



Annual Report

2022



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The Shire of Menzies respectfully acknowledges the local Indigenous peoples, the Traditional Custodians of the land upon which it conducts its business, and pays respect to Elders Past, Present and Emerging.

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Community statistics

| | |
|-------------------------------|---|
| Population | 490 (ABS 2016) |
| Number of electors | 278 |
| Number of Dwellings | 130 |
| Distance from Perth | 730km |
| Area | 124,635 square kilometres |
| Suburbs and localities | Kookynie, 6431; Menzies |
| Schools | Menzies Community School, Tjuntjuntjara Re- |
| Length of sealed roads (km) | 66.4 |
| Length of unsealed roads (km) | 2114 |
| Rates levied | \$3.639M |
| Total revenue | \$6.6M |
| Council employees | 20 |



| Other interesting facts | |
|--------------------------|--|
| Tourist attractions | Lake Ballard, Niagara Dam, Lady Shenton Building, Goongarrie Cottages, Spinifex Art Centre |
| Local Industries | Gold mining, nickel mining, potash salt mining, pastoral, tourism, prospecting |
| Significant local events | Menzies CyClassic, Menzies Rodeo, Menzies Discovery Day |



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"While many of our grand old buildings are long gone, a glimpse of what life must have been like in the Shire of Menzies 100 years ago is all around us and just waiting to be experienced."

About the Shire

The Shire of Menzies has common borders with the Shires of Yilgarn, Sandstone, Leonora, Laverton, Coolgardie and the City of Kalgoorlie-Boulder. It stretches some 1025 kilometres from east to west, and encompasses an area of 124,635 square kilometres.

The three major population centres are Menzies, Kookynie to the west, and Tjuntjuntjara close to the border with South Australia. They 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 Menzies and Tjuntjuntjara are also serviced by a Nursing Post and the Royal Flying Doctor respectively.

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.

Out and About

The heart of the Menzies Shire is its people and their meeting places. Visitors to the town itself can enjoy a walk around town with 'Our Way' and 'Our Place' walk trails.

Also popular is a day trip to Lake Ballard, home to the Inside Australia - Antony Gormley Sculptures. Set over 10 square kilometres the 51 sculptures represent the residents of Menzies whose bodies were scanned for casts.

Kookynie and its Grand Hotel has a long and distinguished history. Willie the horse has adopted the Hotel, and in return the town has adopted Willie. Kookynie is close to Niagara Dam (pictured above) which is another of the Shire's very popular tourist destinations.

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



Shire President's Report

The 2021/2022 Budget was adopted at a Special Meeting on the 8th July, 2021, the Shire was in a strong position and once again a zero increase in rates and fees and charges providing some relief to ratepayers as the economy recovered from Covid 19.

At the July OCM Council adopted the Corporate Business Plan 2021-2025, which forms the financial planning for the Shire over the period specified in the plan.

In August a Tender was awarded to Lambron Contracting Pty Ltd for unsealed road maintenance grading and minor works.

The September Council Meeting was held at Tjuntjuntjarra which gave Councillors the opportunity to travel via the road network and view the roadworks on the Access Road. The roadworks being carried out by Frazer Range were of a very high standard. We observed the Contractor treating the material at the pit allowing for little wastage of the material on the road. The overall condition of the road has improved over the last few years, making for safer travel by members of the Community and visitors.

The Shire engaged Core Business Australia Pty Ltd to prepare a request for Tender documentation and specifications for repairs to the Lady Shenton building. In October the tender was awarded to Hi Constructions Pty Ltd. As in the past Council is aware there maybe the need for an additional allocation of funds as renovations may highlight

the requirement for further works to be carried out.

October 15th Local Government Elections were conducted with successful Councillors for the Town Ward, Sudhir Sudhir, Term expires October 2023, Paul Warner, Andrew Tucker, Rural Ward, Greg Dwyer and Jill Dwyer, expiry October 2025.

Butcher shop Tearooms was refurbished for the purpose of a Café. Council approved of a 5 year lease to Donna Cavazzi for the operation of Donna's Diner, a welcome addition to the town and travelers.

Community Christmas Party was once again held in the Beer Garden of the Menzies Hotel, very well attended by the Community and local contractors. The Christmas Hampers for Pensioners were delivered by the CEO, Shire President and Deputy President.

Council adopted the midyear Budget Review in February, where Council voted to fund projects from Phase 3 LRCI grants to the following projects

- Seal Road approaches to Kookynie for dust suppression
- CCTV Menzies
- Tourism Signage
- Sealing parking area near southern public toilet
- Town greening
- Town Entrance Statement (rebrand)
- Shade Shelter at Tjuntjuntjara



The Outback Grave Markers are still very active in the Shire, their passionate group of Volunteers are continuing their road trips to our Shire and installing plaques on unmarked graves. Their efforts are recognised and very much appreciated.

Shire received \$100,000 from WAPA for suicide prevention in Menzies and Tjuntjuntjara to be utilised in sessions conducted through the CRC.

Through GVROC the long running saga of the Goldfields Record Storage Facility was finalized in March.

After tenders were received and then rejected due to the tenders being in excess of the budget available, Council authorised the CEO to negotiate with Resource Accommodation Management to obtain a full detailed proposal and concept design to present to Council for an Accommodation Village in Menzies. At this time there was significant interest from a Mining Company to set up accommodation in Menzies due to the constraints of constructing a village in Kalgoorlie. This proposal is still a possibility depending on local mining activities including Iron Ore projects and the additional facility at the Esperance Port and rail infrastructure.

The CEO Brian Joiner tendered his resignation effective 27/07/2022, at the May Briefing Session.

Council proceeded with the process of the CEO's recruitment assisted by a Consultant, all Councillors and an independent Member.

The 93rd Goldfields Cyclclassic event was held on the long weekend in June. Another very successful year. Thanks once again to all staff and volunteers as these events cannot take place without your assistance. The event this

year was somewhat different being facilitated by an Events Co-ordinator with additional corporate sponsorship and the event being held back in the Town Hall. Numbers were down on the previous year but overall a very successful weekend.

Budget preparations were on track with the aim to adopt the 21/22 Annual Budget at a Special Meeting in early July.

A number of Community events were organised by the CRC which proved to be very popular with the Community. A number of outstanding projects have been commenced throughout the year and our road network is in very good condition and following a pattern of improvement each year by good Contractors and Staff servicing and building our road network.

Whilst Covid is lingering, it still has an impact and we need to be mindful of the Chief Health Officers recommendations and I take this opportunity to thank Staff, Volunteers, Council and the Community for your continued efforts and look forward to another safe and successful year in the Shire of Menzies.

Cr Greg Dwyer
Shire President

2021-2022 Councillors



Cr Greg Dwyer

Shire President
(Rural Ward)

Term Expires: 2025



Cr Ian Baird

Deputy Shire
President
(Rural Ward)

Term Expires: 2023



Cr Jill Dwyer

Councillor
(Rural Ward)

Term Expires: 2025



Cr Scott Baird

Councillor
(Rural Ward)

Term Expires: 2023



Cr Paul Warner

Councillor
(Town Ward)

Term Expires: 2025



Cr Andrew Tucker

Councillor
(Town Ward)

Term Expires: 2025



Cr Sudhir Sudhir

Councillor
(Town Ward)

Term Expires: 2023

Councillor Committees

| Internal Committees | Councillors |
|---|---|
| Audit Committee | Cr Greg Dwyer, Cr Jill Dwyer, Cr Ian Baird, Cr Sudhir Sudhir |
| Lake Ballard Management Advisory Committee | Cr Greg Dwyer, Cr Jill Dwyer, Cr Sudhir Sudhir |
| Major Projects Steering Group | Cr Greg Dwyer, Cr Jill Dwyer , Cr Paul Warner, Cr Andrew Tucker, Cr Sudhir Sudhir |
| Tourism and Economic Development Committee | Cr Jill Dwyer, Cr Ian Baird, Cr Paul Warner, Cr Sudhir Sudhir |
| Niagara Working Group | Cr Greg Dwyer, Cr Jill Dwyer |
| External Committees | |
| GVROC | Cr Jill Dwyer, Cr Paul Warner |
| Regional Roads Group | Cr Greg Dwyer, Cr Sudhir Sudhir |
| Local Emergency Management Committee | Cr Greg Dwyer, Cr Paul Warner |
| Northern Goldfields Working Group | Cr Greg Dwyer |
| Menzies Community School Council | Cr Andrew Tucker |

| Attendance records | Ordinary Council Meetings | Audit Meetings |
|--------------------|------------------------------|----------------|
| Cr Greg Dwyer | 12 from 12 | 5 from 5 |
| Cr Ian Baird | 11 from 12 | 3 from 5 |
| Cr Jill Dwyer | 11 from 12 | 5 from 5 |
| Cr Scott Baird | 10 from 12 | N/A |
| Cr Paul Warner | 9 from 9 | N/A |
| Cr Andrew Tucker | 8 from 9 | N/A |
| Cr Sudhir Sudhir | 9 from 9 | 3 from 4 |



The Plan for the Future

The Shire of Menzies Strategic Community Plan was adopted in February, 2021 after a major review.

