from disposal of assets	19. 50,455	87,500	95,917
Purchase of property, plant and equipment	6(b) (226,188)	(1,402,235)	(694,772)
Purchase and construction of infrastructure	7(b) <u>(783,324)</u>	<u>(3,020,261)</u>	<u>(2,939,307)</u>
Amount attributable to investing activities	(350,566)	(2,780,359)	(713,223)
FINANCING ACTIVITIES			
Transfers to reserves (restricted assets)	10 (2,183,668)	(500,000)	(75,487)
Transfers from reserves (restricted assets)	10 <u>232,235</u>	<u>482,236</u>	<u>0</u>
Amount attributable to financing activities	(1,951,433)	(17,764)	(75,487)
Surplus(deficiency) before general rates	<u>2,767,522</u>	<u>(2,635,871)</u>	<u>1,239,425</u>
Total amount raised from general rates	21 <u>2,863,670</u>	<u>2,635,871</u>	<u>2,571,991</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	22. <u><u>5,631,192</u></u>	<u><u>0</u></u>	<u><u>3,811,416</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 2017

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 figures in the financial report are presented in Australian dollars.

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 18 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and Cash Equivalents

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

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

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

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

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under roads (continued)

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.

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%
formation	not depreciated
pavement	4%
- bituminous seals	4%
- asphalt surfaces	4%
formation	not depreciated
pavement	4%
formation	not depreciated
pavement	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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation (continued)

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

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (continued)

Classification and subsequent measurement (continued)

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.

(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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

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

(l) Provisions

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Leases

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

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

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

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

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

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the proportionate consolidation method. Refer below for a description of the proportionate consolidation 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 15

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) Superannuation

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

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 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>

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 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

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

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

2. REVENUE AND EXPENSES

(a) Net Result	2017	2016	
	\$	\$	
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the Annual Financial Report	9,750	20,655	
- Other Services	800	4,500	
- Disbursements	7,797	2,307	
Depreciation			
Buildings	113,963	249,259	
Furniture and equipment	3,890	5,802	
Plant and equipment	265,169	421,287	
Infrastructure - Roads	1,361,167	1,777,811	
Infrastructure - Parks & Ovals	4,440	4,440	
Infrastructure - Other	82,634	74,320	
	<u>2,076,922</u>	<u>2,532,919</u>	
Rental charges			
- Operating leases	34,102	33,993	
	<u>34,102</u>	<u>33,993</u>	
(ii) Crediting as revenue:			
Significant revenue			
WA Local Government Grants Commission made an early payment of \$1,316,866 This amount was recognised as revenue in 2016-17.	<u>1,316,866</u>	<u>0</u>	
Other revenue			
Reimbursements and recoveries	17,927	39,023	
Other	66,472	130,961	
	<u>84,399</u>	<u>169,984</u>	
	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	102,431	80,000	75,487
- Other funds	41,289	10,000	67,098
Other interest revenue (refer note 26)	106,725	112,539	119,420
	<u>250,445</u>	<u>202,539</u>	<u>262,005</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis 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 the 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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

EDUCATION AND WELFARE

Objective:

To provide services in 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.

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 resources 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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Law, order, public safety							
DFES Operating Grant	0	8,080	(4,893)	3,187	5,768	(5,007)	3,948
Community amenities							
Office of Premier and Cabinet	10,000	0	(10,000)	0	0	0	0
Transport							
Roads to Recovery	150,651	1,177,771	(987,308)	341,114	286,269	(517,267)	110,116
Tjuntjunjarra Access Road	0	61,200	0	61,200	0	0	61,200
Total	160,651	1,247,051	(1,002,201)	405,501	292,037	(522,274)	175,264

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 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		5,302,583	2,224,585
Restricted		4,793,090	3,071,893
		<u>10,095,673</u>	<u>5,296,478</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	10	192,460	187,871
Reserves cash backed - Building	10	1,161,096	748,724
Reserves cash backed - Plant	10	932,561	493,515
Reserves cash backed - Roads	10	474,836	164,020
Reserves cash backed - Main Street	10	131,578	193,332
Reserves cash backed - Staff Amenities	10	70,915	69,225
Reserves cash backed - TV	10	16,789	16,389
Reserves cash backed - Caravan Park	10	316,747	309,195
Reserves cash backed - Bitumen	10	379,618	203,608
Reserves cash backed - Rates creditors	10	47,576	46,442
Reserves cash backed - Niagara Dam	10	800,049	123,061
Reserves cash backed - Water Park	10	93,601	111,010
Unspent grants	2(c)	175,264	405,501
		<u>4,793,090</u>	<u>3,071,893</u>
4. TRADE AND OTHER RECEIVABLES			
		2017 \$	2016 \$
Current			
Rates outstanding		999,631	628,831
Sundry debtors		51,642	1,040,166
GST receivable		79,217	212,314
Provision for doubtful debts		(385,257)	(99,540)
Accrued income		34,427	19,892
		<u>779,660</u>	<u>1,801,663</u>
5. INVENTORIES			
Current			
Fuel, Oil & Materials on Hand		8,522	7,203
		<u>8,522</u>	<u>7,203</u>