The Corporate Business Plan was reviewed in July, 2021 and Strategic Resource Plan incorporating the Long Term Financial Plan was adopted in August, 2021.

There were no significant changes to these corporate documents following the major review of the Strategic Community Plan.

The capital projects in the Annual Budget are determined in accordance with the Shire's Strategic Community Plan. Major projects for 2021/2022 include:

| Project | Projected Cost |
|-----------------------------------|----------------|
| Staff Housing | \$700,000 |
| Tjuntjuntjarra Access Road | \$430,000 |
| North West Road Sealing | \$1,800,000 |
| Evanston Road Sealing | \$800,000 |
| Kookynie Malcolm Road Sealing | \$484,000 |
| Lady Shenton Building Restoration | \$308,000 |
| Niagara Dam Maintenance | \$936,000 |
| Old Post Office Restoration Work | \$932,000 |
| Niagara Dam Road Upgrade | \$330,000 |





CEO's Report

The financial year in review has been a challenging one with the ongoing impact of Covid 19, not only on staff but also on commodity cost increases and shortage of supplies. Despite this the Shire of Menzies achieved some positive outcomes during the 2021/2022 financial year.

Major road construction work included sealing of a further 10kms of the Menzies North West Road and 5kms of the Menzies Evanston Road. Tjuntjuntjara Access Road—maintenance and improvement.

Restoration work commenced on the Lady Shenton building. Heritage architects were engaged to progress assessment and planning for the maintenance and restoration of the Old Post Office building and the Niagara Dam. Tenders will be invited in the first part of 2022/2023 for the required work

Other projects included commencement of the development of an end use/restoration plan for the Menzies landfill site. Again this will be completed early in the new financial year. Provision of additional staff housing commenced and the shire sponsored coffee shop/café opened in the old butcher shop building.

During the year we welcomed new staff—Antonio Giometti Chief Financial Officer, Garth Marland Works Manager, Almetra Bethlehem Community Development Specialist, Kristy Van Kuyl Team Leader Finance, Eve Reitmajer Executive Officer, Shane Hearn Projects and Building

Maintenance Coordinator, Pema Chhunzom Community Engagement Officer, Tatenda Rusere Administration Officer, Leigh Johnston General Hand, Kelly Martin Caravan Park Caretaker, Irene Kitts Cleaner and Janet Henderson Cleaner.

Financially the Shire of Menzies is in a strong position having accumulated \$11,335,846 in Reserve Funds and an end of year surplus of \$965,921. Acknowledging that the surplus is inflated due to many uncompleted budgeted works.

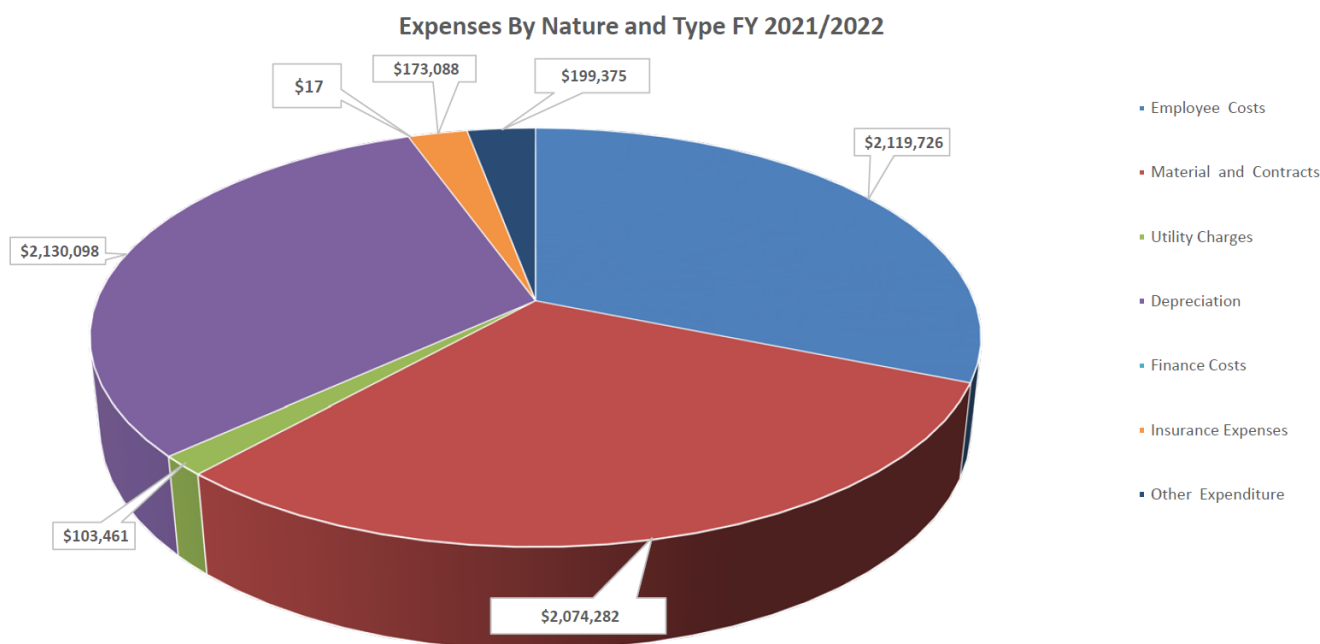
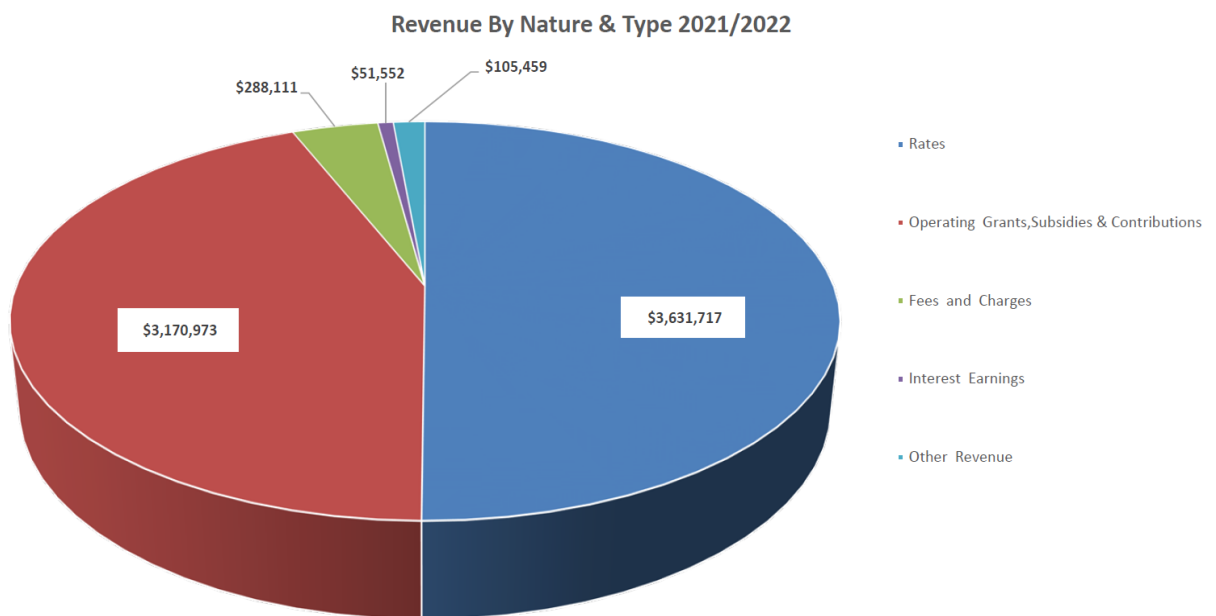
Finally, I would like to thank the Shire staff for their dedication and professional service during the year and acknowledge Councillors and Community Volunteers for their contribution to making the Shire of Menzies such a great place.