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

6 (a). PROPERTY, PLANT AND EQUIPMENT	2017	2016
	\$	\$
Land at:		
- Independent valuation 2017 - level 2	684,000	0
- Independent valuation 2014 - level 2	0	649,200
- Additions after valuation - cost	0	23,061
	<u>684,000</u>	<u>672,261</u>
Total Land	<u>684,000</u>	<u>672,261</u>
Buildings - non specialised at:		
- Management valuation 2017 - level 2/3	1,116,700	0
- Independent valuation 2017 - level 2/3	835,000	0
- Independent Valuation 2014 - level 2/3	0	1,553,069
- Additions after valuation - cost	0	1,041,340
- Less: accumulated depreciation	0	(129,202)
	<u>1,951,700</u>	<u>2,465,207</u>
Buildings - specialised at:		
- Management valuation 2017 - level 2/3	266,200	0
- Independent valuation 2017 - level 2/3	4,400,000	5,006,803
- Additions after valuation - cost	0	0
- Less: accumulated depreciation	0	(359,177)
	<u>4,666,200</u>	<u>4,647,626</u>
Total Buildings	<u>6,617,900</u>	<u>7,112,833</u>
Total land and buildings	<u>7,301,900</u>	<u>7,785,094</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	27,000	27,000
- Less: accumulated depreciation	(3,890)	0
	<u>23,110</u>	<u>27,000</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	1,564,632	1,607,949
- Additions after valuation - cost	179,411	0
- Less: accumulated depreciation	(265,169)	0
	<u>1,478,874</u>	<u>1,607,949</u>
	<u><u>8,803,884</u></u>	<u><u>9,420,043</u></u>

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

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

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 land	672,261	0	0	11,739	0	0	0	0	684,000
Total land	672,261	0	0	11,739	0	0	0	0	684,000
Buildings - specialised	4,647,626	46,777		217,456	0		(245,659)		4,666,200
Buildings - non specialised	2,465,206	0	0	(399,543)	0	0	(113,963)	0	1,951,699
Total buildings	7,112,832	46,777	0	(182,087)	0	0	(359,622)	0	6,617,900
Total land and buildings	7,785,093	46,777	0	(170,348)	0	0	(359,622)	0	7,301,900
Furniture and equipment	27,000	0	0	0	0	0	(3,890)	0	23,110
Plant and equipment	1,607,949	179,411	(43,316)	0	0	0	(265,169)	0	1,478,874
Total property, plant and equipment	9,420,042	226,188	(43,316)	(170,348)	0	0	(628,681)	0	8,803,884

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

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 market data for similar properties	Independent Registered Valuer	June 2017	Price per hectare
Buildings - specialised	2 & 3	Market approach using recent market data for similar properties	Independent Registered Valuer and Management valuation	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non specialised	2 & 3	Market approach using recent market data for similar properties	Management valuation	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non specialised	2 & 3	Market approach using recent market data for similar properties	Independent Registered Valuer	June 2017	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 2017

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Independent valuation 2015 - level 3	141,850,854	144,065,666
- Additions after valuation - cost	3,372,117	2,845,297
Infrastructure - Roads - Less: accumulated depreciation	<u>(33,118,019)</u>	<u>(31,852,946)</u>
	112,104,952	115,058,017
Infrastructure - Parks & Ovals		
- Management valuation 2014 - level 3	222,000	222,000
Infrastructure - Parks & Ovals - Less: accumulated depreciation	<u>(13,325)</u>	<u>(8,885)</u>
	208,675	213,115
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	1,010,804	754,300
Infrastructure - Other - Less: accumulated depreciation	<u>(307,796)</u>	<u>(129,068)</u>
	2,887,311	2,809,535
	<u>115,200,938</u>	<u>118,080,667</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 2017

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)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	115,058,017	697,877	0	(2,214,812)	0	0	(1,361,167)	(74,963)	112,104,952
Infrastructure - Parks & Ovals	213,115	0	0	0	0	0	(4,440)	0	208,675
Infrastructure - Other	2,809,535	85,447	0	0	0	0	(82,634)	74,963	2,887,311
Total infrastructure	118,080,667	783,324	0	(2,214,812)	0	0	(1,448,241)	0	115,200,938

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

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 & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	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 2014	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 2017

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	437,982	487,294
Payroll creditors	36,653	0
Accrued salaries and wages	21,961	30,293
ATO liabilities	22,874	33,996
Accrued expenses	89,046	49,632
Income received in advance	26,321	26,321
	<u>634,837</u>	<u>627,536</u>

9 PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2016			
Current provisions	59,740	18,535	78,275
Non-current provisions	0	44,240	44,240
	<u>59,740</u>	<u>62,775</u>	<u>122,515</u>
Additional provision	46,229	27,367	73,596
Balance at 30 June 2017	<u>105,969</u>	<u>90,142</u>	<u>196,111</u>
Comprises			
Current	105,969	19,889	125,858
Non-current	0	70,253	70,253
	<u>105,969</u>	<u>90,142</u>	<u>196,111</u>