Pascoe Durtanovich
Acting Chief Executive Officer

Revenue and expenditure

Below is a breakdown of the shire’s revenue and expenditure by Nature and Type for the year ending 30th June

2022 and for which there are more details in the attached audited financial statements.



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:

- Golden Quest Trails Committee
- Northern Goldfields Working Group
- Goldfields Regional Road Group
- Goldfields Voluntary Regional Organisation of Councils
- Local Emergency Management Committee
- Lake Ballard Management Advisory Committee.

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, DVDs and magazines are received each month.

Caravan Park

The Shire of Menzies Caravan Park is adjacent to the Menzies Visitor Centre (08) 9024 2702. After hours for caravans works on a honesty system. The caravan park has powered caravan sites, and tent sites available. A camp kitchen and guest laundry are also available. Two chalet with a double and a single bed is available for booking.

Visitor Centre

The Menzies Visitor Centre is located within the Lady Shenton Building. Facilities co-located within the Visitor Centre include a Community Postal Agency, Internet Access, Gift Shop and Public Library. The Visitor Centre is open weekdays (except public holidays).

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.

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; Youth Activities and School Holiday Programs.

The Shire provide financial and/or other support to a number of organisations such as Menzies Community School; Royal Flying Doctor Service; Menzies Volunteer Bushfire Brigade; Menzies Classic Cycle Race; Golden Quest Trail Association; Menzies St John Ambulance Sub Centre; Tjuntjuntjara Community; and Menzies Aboriginal Corporation.



Statutory Compliance

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
- Policy Manual, Annual Budgets Annual Report
- Annual Financial Statements
- Council Local Laws
- Town Planning Scheme
- Town Planning Policy Manual
- Financial Interest Register.

State Records Act 2000

The State Records Act 2000 requires the Shire to maintain and dispose 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 Require-

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

The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.

The organisation conducts a record keeping training program, when required.

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

Compliance Audit Return

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specified by the Local Government Act 1995. The CAR includes a range of compliance categories to be met. The Completed CAR for 2021 was received by Council at its March 2022 meeting and was subsequently submitted to the Department of Local Government prior to 31 March 2021 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 meets once each month 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.

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. A copy of the Council's FOI statement is available on the website.

Disclosure of annual salaries

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 \$130,00 or more; and the number of employees with an annual salary entitlement that falls within each band of \$10,000 over \$130,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more for 2021/2022:

| \$ from | \$ to | Number of employees |
|---------|---------|---------------------|
| 130,000 | 139,999 | 1 |
| 140,000 | 149,999 | 1 |
| 170,000 | 180,000 | 1 |

Note: The amount paid to the CEO includes the total remuneration package, as defined in the *Salaries and Allowances Act 1975*.



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 2020 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 2021/22 financial year.

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 2021/22.

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.

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.

Public participation

Members of the public have a number of opportunities to put forward their views on particular items before Council. These include deputations to Council and public question time available at each Council meeting; submissions; petitions; and written requests. Elected members are also available to discuss issues relevant to Council.

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 July 2020 to June 2025 on 28 January 2021 and submitted a progress report to the Disability Services Commission annually. 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 DAIPs annually.

Outcome 1: Services and Events

Council is continually adapting our existing services to ensure people with disabilities have the same opportunities as other people to access the services of, and any events organised 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

Council 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

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.

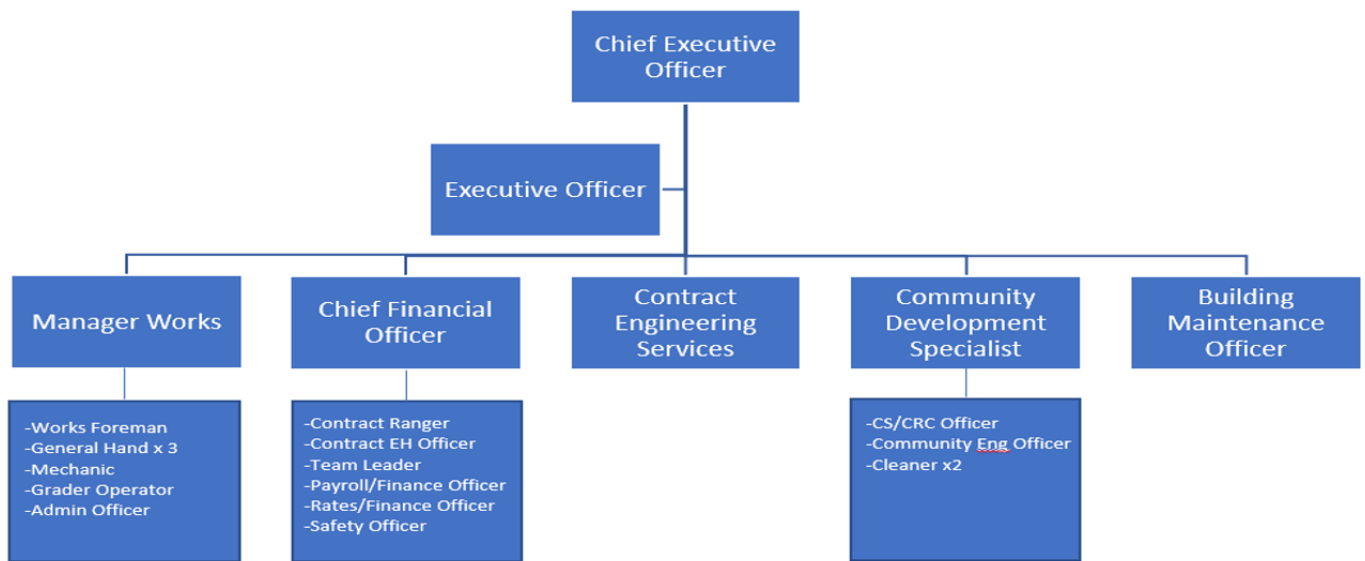
Outcome 6: Public Consultation

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 is also given the opportunity to comment on the DAIP prior to it being adopted by Council.



Organisational Structure



Service Provision

Manager Works

looks after the following areas:

Menzies Town Services; Camping Grounds and Facilities; Maintenance Grading; Kookynie Town Services; Airstrips; Building Maintenance.

Chief Financial Officer

looks after the following areas:

Rates Accounts Receivable; Payroll; Accounts Payable; Financial Reporting; Asset Management (Financial).

Community Development Specialist

looks after the following areas:

Lady Shenton Building Services; Visitor Centre (Tourism); Community Resource Centre; Collections and History; Library; Menzies Post Office; Community Activities and Events; Caravan Park Management.

Building Maintenance Officer

looks after the following areas:

Council properties inspection, maintenance, planning and construction.

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

The Shire will endeavor to provide the community services and facilities to meet the needs of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
124 Shenton Street
Menzies WA 6435

**SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER


The attached financial report of the Shire of Menzies for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Menzies at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

15

day of

December 2022



Acting Chief Executive Officer

Pascoe Durtanovich

Name of Acting Chief Executive Officer

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | Restated* 2021 Actual \$ |
|---|--------------|----------------------|----------------------|-----------------------------------|
| Revenue | | | | |
| Rates | 24(a),2(a) | 3,631,717 | 3,556,470 | 3,512,250 |
| Operating grants, subsidies and contributions | 2(a) | 3,170,973 | 1,646,099 | 3,032,239 |
| Fees and charges | 23(c),2(a) | 288,111 | 207,265 | 220,054 |
| Interest earnings | 2(a) | 51,552 | 112,500 | 133,258 |
| Other revenue | 2(a) | 105,459 | 35,135 | 96,158 |
| | | 7,247,812 | 5,557,469 | 6,993,959 |
| Expenses | | | | |
| Employee costs | | (2,119,726) | (2,374,097) | (1,505,877) |
| Materials and contracts | | (2,074,282) | (1,516,338) | (1,680,127) |
| Utility charges | | (103,461) | (88,150) | (90,660) |
| Depreciation | 10(a) | (2,130,098) | (2,032,027) | (2,120,345) |
| Finance costs | 2(b) | (17) | (112) | (95) |
| Insurance | | (173,088) | (135,382) | (150,908) |
| Other expenditure | 2(b) | (199,375) | (422,601) | (319,620) |
| | | (6,800,047) | (6,568,707) | (5,867,632) |
| | | 447,765 | (1,011,238) | 1,126,327 |
| Non-operating grants, subsidies and contributions | | 2,094,381 | 3,485,806 | 964,956 |
| Profit on asset disposals | 10(b) | 2,031 | 0 | 7,977 |
| Loss on asset disposals | 10(b) | (835) | (2,140) | 0 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 999 | 0 | 18,452 |
| | | 2,096,576 | 3,483,666 | 991,385 |
| Net result for the period | 23(b) | 2,544,341 | 2,472,428 | 2,117,712 |
| Total comprehensive income for the period | | 2,544,341 | 2,472,428 | 2,117,712 |