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

10 RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	187,871	4,589	0	192,460	187,872	0	0	187,872	182,552	5,319	0	187,871
Reserves cash backed - Building	684,085	477,011		1,161,096	684,086	0	(270,000)	414,086	665,689	18,396	0	684,085
Reserves cash backed - Plant	558,154	521,642	(147,235)	932,561	558,156	0	(147,235)	410,921	541,382	16,772	0	558,154
Reserves cash backed - Roads	164,020	310,816	0	474,836	164,020	0	0	164,020	160,395	3,625	0	164,020
Reserves cash backed - Main Street	193,332	3,246	(65,000)	131,578	193,331	0	(65,000)	128,331	187,859	5,473	0	193,332
Reserves cash backed - Staff Amenities	69,225	1,690	0	70,915	69,225	0	0	69,225	67,265	1,960	0	69,225
Reserves cash backed - TV	16,389	400	0	16,789	16,388	0	0	16,388	14,912	1,477	0	16,389
Reserves cash backed - Caravan Park	309,195	7,552	0	316,747	309,195	0	0	309,195	300,436	8,759	0	309,195
Reserves cash backed - Bitumen	203,608	176,010	0	379,618	203,607	0	0	203,607	199,055	4,553	0	203,608
Reserves cash backed - Rates creditors	46,442	1,134	0	47,576	46,442	0	0	46,442	43,916	2,526	0	46,442
Reserves cash backed - Niagara Dam	123,061	676,987	0	800,048	113,063	500,000	(1)	613,062	119,577	3,484	0	123,061
Reserves cash backed - Water Park	111,010	2,591	(20,000)	93,601	111,011	0	0	111,011	107,867	3,143	0	111,010
	<u>2,666,392</u>	<u>2,183,668</u>	<u>(232,235)</u>	<u>4,617,825</u>	<u>2,656,396</u>	<u>500,000</u>	<u>(482,236)</u>	<u>2,674,160</u>	<u>2,590,905</u>	<u>75,487</u>	<u>0</u>	<u>2,666,392</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 2017

10 RESERVES - CASH BACKED

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

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

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

11. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	668,704	11,739	0	11,739	680,443	668,704	0	0	0	668,704
Revaluation Surplus - Buildings	3,650,529	0	(182,087)	(182,087)	3,468,442	3,650,529	0	0	0	3,650,529
Revaluation surplus - Furniture and equipment	0	0	0	0	0	1,467	0	(1,467)	(1,467)	0
Revaluation surplus - Plant and equipment	703,442	0	0	0	703,442	750,763	0	(47,321)	(47,321)	703,442
Revaluation surplus - Infrastructure - Roads	110,578,599	0	(2,214,812)	(2,214,812)	108,363,787	110,578,599	0	0	0	110,578,599
Revaluation surplus - Infrastructure - Other	183,927	0	0	0	183,927	183,927	0	0	0	183,927
	115,785,201	11,739	(2,396,899)	(2,385,160)	113,400,041	115,833,989	0	(48,788)	(48,788)	115,785,201

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 2017

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
Cash and cash equivalents	<u>10,095,673</u>	<u>3,067,029</u>	<u>5,296,478</u>

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

Net result	2,586,887	(558,555)	987,491
Non-cash flows in Net result:			
Depreciation	2,076,922	2,532,920	2,532,919
(Profit)/Loss on sale of asset	(7,138)	28,205	1,022
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	1,022,003	(395,380)	(607,909)
(Increase)/Decrease in inventories	(1,319)	0	(3,839)
Increase/(Decrease) in payables	7,301	498,355	121,084
Increase/(Decrease) in provisions	73,596	0	(84,010)
Grants contributions for the development of assets	<u>(608,491)</u>	<u>(1,554,637)</u>	<u>(2,824,939)</u>
Net cash from operating activities	<u>5,149,761</u>	<u>550,908</u>	<u>121,819</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	<u>(13,395)</u>	<u>(20,599)</u>
Total amount of credit unused	<u>11,605</u>	<u>4,401</u>
Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	0	0
Total facilities in use at balance date	<u>0</u>	<u>0</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

13. 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.

14. CAPITAL AND LEASING COMMITMENTS	2017	2016
	\$	\$
(a) Operating Lease Commitments		
Payable:		
- not later than one year	13,189	2,976
- later than one year but not later than five years	46,161	0
- later than five years	0	0
	<u>59,350</u>	<u>2,976</u>

The operating lease relates 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	1,224,685	0
- plant & equipment purchases	72,279	173,000
Payable:		
- not later than one year	1,296,964	173,000

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

The capital expenditure project outstanding at the end of the current reporting period represents soffit for the playground, further 5 km seal of Menzies Northwest Road, and resheet portion of Evan Street.