*Refer to Note 28 Correction of Error

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



SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 \$ | Restated* 2021 \$ |
|--------------------------------------|-------|--------------------|-------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 15,460,254 | 15,838,467 |
| Trade and other receivables | 5 | 811,678 | 526,615 |
| Inventories | 6 | 16,438 | 15,211 |
| Other assets | 7 | 273,723 | 12,797 |
| TOTAL CURRENT ASSETS | | 16,562,093 | 16,393,090 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4(b) | 19,451 | 18,452 |
| Property, plant and equipment | 8 | 10,572,491 | 10,222,623 |
| Infrastructure | 9 | 121,430,134 | 119,026,520 |
| Right-of-use assets | 11(a) | 0 | 2,430 |
| TOTAL NON-CURRENT ASSETS | | 132,022,076 | 129,270,025 |
| TOTAL ASSETS | | 148,584,169 | 145,663,115 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 416,056 | 381,708 |
| Other liabilities | 13 | 858,257 | 538,767 |
| Lease liabilities | 11(b) | 0 | 2,363 |
| Employee related provisions | 14 | 207,824 | 192,238 |
| TOTAL CURRENT LIABILITIES | | 1,482,137 | 1,115,076 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 11(b) | 0 | 0 |
| Employee related provisions | 14 | 24,014 | 14,362 |
| TOTAL NON-CURRENT LIABILITIES | | 24,014 | 14,362 |
| TOTAL LIABILITIES | | 1,506,151 | 1,129,438 |
| NET ASSETS | | 147,078,018 | 144,533,677 |
| EQUITY | | | |
| Retained surplus | | 23,916,004 | 20,404,265 |
| Reserve accounts | 27 | 11,335,845 | 12,303,243 |
| Revaluation surplus | 15 | 111,826,169 | 111,826,169 |
| TOTAL EQUITY | | 147,078,018 | 144,533,677 |

*Refer to Note 28 Correction of Error

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



SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 18,733,641 | 11,856,155 | 111,826,169 | 142,415,965 |
| Comprehensive income for the period | | | | | |
| Net result for the period (as reported) | | 2,607,500 | 0 | 0 | 2,607,500 |
| Correction of error | 28 | (489,788) | 0 | 0 | (489,788) |
| Total comprehensive income for the period (restated)* | | 2,117,712 | 0 | 0 | 2,117,712 |
| Transfers from reserves | 27 | 758,358 | (758,358) | 0 | 0 |
| Transfers to reserves | 27 | (1,205,446) | 1,205,446 | 0 | 0 |
| Balance as at 30 June 2021 (restated) | | 20,404,265 | 12,303,243 | 111,826,169 | 144,533,677 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 2,544,341 | 0 | 0 | 2,544,341 |
| Total comprehensive income for the period | | 2,544,341 | 0 | 0 | 2,544,341 |
| Transfers from reserves | 27 | 969,767 | (969,767) | 0 | 0 |
| Transfers to reserves | 27 | (2,369) | 2,369 | 0 | 0 |
| Balance as at 30 June 2022 | | 23,916,004 | 11,335,845 | 111,826,169 | 147,078,018 |

*Refer to Note 28 Correction of Error

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



**SHIRE OF MENZIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 3,718,437 | 3,574,505 | 3,712,489 |
| Operating grants, subsidies and contributions | | 2,982,549 | 1,646,099 | 3,595,127 |
| Fees and charges | | 344,361 | 207,265 | 127,690 |
| Interest received | | 51,552 | 112,500 | 133,258 |
| Goods and services tax received | | 691,586 | 0 | 308,889 |
| Other revenue | | 105,459 | 35,135 | 96,158 |
| | | <u>7,893,944</u> | <u>5,575,504</u> | <u>7,973,611</u> |
| Payments | | | | |
| Employee costs | | (2,046,520) | (2,374,097) | (1,520,315) |
| Materials and contracts | | (2,927,427) | (1,519,510) | (1,736,211) |
| Utility charges | | (103,461) | (88,150) | (90,660) |
| Finance costs | | (17) | (112) | (95) |
| Insurance paid | | (173,088) | (135,382) | (150,908) |
| Goods and services tax paid | | (138,359) | 0 | (259,261) |
| Other expenditure | | (199,375) | (422,601) | (319,620) |
| | | <u>(5,588,247)</u> | <u>(4,539,852)</u> | <u>(4,077,070)</u> |
| Net cash provided by (used in) operating activities | 16(b) | <u>2,305,697</u> | <u>1,035,652</u> | <u>3,896,541</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (1,204,792) | (5,376,900) | (786,962) |
| Payments for construction of infrastructure | 9(a) | (3,732,436) | (7,796,267) | (1,146,661) |
| Non-operating grants, subsidies and contributions | | 2,198,407 | 3,485,806 | 964,956 |
| Proceeds from sale of property, plant & equipment | 10(b) | 57,274 | 25,000 | 12,727 |
| Net cash provided by (used in) investing activities | | <u>(2,681,547)</u> | <u>(9,662,361)</u> | <u>(955,940)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments for principal portion of lease liabilities | 26(b) | (2,363) | (2,363) | (3,985) |
| Net cash provided by (used in) financing activities | | <u>(2,363)</u> | <u>(2,363)</u> | <u>(3,985)</u> |
| Net increase (decrease) in cash held | | <u>(378,213)</u> | <u>(8,629,072)</u> | <u>2,936,616</u> |
| Cash at beginning of year | | 15,838,467 | 15,838,467 | 12,901,851 |
| Cash and cash equivalents at the end of the year | 16(a) | <u>15,460,254</u> | <u>7,209,395</u> | <u>15,838,467</u> |

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



**SHIRE OF MENZIES
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

| | | 2022 Actual \$ | 2022 Budget \$ | Restated* 2021 Actual \$ |
|---|-------|----------------------|----------------------|-----------------------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 25(b) | 3,169,372 | 3,418,114 | 1,357,349 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Operating grants, subsidies and contributions | | 3,170,973 | 1,646,099 | 3,032,239 |
| Fees and charges | | 288,111 | 207,265 | 220,054 |
| Interest earnings | | 51,552 | 112,500 | 133,258 |
| Other revenue | | 105,459 | 35,135 | 96,158 |
| Profit on asset disposals | 10(b) | 2,031 | 0 | 7,977 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 999 | 0 | 18,452 |
| | | 3,619,125 | 2,000,999 | 3,508,138 |
| Expenditure from operating activities | | | | |
| Employee costs | | (2,119,726) | (2,374,097) | (1,505,877) |
| Materials and contracts | | (2,074,282) | (1,516,338) | (1,680,127) |
| Utility charges | | (103,461) | (88,150) | (90,660) |
| Depreciation | | (2,130,098) | (2,032,027) | (2,120,345) |
| Finance costs | | (17) | (112) | (95) |
| Insurance | | (173,088) | (135,382) | (150,908) |
| Other expenditure | | (199,375) | (422,601) | (319,620) |
| Loss on asset disposals | 10(b) | (835) | (2,140) | 0 |
| | | (6,800,882) | (6,570,847) | (5,867,632) |
| Non-cash amounts excluded from operating activities | 25(a) | 2,151,424 | 2,034,167 | 2,066,280 |
| Amount attributable to operating activities | | (1,030,333) | (2,535,681) | (293,214) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 2,094,381 | 3,485,806 | 964,956 |
| Proceeds from disposal of assets | 10(b) | 57,274 | 25,000 | 12,727 |
| Purchase of property, plant and equipment | 8(a) | (1,204,792) | (5,376,900) | (786,962) |
| Purchase and construction of infrastructure | 9(a) | (3,732,436) | (7,796,267) | (1,146,661) |
| Amount attributable to investing activities | | (2,785,573) | (9,662,361) | (955,940) |
| FINANCING ACTIVITIES | | | | |
| Payments for principal portion of lease liabilities | 26(b) | (2,363) | (2,363) | (3,985) |
| Transfers to reserves (restricted assets) | 27 | (2,369) | (610,000) | (1,205,446) |
| Transfers from reserves (restricted assets) | 27 | 969,767 | 5,835,821 | 758,358 |
| Amount attributable to financing activities | | 965,035 | 5,223,458 | (451,073) |
| Surplus/(deficit) before imposition of general rates | | 318,501 | (3,556,470) | (342,878) |
| Total amount raised from general rates | 24(a) | 3,631,717 | 3,556,470 | 3,512,250 |
| Surplus/(deficit) after imposition of general rates | 25(b) | 3,950,218 | 0 | 3,169,372 |