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

15. JOINT VENTURE ARRANGEMENTS

The Shire, together with the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Ngaanyatjarraku, 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:

	2017	2016
	\$	\$
Non-current assets		
Land and buildings - Valued at 30 June 2017	72,500	74,688
Less: accumulated depreciation	0	(10,846)
	<u>72,500</u>	<u>63,842</u>
Furniture and equipment - Valued at 30 June 2016	8,204	8,204
Less: accumulated depreciation	(902)	0
	<u>7,302</u>	<u>8,204</u>
Plant and equipment -Valued at 30 June 2016	4,182	4,182
Less: accumulated depreciation	(504)	0
	<u>3,678</u>	<u>4,182</u>
Light vehicles -Valued at 30 June 2016	3,200	3,200
Less: accumulated depreciation	(480)	0
	<u>2,720</u>	<u>3,200</u>

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	52,976	11,569
General purpose funding	6,092,220	729,291
Law, order, public safety	154,374	163,644
Housing	2,415,428	2,859,322
Community amenities	979,446	690,207
Recreation and culture	3,432,201	2,656,574
Transport	115,113,372	114,162,916
Economic services	4,545,310	3,255,991
Other property and services	2,103,350	1,079,738
Unallocated		8,996,802
	<u>134,888,677</u>	<u>134,606,054</u>

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

	2017	2016	2015
17. FINANCIAL RATIOS			
Current ratio	9.59	6.43	8.83
Asset sustainability ratio	0.46	1.35	1.05
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.60	(0.61)	0.31
Own source revenue coverage ratio	0.59	0.47	0.47

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.

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

The early payment of the grant increased operating revenue in 2017 by \$1,316,866

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

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

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

	2017	2016	2015
Current ratio	7.520	6.673	3.930
Operating surplus ratio	0.198	(0.190)	(0.080)

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

18. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Housing Bonds	1,500	180	0	1,680
Pet Bonds	0	200	0	200
	<u>1,500</u>			<u>1,880</u>

19. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Community amenities								
Rubbish Truck and Compactor	33,300	34,091	790	0	31,492	37,500	6,008	0
Transport								
Volkswagon Tiguan	10,016	16,364	6,348	0	13,992	15,000	1,008	0
Other property and services								
Prado 2014	0	0			70,221	35,000	0	(35,221)
	<u>43,316</u>	<u>50,455</u>	<u>7,138</u>	<u>0</u>	<u>115,705</u>	<u>87,500</u>	<u>7,016</u>	<u>(35,221)</u>

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

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire did not have or budget to have any debentures during the year ended 30 June 2017.

(b) New Debentures - 2016/17

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire did not have any overdraft facilities during the year and as at 30 June 2017.

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

21 RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV Vacant	0.0820	3	13,054	1,070	0	0	1,070	1,070	0	0	1,070
GRV General	0.0818	29	1,347,840	110,253	0	0	110,253	110,253	0	0	110,253
Unimproved value valuations											
UV Mining Lease	0.1570	230	12,044,663	1,891,012	177,799	0	2,068,811	1,891,013	(50,000)	0	1,841,013
UV Exploration Lease	0.1448	206	2,248,560	325,479	0	0	325,479	325,479	0	0	325,479
UV Prospecting	0.1426	230	499,982	71,297	0	0	71,297	71,297	0	0	71,297
UV Pastoral	0.0800	18	734,152	58,733	0	0	58,733	58,732	0	0	58,732
UV Other	0.0800	118	572,250	45,781	0	0	45,781	45,780	0	0	45,780
Sub-Total		834	17,460,501	2,503,625	177,799	0	2,681,424	2,503,624	(50,000)	0	2,453,624
Minimum payment	Minimum										
	\$										
Gross rental value valuations											
GRV Vacant	306	213	46,117	65,178	0	0	65,178	65,178	0	0	65,178
GRV General	306	10	9,251	3,060	0	0	3,060	3,060	0	0	3,060
Unimproved value valuations											
UV Mining Lease	306	68	48,412	20,808	0	0	20,808	20,808	0	0	20,808
UV Exploration Lease	270	161	149,482	43,470	0	0	43,470	43,470	0	0	43,470
UV Prospecting	240	191	175,983	45,840	0	0	45,840	45,840	0	0	45,840
UV Pastoral	306	8	16,843	2,448	0	0	2,448	2,448	0	0	2,448
UV Other	206	7	8,150	1,442	0	0	1,442	1,442	0	0	1,442
Sub-Total		658	454,238	182,246	0	0	182,246	182,246	0	0	182,246
Total amount raised from general rate											
							2,863,670			2,635,870	
Totals							2,863,670			2,635,870	