*Refer to Note 28 Correction of Error

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



SHIRE OF MENZIES
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT

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SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

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.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Timing of revenue recognition |
|--|---|--------------------------------------|--|---|--|
| Operating grants, subsidies and contributions with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Fees and charges - licences, registrations, approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming | Single point in time | Full payment prior to issue | None | On payment of the licence, registration or approval |
| Fees and charges - sale of stock | Community resource centre stock | Single point in time | In full in advance, on 15 day credit | None | Output method based on goods |
| Other revenue - commissions | Commissions on licencing and bus ticket sales | Over time | Payment in full on sale | None | When assets are controlled |

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

Revenue Recognition

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

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 3,631,717 | 0 | 3,631,717 |
| Operating grants, subsidies and contributions | 1,096 | 0 | 0 | 3,169,877 | 3,170,973 |
| Fees and charges | 217,910 | 0 | 33,401 | 36,800 | 288,111 |
| Interest earnings | 0 | 0 | 51,552 | 0 | 51,552 |
| Other revenue | 4,071 | 0 | 0 | 101,388 | 105,459 |
| Non-operating grants, subsidies and contributions | 0 | 2,094,381 | 0 | 0 | 2,094,381 |
| Total | 223,077 | 2,094,381 | 3,716,670 | 3,308,065 | 9,342,193 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 3,512,250 | 0 | 3,512,250 |
| Operating grants, subsidies and contributions | 0 | 0 | 0 | 3,032,239 | 3,032,239 |
| Fees and charges | 220,054 | 0 | 0 | 0 | 220,054 |
| Interest earnings | 0 | 0 | 65,667 | 67,591 | 133,258 |
| Other revenue | 2,372 | 0 | 0 | 93,786 | 96,158 |
| Non-operating grants, subsidies and contributions | 0 | 964,956 | 0 | 0 | 964,956 |
| Total | 222,426 | 964,956 | 3,577,917 | 3,193,616 | 7,958,915 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| (a) Revenue (Continued) | | | | |
| Interest earnings | | | | |
| Interest on reserve funds | | (5,990) | 30,000 | 57,387 |
| Rates instalment and penalty interest (refer Note 24(b)) | | 52,546 | 72,500 | 65,667 |
| Other interest earnings | | 4,996 | 10,000 | 10,204 |
| | | 51,552 | 112,500 | 133,258 |
| Interest on reserve for prior year had not been adjusted for accrued income. The accrued income balance was adjusted for the year ended June 2022 which resulted in a negative balance of interest on reserve funds. This was considered immaterial to warrant prior year adjustment. | | | | |
| (b) Expenses | | | | |
| Auditors remuneration | | | | |
| - Audit of the Annual Financial Report | | 46,000 | 46,000 | 48,000 |
| - Other services | | 3,873 | 0 | 0 |
| | | 49,873 | 46,000 | 48,000 |
| Finance costs | | | | |
| Lease liabilities | 26(b) | 17 | 112 | 95 |
| | | 17 | 112 | 95 |
| Other expenditure | | | | |
| Impairment losses on rates receivables | | 58,470 | 0 | (48,857) |
| Sundry expenses | | 140,905 | 422,601 | 368,477 |
| | | 199,375 | 422,601 | 319,620 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

| Note | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Cash at bank and on hand | 15,460,254 | 15,838,467 |
| Total cash and cash equivalents | 15,460,254 | 15,838,467 |
| Held as | | |
| - Unrestricted cash and cash equivalents | 3,266,152 | 2,996,457 |
| - Restricted cash and cash equivalents | 12,194,102 | 12,842,010 |
| | 15,460,254 | 15,838,467 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

Details of restrictions on financial assets can be found at Note 16.

4. OTHER FINANCIAL ASSETS

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| 2022 | 2021 |
|---------------|---------------|
| \$ | \$ |
| 19,451 | 18,452 |
| 19,451 | 18,452 |
| 19,451 | 18,452 |
| 19,451 | 18,452 |

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through profit and loss

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

| | | Restated |
|--|-----------|-----------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current | | |
| Rates receivable | 594,451 | 663,136 |
| Trade and other receivables | 387,873 | 6,682 |
| GST receivable | 183,719 | 177,609 |
| Receivables for employee related provisions | 22,697 | 0 |
| Allowance for credit losses of rates receivables | (377,062) | (320,812) |
| | 811,678 | 526,615 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 20.

Classification and subsequent measurement

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

| | Note | 2022 | 2021 |
|--|------|-----------|----------|
| Current | | \$ | \$ |
| Fuel and materials | | 16,438 | 15,211 |
| | | 16,438 | 15,211 |
| The following movements in inventories occurred during the year: | | | |
| Balance at beginning of year | | 15,211 | 13,623 |
| Inventories expensed during the year | | (109,257) | (84,294) |
| Additions to inventory | | 110,484 | 85,882 |
| Balance at end of year | | 16,438 | 15,211 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Accrued income

Contract assets

| | 2022 | 2021 |
|-----------------|---------|--------|
| | \$ | \$ |
| Accrued income | 0 | 12,797 |
| Contract assets | 273,723 | 0 |
| | 273,723 | 12,797 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include accrued income and contract assets for which a service has been delivered and amounts are due under a contract arrangement, and also include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| Note | Land | Buildings - non- specialised | Buildings - specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Work in progress | Total property, plant and equipment |
|--|----------|------------------------------------|----------------------------|--------------------------------|-------------------------------|------------------------|---------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 556,500 | 2,150,000 | 5,441,000 | 8,147,500 | 71,188 | 1,983,280 | 363,731 | 10,565,699 |
| Additions | 0 | 411,993 | 304,978 | 716,971 | 17,713 | 51,278 | 1,000 | 786,962 |
| Disposals | 0 | 0 | 0 | 0 | 0 | (4,750) | 0 | (4,750) |
| Depreciation | 0 | (99,399) | (268,298) | (367,697) | (11,200) | (402,760) | 0 | (781,657) |
| Transfers | 0 | 0 | 20,100 | 20,100 | 0 | 0 | (363,731) | (343,631) |
| Balance at 30 June 2021 | 556,500 | 2,462,594 | 5,497,780 | 8,516,874 | 77,701 | 1,627,048 | 1,000 | 10,222,623 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2021 | 556,500 | 2,561,993 | 5,766,078 | 8,884,571 | 104,983 | 2,484,226 | 1,000 | 11,474,780 |
| Accumulated depreciation at 30 June 2021 | 0 | (99,399) | (268,298) | (367,697) | (27,282) | (857,178) | 0 | (1,252,157) |
| Balance at 30 June 2021 | 556,500 | 2,462,594 | 5,497,780 | 8,516,874 | 77,701 | 1,627,048 | 1,000 | 10,222,623 |
| Additions | 0 | 24,424 | 755,801 | 780,225 | 0 | 343,394 | 81,173 | 1,204,792 |
| Disposals | (17,200) | 0 | 0 | (17,200) | 0 | (38,878) | 0 | (56,078) |
| Depreciation | 0 | (107,640) | (273,600) | (381,240) | 0 | (417,606) | 0 | (798,846) |
| Transfers | 0 | 0 | 1,000 | 1,000 | (77,701) | 77,701 | (1,000) | 0 |
| Balance at 30 June 2022 | 539,300 | 2,379,378 | 5,980,981 | 8,899,659 | 0 | 1,591,659 | 81,173 | 10,572,491 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2022 | 539,300 | 2,586,417 | 6,522,879 | 9,648,596 | 0 | 2,851,661 | 81,173 | 12,581,430 |
| Accumulated depreciation at 30 June 2022 | 0 | (207,039) | (541,898) | (748,937) | 0 | (1,260,002) | 0 | (2,008,939) |
| Balance at 30 June 2022 | 539,300 | 2,379,378 | 5,980,981 | 8,899,659 | 0 | 1,591,659 | 81,173 | 10,572,491 |