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

22. NET CURRENT ASSETS

Composition of net current assets

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>5,631,192</u>	<u>3,811,416</u>	<u>3,811,416</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	5,302,583	2,224,585	2,224,585
Restricted	4,793,090	3,071,893	3,071,893
Receivables			
Rates outstanding	999,631	628,831	628,831
Sundry debtors	51,642	1,040,166	1,040,166
GST receivable	79,217	212,314	212,314
Provision for doubtful debts	(385,257)	(99,540)	(99,540)
Accrued income	34,427	19,892	19,892
Inventories			
Fuel, Oil & Materials on Hand	8,522	7,203	7,203
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(437,982)	(487,294)	(487,294)
Payroll creditors	(36,653)	0	0
Accrued salaries and wages	(21,961)	(30,293)	(30,293)
ATO liabilities	(22,874)	(33,996)	(33,996)
Accrued expenses	(89,046)	(49,632)	(49,632)
Income received in advance	(26,321)	(26,321)	(26,321)
Provisions			
Provision for annual leave	(105,969)	(59,740)	(59,740)
Provision for long service leave	(19,889)	(18,535)	(18,535)
Unadjusted net current assets	<u>10,123,160</u>	<u>6,399,533</u>	<u>6,399,533</u>
Adjustments			
Less: Reserves - restricted cash	(4,617,826)	(2,666,392)	(2,666,392)
Add: Cash backed provision for leave	125,858	78,275	78,275
Adjusted net current assets - surplus/(deficit)	<u><u>5,631,192</u></u>	<u><u>3,811,416</u></u>	<u><u>3,811,416</u></u>

There was no difference between the surplus/(deficit) 30 Jun 2017 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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

23. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

The Shire of Menzies did not impose any specified area rates during the year ended 30th June 2017.

24. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 30th June 2017.

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

No discounts, waivers or concessions were allowed in 2016/17.

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	07/10/2017	10		11.00%
Option Two				
First Instalment				
Second Instalment				
Option Three				
First Instalment	11/11/2016		5.50%	
Second Instalment	13/01/2017		5.50%	
Third Instalment	17/03/2017		5.50%	
Fourth Instalment	19/05/2017		5.50%	
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			97,375	77,539
Interest on ESL			2,811	0
Interest on instalment plan			6,539	0
Charges on instalment plan			5,940	5,544
			112,665	83,083

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

27. FEES & CHARGES	2017	2016
	\$	\$
General purpose funding	7,514	275
Law, order, public safety	168	64
Housing	63,205	56,743
Community amenities	8,367	6,345
Recreation and culture	292	527
Economic services	94,284	51,343
Other property and services	1,893	1,171
	<u>175,723</u>	<u>116,468</u>

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

28. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	91	0
General purpose funding	4,092,027	1,312,020
Law, order, public safety	5,766	10,890
Recreation and culture	0	19,650
Economic services	80,917	123,024
Other property and services	126	0
	<u>4,178,927</u>	<u>1,465,584</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	400	0
Recreation and culture	20,000	0
Transport	530,364	2,685,177
Economic services	57,727	0
Other property and services	0	139,762
	<u>608,491</u>	<u>2,824,939</u>
	<u>4,787,418</u>	<u>4,290,523</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>16</u>	<u>16</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	75,870	69,318	73,945
President's allowance	19,864	16,884	12,211
Deputy President's allowance	4,966	4,221	2,623
Travelling expenses	33,797	27,000	33,263
Telecommunications allowance	7,700	7,700	8,712
	<u>142,197</u>	<u>125,123</u>	<u>130,754</u>

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

31. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	376,445
Post-employment benefits	63,995
Other long-term benefits	8,791
Termination benefits	0
	449,231

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members may be found at Note 30.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

Information regarding payments to elected members are detailed in Note 30.

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the proportionate consolidation method

Refer to Note 15

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

32 RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	5,816
Amounts outstanding from related parties:	0
Amounts payable to related parties:	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

33 MAJOR LAND TRANSACTIONS

The Shire of Menzies did not participate in any major land transactions during the 2016/2015 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Menzies did not participate in any trading undertakings or major trading undertakings during the 2017/2016 financial year.

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

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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	10,095,673	5,296,478	10,095,673	5,296,478
Receivables	779,660	1,801,663	779,660	1,801,663
	<u>10,875,333</u>	<u>7,098,141</u>	<u>10,875,333</u>	<u>7,098,141</u>
Financial liabilities				
Payables	634,837	627,536	634,837	627,536
	<u>634,837</u>	<u>627,536</u>	<u>634,837</u>	<u>627,536</u>

Fair value is determined as follows:

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	100,957	529,648
- Statement of Comprehensive Income	100,957	529,648
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	10,096	52,965
- Statement of Comprehensive Income	10,096	52,965

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 2017

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. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	33%	88%
- Overdue	67%	12%

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	634,837	0	0	634,837	634,837
	<u>634,837</u>	<u>0</u>	<u>0</u>	<u>634,837</u>	<u>634,837</u>
<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>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF MENZIES

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Menzies, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 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).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Shire 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 58 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Reporting on Other Legal and Regulatory Requirements

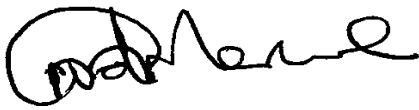
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the asset sustainability 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

Director

Perth

Date: 21 December 2017

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

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.79	1.72	0.99
Asset renewal funding ratio	1	0.19	1

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







$$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

FINANCIAL RATIOS EXPLAINED

The Annual Financial Report for the year ended 30 June 2017 includes a set of financial ratios. The trends have been extrapolated to provide an indication of past performance on these ratios, and the effect that striving to meet industry standards may have on future decisions and direction of Council.

They have been set to guide Council to good governance, ensuring the future viability of the shire.

Of the seven ratios following, five meet the industry targets, one does not (Asset Sustainability) and one is not applicable (Debt Service Cover) as the Shire has no loans. Awareness and understanding of these ratios by all stakeholders will be important as Council enters into forward planning.

Shire's Actual Ratios					
Ratio	Basic Standard	2017	2016	2015	3 Year Trend²
Current Ratio	>=0.99	9.59	6.43	8.83	
Asset Sustainability	>=0.90	0.46	1.35	1.05	
Debt Service Cover	>=2.00	0.00	0.00	0.00	N/A
Operating Surplus	>=0.15	0.60	(0.61)	0.31	
Own Source Revenue Coverage	>=0.60	0.59	0.47	0.47	
Asset Consumption	>=0.75	0.79	1.72	0.99	
Asset Renewal Funding	>=1.05	1.00	0.19	1.00	

Above Target	Within Acceptable Banding	Below Acceptable Banding
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¹Target ratios per Department of Local Government and Communities (DLGC) Guidelines for Basic standard.

²The 3 year trend compares the 2017 ratio to the average of the last 3 years.

FINANCIAL RATIOS EXPLAINED

Current Ratio measures the liquidity position that has arisen from past year's transactions. This continues to be above the industry benchmark of ≥ 0.99 . It is calculated by dividing current unrestricted assets by current unrestricted liabilities.

A ratio of less than 1 means that means that the Council does not have sufficient cash to meet its immediate cash commitments. We have a very healthy Current Ratio, and therefore can readily meet our immediate cash requirements.

2014	3.66
2015	8.83
2016	6.43
2017	9.59

Asset Sustainability Ratio (ASR) measures the extent to which assets are being renewed/replaced compared to the amount consumed (depreciation). A ratio of less than 0.90 indicates the Council is having difficulty undertaking a sustained capital investment program sufficient to renew/replace assets while also negating the effect of inflation on purchasing power over time.

This ratio for the year suggests the Council is replacing or renewing its existing assets less than the rate they are wearing out. The Council should review the Shire's Long Term Capital Investment program to help ensure asset renewal is maintained at an appropriate level.

2014	0.32
2015	1.05
2016	1.35
2017	0.46

Debt Service Cover Ratio measures Council's ability to service debt out of its uncommitted or general purpose funds. The DLGC guideline for the basic standard is ≥ 0.2 and the advanced standard is 0.5.

This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.

Shire of Menzies does not have any loans.

Operating Surplus Ratio measures Council's financial sustainability having regard to asset management and the community's service level needs. A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode Council's ability to maintain both its operational service level and asset base over the longer term.

2016-2017 AUDITED FINANCIALS

Operating Surplus Ratio (*Continued*)

The target for this ratio is a positive between 0.01 and 0.15 for the basic standard, and greater than 0.15 for the advanced standard. The trend for this ratio has been up and down. This year the ratio is above industry standard.

2014	(0.15)
2015	0.31
2016	(0.60)
2017	0.60

Own Source Revenue Coverage Ratio measures the Shire's ability to cover operating expenses from its own source revenue given current levels of operating expenses. A basic standard is achieved if the ratio is between 0.40 and 0.60, and advanced standard is greater than 0.90. These different standards have been established to recognise the varying revenue raising capacities across the sector.

Council meets the basic standard and can improve this ratio by either increasing rates, fees and charges or reducing operating expenses.

2014	0.52
2015	0.49
2016	0.47
2017	0.59

Asset Consumption Ratio (ACR) measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. The standard is met if the ratio is 0.50 and above, and improving if the ratio is between 0.60 and 0.75. Council has met the target for this ratio.

2014	0.87
2015	0.99
2016	1.72
2017	0.79

Asset Renewal Funding Ratio measures the shires ability to fund its projected asset renewal/replacements in the future. The standard is met if the ratio is between .75 and .95, and improving if the ratio is between 0.95 and 1.05 and the ASR falls within the range of 0.90 and 1.10, and ACR falls within the range of 0.5 to .75.

2014	0.37
2015	1.00
2016	0.99
2017	1.00

The ratios for the year are mostly within the DLGC basic standards or higher. However, the Asset Sustainability Ratio is below standard. Council and Management will need to consider reviewing the Shire's Long Term Capital Investment program to help ensure asset renewal is maintained at an appropriate level with sufficient funding support in the future.