Furniture and equipment assets were reclassified to Plant and equipment during 2022/23.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|--|--------------------|-----------------------------|---|--|-------------------------------|--|
| Land and buildings | | | | | | | |
| Land | | | 2 | Market approach using recent market data for similar properties | Independent Registered Valuer | June 2020 | Price per hectare |
| Buildings - non-specialised | | | 2 & 3 | Market approach using recent market data for similar properties | Independent Registered Valuer and Management Valuation | June 2020 | Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs. |
| Buildings - specialised | | | 2 & 3 | Market approach using recent market data for similar properties | Independent Registered Valuer and Management Valuation | June 2020 | Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs. |

Level 3 inputs are based on assumptions with 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.

(ii) Cost

| | | | |
|-------------------------|------|------|---------------|
| Furniture and equipment | Cost | Cost | Purchase cost |
| Plant and equipment | Cost | Cost | Purchase cost |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

| Note | Infrastructure - roads | Infrastructure - footpaths | Infrastructure - parks and ovals | Infrastructure - other | Work in progress | Total Infrastructure |
|--|---------------------------|-------------------------------|-------------------------------------|---------------------------|------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 113,943,533 | 436,462 | 270,738 | 4,220,273 | 4,545 | 118,875,551 |
| Additions | 985,170 | 31,373 | 0 | 104,154 | 25,964 | 1,146,661 |
| Depreciation | (1,146,290) | (21,608) | (7,708) | (159,172) | 0 | (1,334,778) |
| Transfers | 0 | 343,631 | 0 | 0 | (4,545) | 339,086 |
| Balance at 30 June 2021 | 113,782,413 | 789,858 | 263,030 | 4,165,255 | 25,964 | 119,026,520 |
| Comprises: | | | | | | |
| Gross balance at 30 June 2021 | 117,214,175 | 924,709 | 284,473 | 4,626,427 | 25,964 | 123,075,748 |
| Accumulated depreciation at 30 June 2021 | (3,431,762) | (134,851) | (21,443) | (461,172) | 0 | (4,049,228) |
| Balance at 30 June 2021 | 113,782,413 | 789,858 | 263,030 | 4,165,255 | 25,964 | 119,026,520 |
| Additions | 3,331,514 | 0 | 163,947 | 236,975 | 0 | 3,732,436 |
| Depreciation | (1,156,142) | (22,863) | (9,243) | (140,574) | 0 | (1,328,822) |
| Transfers | 25,964 | 0 | 0 | 0 | (25,964) | 0 |
| Balance at 30 June 2022 | 115,983,749 | 766,995 | 417,734 | 4,261,656 | 0 | 121,430,134 |
| Comprises: | | | | | | |
| Gross balance at 30 June 2022 | 120,571,653 | 924,710 | 448,420 | 4,863,402 | 0 | 126,808,185 |
| Accumulated depreciation at 30 June 2022 | (4,587,904) | (157,715) | (30,686) | (601,746) | 0 | (5,378,051) |
| Balance at 30 June 2022 | 115,983,749 | 766,995 | 417,734 | 4,261,656 | 0 | 121,430,134 |

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------|----------------------------------|-----------------------------|--|---------------------------|-------------------------------|--|
| | Infrastructure - roads | 2 & 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs. |
| | Infrastructure - footpaths | 2 & 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2020 | Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs. |
| | Infrastructure - parks and ovals | 2 & 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs. |
| | Infrastructure - other | 2 & 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs. |
| | Work in progress | | Cost | Cost | | Purchase cost |

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 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Buildings - non-specialised | 8(a) | 107,640 | 95,309 | 99,399 |
| Buildings - specialised | 8(a) | 273,600 | 257,259 | 268,298 |
| Furniture and equipment | 8(a) | 0 | 10,740 | 11,200 |
| Plant and equipment | 8(a) | 417,606 | 388,856 | 402,760 |
| Infrastructure - roads | 9(a) | 1,156,142 | 1,099,129 | 1,146,290 |
| Infrastructure - footpaths | 9(a) | 22,863 | 20,719 | 21,608 |
| Infrastructure - parks and ovals | 9(a) | 9,243 | 7,391 | 7,708 |
| Infrastructure - other | 9(a) | 140,574 | 152,624 | 159,172 |
| Right-of-use assets - plant and equipment | 11(a) | 2,430 | 0 | 3,910 |
| | | 2,130,098 | 2,032,027 | 2,120,345 |

Depreciation rates

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

| Asset Class | Useful life |
|---|-----------------------------------|
| Buildings specialised and non specialised | 20 to 50 years |
| Furniture and equipment | 4 to 10 years |
| Plant and equipment | 4 to 50 years |
| Infrastructure - roads | |
| Sealed roads and streets | |
| formation | not depreciated |
| pavement | 50 years |
| seal | |
| - bituminous seals | 20 years |
| - asphalt surfaces | 25 years |
| Gravel roads | |
| formation | not depreciated |
| pavement | 50 years |
| Infrastructure - footpaths | 20 years |
| Infrastructure - other | |
| Sewerage piping | 100 years |
| Water supply piping and drainage systems | 75 years |
| Infrastructure - parks and ovals | 10 to 50 years |
| Right-of-use (plant and equipment) | Based on the remaining lease term |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(b) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|----------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 17,200 | 16,365 | 0 | (835) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 38,878 | 40,909 | 2,031 | 0 | 27,140 | 25,000 | 0 | (2,140) | 4,750 | 12,727 | 7,977 | 0 |
| | 56,078 | 57,274 | 2,031 | (835) | 27,140 | 25,000 | 0 | (2,140) | 4,750 | 12,727 | 7,977 | 0 |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| Toyota landcruiser | 38,878 | 40,909 | 2,031 | 0 |
| | 38,878 | 40,909 | 2,031 | 0 |
| Land | | | | |
| Other Property and Services | | | | |
| Lot 3 Kookynie | 3,000 | 2,855 | 0 | (145) |
| Lot 68 Kookynie | 2,000 | 1,903 | 0 | (97) |
| Lot 70 Kookynie | 2,000 | 1,903 | 0 | (97) |
| Lot 76 Kookynie | 2,200 | 2,093 | 0 | (107) |
| Lot 74 Kookynie | 3,000 | 2,854 | 0 | (146) |
| Lot 75 Kookynie | 3,000 | 2,854 | 0 | (146) |
| Lot 69 Kookynie | 2,000 | 1,903 | 0 | (97) |
| | 17,200 | 16,365 | 0 | (835) |
| | 56,078 | 57,274 | 2,031 | (835) |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed asset 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.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure is determined at every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class 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 land, buildings infrastructure and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on revaluation

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

| | Note | Right-of-use assets - plant and equipment \$ | Right-of-use assets Total \$ |
|-------------------------|-------|---|---------------------------------------|
| Balance at 1 July 2020 | | 6,340 | 6,340 |
| Depreciation | | (3,910) | (3,910) |
| Balance at 30 June 2021 | | 2,430 | 2,430 |
| Depreciation | 10(a) | (2,430) | (2,430) |
| Balance at 30 June 2022 | | 0 | 0 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | | 2022 Actual \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|
| Depreciation on right-of-use assets | 10(a) | (2,430) | (3,910) |
| Interest expense on lease liabilities | 26(b) | (17) | (95) |
| Total amount recognised in the statement of comprehensive income | | (2,447) | (4,005) |
| Total cash outflow from leases | | (2,380) | (4,080) |
| (b) Lease Liabilities | | | |
| Current | | 0 | 2,363 |
| | 26(b) | 0 | 2,363 |