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:

- Goldfields Tourism Network Association
- Goldfields Regional Road Group
- Goldfields Voluntary Regional Organisation of Councils
- Local Emergency Management Committee
- Goldfields Esperance Regional Collaborative Group (GERCG)
- Lake Ballard Management Advisory Committee

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 contact is 0448 242 041 and there is a resident caretaker on weekends. The caravan park has powered caravan sites, and tent sites available. A camp kitchen and guest laundry are also available. 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: visitor@menzies.wa.gov.au

ACTIVITIES OF COUNCIL

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 and other medical agencies are published in the Menzies Matters each month.

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.

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

ACTIVITIES OF COUNCIL

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 & Fire Prevention
- Cemeteries (*Tourism Value and Maintenance Only*)
- Citizenship Ceremonies
- Crossovers
- Demolition Permits
- Dog Control
- Environmental Health
- 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

The Shire provide financial and 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 |

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

STATUTORY COMPLIANCE

STATE RECORD ACT 2000

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Standard 2, Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan. Rationale: An organisation and its employees must comply with the organisation’s record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements: The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation’s record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation’s induction program addresses employee roles and responsibilities in regard to their compliance with the organisation’s record keeping plan.

The Shire of Menzies has complied with items 1 to 4

COMPLIANCE AUDIT RETURN

Compliance Audit Return All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January 2016 to 31 December 2016 as specifies by the *Local Government Act 1995*. The CAR includes a range of compliance categories to be met. The Completed CAR was received by Council at its February 2017 meeting (ref 1129) and was subsequently submitted to the Department of Local Government prior to 31 March 2017 in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

FREEDOM OF INFORMATION STATEMENT

The Shire of Menzies is responsible for the good governance of the district and carries out functions as required including statutory compliance and provision of facilities and services. The Council consists of seven elected members.

The Council meets once each month except January to make decisions relating to the policy and direction of the Shire. All meetings are open to the public and the meeting dates and venues are advertised to the public. Members of the public are able to ask questions during public question time at the commencement of each meeting. Council maintains records relating to each property within the Shire and also records relating to the function and administration of the Shire including minutes of meetings, financial interests register, register of delegations, rates book, electoral roll, financial statements and local laws.

STATUTORY COMPLIANCE

FREEDOM OF INFORMATION STATEMENT (CONTINUED)

These documents can be inspected at the Shire Office, Shenton Street Menzies, Monday to Friday between the hours of 8.30am and 4.30pm. Changes to personal information should be made in writing.

Requests for information under the Freedom of Information Act can be sent to the Chief Executive Officer, Shire of Menzies, PO Box 4 Menzies WA 6436. The Shire of Menzies received no applications under the Freedom of Information Act 1992.

DISCLOSURE OF ANNUAL SALARIES IN ANNUAL REPORT

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the Shire to include the following information in its Annual Report;

- The number of employees of the Shire entitled to an annual salary of \$100,00 or more; and
- The number of employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2016/2017:

Salary Range

\$ From	\$ To	Number of employees
110,000	119,999	
120,000	129,999	1
130,000	139,999	
140,000	149,999	
150,000	159,000	1
Total		

PRIMARY AND ANNUAL RETURNS

Primary and Annual Returns In accordance with Section 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August 2017 and a primary return within 3 months of their start date. All returns are managed by the Chief Executive Officer and are available for viewing by members of the public upon request.

COMPLAINTS

For the purpose of Section 5.121 of the Local Government Act 1995 Council must report entries recorded in the Register of Complaints during the financial year.

Council did not receive any complaints during the 2016/2017 financial year.

STATUTORY COMPLIANCE

PUBLIC INTEREST DISCLOSURE

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

The Chief Executive Officer has complied with the obligation under the Act. The Shire of Menzies had no Public Interest Disclosures during the reporting period 2016/17.

COMPETITIVE NEUTRALITY

This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector. The Shire of Menzies complied with this principle.

1. LEGISLATIVE 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

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

People with disabilities who live in country areas should be given the support to remain in the community of their own choice. The *Disability Services Act 1999* requires Council to report on its Disability Services Plan achievements within its Annual Report.

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. Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis.

When Council is addressing the issue of accessibility to Council's facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community. Work continues to improve footpaths and access ways around the Menzies townsite as part of recognising the Disability Access and Inclusion Plan.

The Disability Services Commission requires Local Governments to report on the six outcomes relating to DAIP's to the public annually.

STATUTORY COMPLIANCE

Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organized by the Shire.

Outcome 2: Buildings and Other Facilities

Council also continues with improvements to buildings and footpath infrastructure to assist with both wheelchair and gopher access.

Outcome 3: Information

Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information readily as other people are able to access it.

People with disabilities can access information produced by the Shire of Menzies in different formats. Anyone requiring a different format are encouraged to contact the Shire Office.

Council also has a website which enables ease of access to public documents, information and other Council related data.

Outcome 4: Level and Quality of Service

The staff is always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive. Staff at the Shire of Menzies are made aware that people with disabilities may have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of service as other people receive.

Outcome 5: Complaints Process

People with disabilities have the same opportunities as other people to make complaints to staff, and can be via written letters, email, SMS or verbally.