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 26(b).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Other payables

| | 2022 | 2021 |
|--|---------|---------|
| | \$ | \$ |
| | 79,030 | 256,381 |
| | 44,356 | 26,321 |
| | 15,630 | 5,297 |
| | 72,791 | 35,156 |
| | 9,541 | 12,713 |
| | 194,708 | 45,840 |
| | 416,056 | 381,708 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

Current

Contract liabilities
Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance
Additions

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
Additions
Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

| | 2022 | Restated 2021 |
|---|-----------|------------------|
| | \$ | \$ |
| Contract liabilities | 215,464 | 0 |
| Capital grant/contributions liabilities | 642,793 | 538,767 |
| | 858,257 | 538,767 |
| Opening balance | 0 | 0 |
| Additions | 215,464 | 0 |
| | 215,464 | 0 |
| Opening balance | 538,767 | 0 |
| Additions | 642,793 | 538,767 |
| Revenue from capital grant/contributions held as a liability at the start of the period | (538,767) | 0 |
| | 642,793 | 538,767 |
| Less than 1 year | 642,793 | 538,767 |
| | 642,793 | 538,767 |

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

| | 2022 | 2021 |
|--------------------|---------|---------|
| | \$ | \$ |
| Annual Leave | 125,744 | 106,525 |
| Long Service Leave | 82,080 | 85,713 |
| | 207,824 | 192,238 |
| Long Service Leave | 24,014 | 14,362 |
| | 24,014 | 14,362 |
| | 231,838 | 206,600 |

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

| | Note | 2022 | 2021 |
|--|------|---------|---------|
| | | \$ | \$ |
| Less than 12 months after the reporting date | | 133,487 | 132,842 |
| More than 12 months from reporting date | | 98,351 | 73,758 |
| | | 231,838 | 206,600 |

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

| | | |
|---|----------|---|
| 5 | (22,697) | 0 |
|---|----------|---|

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. REVALUATION SURPLUS

| | 2022 Opening Balance | 2022 Revaluation Increment | 2022 Revaluation (Decrement) | 2022 Closing Balance | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Revaluation (Decrement) | 2021 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - freehold land | 552,943 | 0 | 0 | 552,943 | 552,943 | 0 | 0 | 552,943 |
| Revaluation surplus - Buildings - non-specialised | 3,419,463 | 0 | 0 | 3,419,463 | 3,419,463 | 0 | 0 | 3,419,463 |
| Revaluation surplus - Buildings - specialised | 1,387,003 | 0 | 0 | 1,387,003 | 1,387,003 | 0 | 0 | 1,387,003 |
| Revaluation surplus - Infrastructure - roads | 105,024,947 | 0 | 0 | 105,024,947 | 105,024,947 | 0 | 0 | 105,024,947 |
| Revaluation surplus - Infrastructure - footpaths | 673,339 | 0 | 0 | 673,339 | 673,339 | 0 | 0 | 673,339 |
| Revaluation surplus - Infrastructure - other | 768,474 | 0 | 0 | 768,474 | 768,474 | 0 | 0 | 768,474 |
| | 111,826,169 | 0 | 0 | 111,826,169 | 111,826,169 | 0 | 0 | 111,826,169 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. 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:

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual (Restated) \$ |
|--|------|----------------------|----------------------|------------------------------------|
| Cash and cash equivalents | 3 | 15,460,254 | 7,209,395 | 15,838,467 |
| Restrictions | | | | |
| The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | | |
| - Cash and cash equivalents | 3 | 12,194,102 | 7,076,280 | 12,842,010 |
| | | 12,194,102 | 7,076,280 | 12,842,010 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | | |
| Restricted reserve accounts | 27 | 11,335,845 | 7,076,280 | 12,303,243 |
| Other liabilities | 13 | 858,257 | 0 | 538,767 |
| Total restricted financial assets | | 12,194,102 | 7,076,280 | 12,842,010 |

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

| | | | | |
|---|--|------------------|------------------|------------------|
| Net result | | 2,544,341 | 2,472,428 | 2,117,712 |
| Non-cash items: | | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | | (999) | 0 | (18,452) |
| Depreciation/amortisation | | 2,130,098 | 2,032,027 | 2,120,345 |
| (Profit)/loss on sale of asset | | (1,196) | 2,140 | (7,977) |
| Work in progress expensed | | 0 | 0 | 4,545 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | (285,063) | 0 | 146,468 |
| (Increase)/decrease in other assets | | (260,926) | 0 | 4,845 |
| (Increase)/decrease in inventories | | (1,227) | 0 | (1,588) |
| Increase/(decrease) in trade and other payables | | 34,348 | 14,863 | (10,986) |
| Increase/(decrease) in employee related provisions | | 25,238 | 0 | (32,182) |
| Increase/(decrease) in other liabilities | | 319,490 | 0 | 538,767 |
| Non-operating grants, subsidies and contributions | | (2,198,407) | (3,485,806) | (964,956) |
| Net cash provided by/(used in) operating activities | | 2,305,697 | 1,035,652 | 3,896,541 |

(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 | (3,159) | (3,634) |
| Total amount of credit unused | 21,841 | 21,366 |

Unused loan facilities at balance date

Nil

Nil

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. CONTINGENT LIABILITIES

The Shire of Menzies has in compliance with the *Contaminated Sites Act 2003* section 11 listed one site to be possible sources of contamination: - Memorial M995306 ML, Lot 8 on Plan 222795 as shown in the certificate of title 1096/558 known as Shenton Street, Menzies WA 6436. Until the Shire conducts an investigation to determine the presence and scope of 'contamination, assess the risk and degree with the Department of Water and Environment Regulation 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 Department of Water and Environment Regulation guidelines.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

| Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Shire President - Cr Greg Dwyer | | | |
| President's annual allowance | 19,826 | 19,864 | 19,864 |
| Meeting attendance fees | 19,448 | 19,410 | 19,410 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 8,202 | 3,574 | 8,969 |
| | 48,576 | 43,948 | 49,343 |
| Deputy Shire President - Cr Ian Baird | | | |
| Deputy President's annual allowance | 4,966 | 4,966 | 4,966 |
| Meeting attendance fees | 9,410 | 9,410 | 9,410 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 945 | 3,571 | 4,722 |
| | 16,421 | 19,047 | 20,198 |
| Cr Jill Dwyer | | | |
| Meeting attendance fees | 9,410 | 9,410 | 9,410 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 343 | 3,571 | 142 |
| | 10,853 | 14,081 | 10,652 |
| Cr Justin Lee | | | |
| Meeting attendance fees | 3,137 | 9,410 | 9,410 |
| Annual allowance for ICT expenses | 367 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 3,571 | 0 |
| | 3,504 | 14,081 | 10,510 |
| Cr Keith Mader | | | |
| Meeting attendance fees | 3,137 | 9,410 | 9,410 |
| Annual allowance for ICT expenses | 367 | 1,100 | 1,100 |
| Travel and accommodation expenses | 2,983 | 3,571 | 4,817 |
| | 6,487 | 14,081 | 15,327 |
| Cr Rohan (Scott) Baird | | | |
| Meeting attendance fees | 9,410 | 9,410 | 3,921 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 458 |
| Travel and accommodation expenses | 3,310 | 3,571 | 3,346 |
| | 13,820 | 14,081 | 7,725 |
| Cr Vashti Ashwin | | | |
| Meeting attendance fees | 0 | 9,410 | 7,842 |
| Annual allowance for ICT expenses | 0 | 1,100 | 917 |
| Travel and accommodation expenses | 0 | 3,571 | 0 |
| | 0 | 14,081 | 8,759 |
| Cr Debbie Hansen | | | |
| Meeting attendance fees | 0 | 0 | 2,353 |
| Annual allowance for ICT expenses | 0 | 0 | 275 |
| | 0 | 0 | 2,628 |
| Cr Sudhir Sudhir | | | |
| Meeting attendance fees | 6,273 | 0 | 0 |
| Annual allowance for ICT expenses | 733 | 0 | 0 |
| | 7,006 | 0 | 0 |
| Cr Andrew Tucker | | | |
| Meeting attendance fees | 6,273 | 0 | 0 |
| Annual allowance for ICT expenses | 733 | 0 | 0 |
| | 7,006 | 0 | 0 |
| Cr Paul Warner | | | |
| Meeting attendance fees | 6,273 | 0 | 0 |
| Annual allowance for ICT expenses | 733 | 0 | 0 |
| Travel and accommodation expenses | 1,099 | 0 | 0 |
| | 8,105 | 0 | 0 |
| | 121,778 | 133,400 | 125,142 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration (continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.