People with disabilities are able to make complaints and can do this via written letters, email, SMS or verbally.

Outcome 6: Public Consultation Process

Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

Council has made the DAIP available on the website for the community to access. The community was also given the opportunity to comment on the DAIP prior to it being adopted by Council. The proposed draft 2012 – 2016 DAIP is also available on the website for public comment.

Further information can be obtained by contacting the Chief Executive Officer.

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.

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

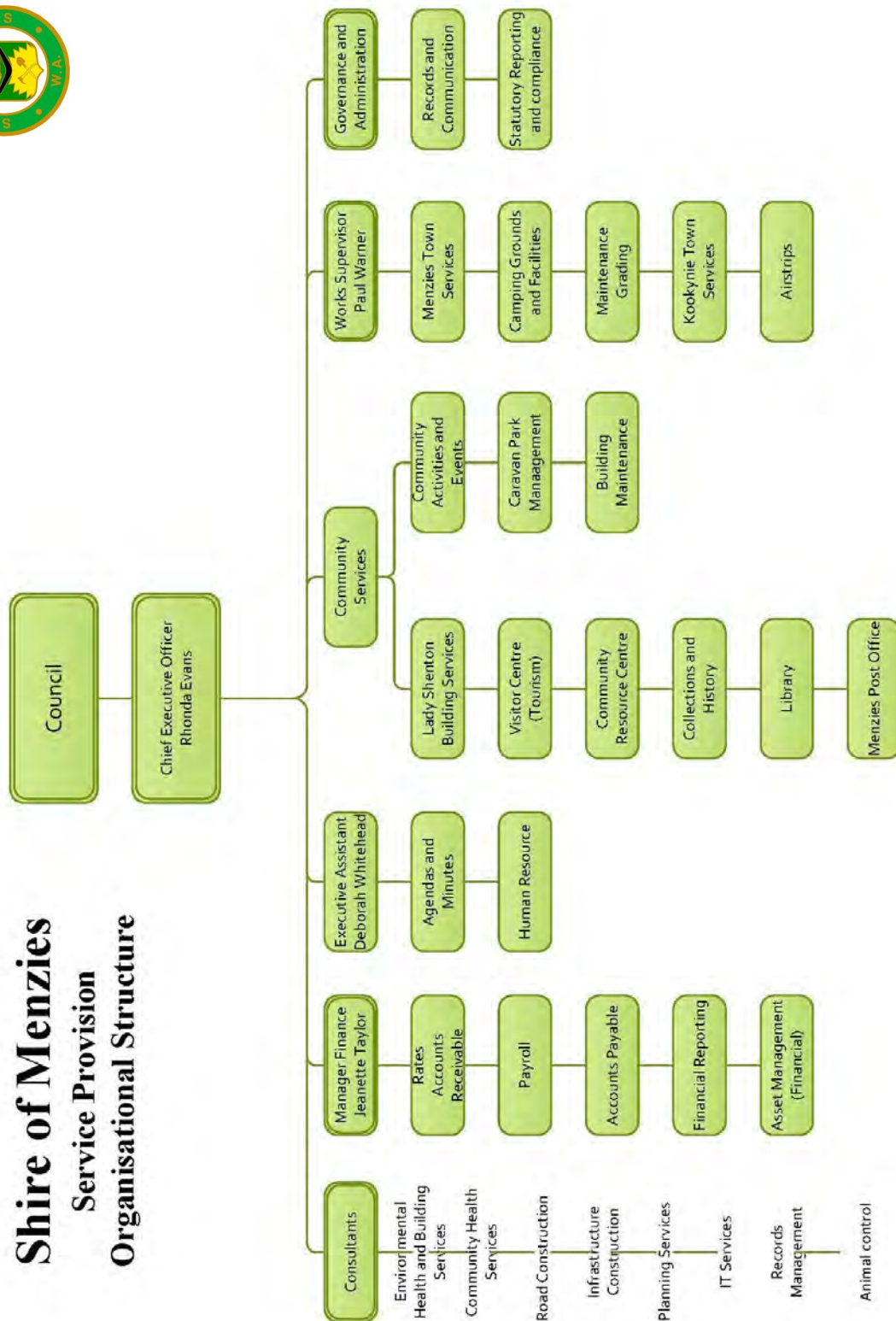
Elected members - Members of the public can contact any of the Councillors to discuss any issue relevant to Council.



ORGANIZATIONAL STRUCTURE



Shire of Menzies Service Provision Organisational Structure



11 NEXT MEETING

The next Ordinary Meeting of the Shire of Menzies is Thursday 22 February 2018 commencing at 1pm in the Shire of Menzies Council Chambers.

12 CLOSURE OF MEETING

There being no further business the Chairperson closed the meeting at 1.29 pm.

I, _____ hereby certify that the Minutes of the Special Meeting of Council held 25 January 2018 are confirmed as a true and correct record, as per the Council Resolution of the Ordinary Meeting of Council held 22 February 2018.

Signed: _____

Dated: 22 February 2018