| Note | 2022 Actual | 2022 Budget | 2021 Actual |
|-------------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| President's annual allowance | 19,826 | 19,864 | 19,864 |
| Deputy President's annual allowance | 4,966 | 4,966 | 4,966 |
| Meeting attendance fees | 72,771 | 75,870 | 71,166 |
| Annual allowance for ICT expenses | 7,333 | 7,700 | 7,150 |
| Travel and accommodation expenses | 16,882 | 25,000 | 21,996 |
| 18(b) | 121,778 | 133,400 | 125,142 |

(b) Key Management Personnel (KMP) Compensation

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

| | 2022 Actual | 2021 Actual |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 500,998 | 464,830 |
| Post-employment benefits | 53,512 | 46,449 |
| Employee - other long-term benefits | 16,896 | 12,555 |
| Council member costs | 121,778 | 125,142 |
| 18(a) | 693,184 | 648,976 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

| | 2022 Actual | 2021 Actual |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 1,572 | 6,297 |

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. JOINT ARRANGEMENTS

Share of joint operations

The Shire together with the City of Kalgoorlie Boulder, Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Ngaanyatjaraku, Ravensthorpe and Wiluna have a joint arrangement, classified as a joint operation with regards to the provision of a Regional Records Service. Management have determined this as a joint operation.

The assets included in the joint venture are one tenth share as follows:-

Statement of Financial Position

| | 2022 Actual | 2021 Actual |
|--|------------------------|------------------------|
| | \$ | \$ |
| Current assets | 76,990 | 2,728 |
| Non current assets | 67,722 | 71,420 |
| Total assets | 144,712 | 74,148 |
| Current liabilities | 76,990 | 4,605 |
| Total liabilities | 76,990 | 4,605 |
| Net assets | 67,722 | 69,543 |
| Net increase/(decrease) in share of associate entity's net assets | (1,821) | (13,020) |
| - Share of associates profit/(loss) from ordinary activities | (1,450) | (10,206) |
| - Share of associates total comprehensive income arising during the period | (1,450) | (10,206) |
| Balance at 1 July | 3,257 | 13,463 |
| - Share of associates total comprehensive income arising during the period | (1,450) | (10,206) |
| Balance at 30 June | 1,807 | 3,257 |

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate % | Carrying Amounts \$ | Fixed Interest Rate \$ | Variable Interest Rate \$ | Non Interest Bearing \$ |
|---------------------------|---|---------------------------|------------------------------|---------------------------------|-------------------------------|
| 2022 | | | | | |
| Cash and cash equivalents | 0.01% | 15,460,254 | 0 | 15,459,924 | 330 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.01% | 15,838,467 | 0 | 15,837,402 | 1,065 |

Sensitivity

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

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Impact of a 1% movement in interest rates on profit and loss and equity* | 154,599 | 158,374 |

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 26(a).

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|---------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 1.65% | 30.15% | 90.19% | | |
| Gross carrying amount | 7,060 | 121,296 | 75,467 | 390,628 | 594,451 | |
| Loss allowance | 0 | 2,001 | 22,753 | 352,307 | 377,061 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 2.22% | 35.51% | 82.20% | | |
| Gross carrying amount | 5,925 | 218,828 | 95,088 | 343,295 | 663,136 | |
| Loss allowance | 0 | 4,858 | 33,766 | 282,188 | 320,812 | 5 |

No loss allowance was provided for trade and other receivables at 30 June 2022 and 30 June 2021 as it was deemed immaterial.

The loss allowances for trade and other receivables as at 30 June reconcile to the opening loss allowances as follows

| | Rates receivable | |
|---|------------------|----------------|
| | 2022 Actual | 2021 Actual |
| Opening loss allowance as at 1 July | \$ 320,812 | \$ 413,176 |
| Increase in loss allowance recognised in profit or loss during the year | 58,470 | 0 |
| Receivables written off during the year as uncollectible | (2,220) | (141,221) |
| Unused amount reversed | 0 | 48,857 |
| Closing loss allowance at 30 June | 377,062 | 320,812 |

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Trade and other payables | 416,056 | 0 | 0 | 416,056 | 416,056 |
| | 416,056 | 0 | 0 | 416,056 | 416,056 |
| 2021 | | | | | |
| Trade and other payables | 381,708 | 0 | 0 | 381,708 | 381,708 |
| Lease liabilities | 2,363 | 0 | 0 | 2,363 | 2,363 |
| | 384,071 | 0 | 0 | 384,071 | 384,071 |

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Council did not have any events occurring after the end of the reporting period of consequence.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

AASB 13 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 follow

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

| Objective | Description |
|---|--|
| Governance To provide a decision making process for the efficient allocation of scarce resources. | Includes the 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 To collect revenue to allow for the provision of services. | 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 To provide services to help ensure a safer and environmentally conscious community. | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. |
| Health To provide an operational framework for environmental and community health. | Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. |
| Education and welfare To provide services to disadvantaged persons, the elderly, children and youth. | Expenditure to assist in the education of the children and youth within the Shire. |
| Housing To provide and maintain housing. | Income and expenditure associated with the provision of housing to staff and others. |
| Community amenities To provide services required by the community. | 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 To establish and effectively manage infrastructure and resources which will help the social well being of the community. | The reporting of income and expenditure associated with the Town Hall, library and recreation area, oval and reserves operated by Council. |
| Transport To provide safe, effective and efficient transport services to the community. | Construction and maintenance of roads, grids, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting and the maintenance of the Council's airstrips. |
| Economic services To help promote the Shire and its economic well being. | The reporting of income and expenditure including the operation of Council's caravan park and administration of the Building Code of Australia. |
| Other property and services To monitor and control Shire's overheads operating accounts. | 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 expenditure not included elsewhere. |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| Governance | 59,998 | 0 | 42,737 |
| General purpose funding | 3,719,284 | 3,675,870 | 3,658,954 |
| Law, order, public safety | 8,571 | 8,150 | 8,040 |
| Health | 150 | 300 | 0 |
| Housing | 52,426 | 37,880 | 50,459 |
| Community amenities | 12,114 | 25,885 | 17,277 |
| Recreation and culture | 800 | 700 | 0 |
| Transport | 2,590 | 2,000 | 10,349 |
| Economic services | 205,834 | 132,150 | 141,834 |
| Other property and services | 18,102 | 28,435 | 58,499 |
| | 4,079,869 | 3,911,370 | 3,988,149 |
| Grants, subsidies and contributions | | | |
| General purpose funding | 3,708,602 | 2,910,166 | 2,759,447 |
| Law, order, public safety | 21,521 | 6,500 | 10,436 |
| Health | 24,440 | 0 | 0 |
| Recreation and culture | 19,369 | 0 | 10,328 |
| Transport | 1,453,760 | 2,135,239 | 1,135,241 |
| Economic services | 37,662 | 80,000 | 81,743 |
| | 5,265,354 | 5,131,905 | 3,997,195 |
| Total Income | 9,345,223 | 9,043,275 | 7,985,344 |
| Expenses | | | |
| Governance | (1,067,368) | (1,018,987) | (975,794) |
| General purpose funding | (248,292) | (412,189) | (213,909) |
| Law, order, public safety | (104,114) | (135,187) | (103,456) |
| Health | (76,558) | (42,592) | (32,074) |
| Education and welfare | (918) | 0 | 0 |
| Housing | (217,192) | (204,818) | (176,936) |
| Community amenities | (379,675) | (375,724) | (295,838) |
| Recreation and culture | (748,105) | (854,772) | (789,023) |
| Transport | (2,300,758) | (2,261,383) | (1,970,866) |
| Economic services | (1,074,138) | (1,262,109) | (925,070) |
| Other property and services | (583,764) | (3,086) | (384,666) |
| Total expenses | (6,800,882) | (6,570,847) | (5,867,632) |
| Net result for the period | 2,544,341 | 2,472,428 | 2,117,712 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FUNCTION AND ACTIVITY (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| (c) Fees and Charges | | | |
| General purpose funding | 13,835 | 10,800 | 9,763 |
| Law, order, public safety | 430 | 150 | 100 |
| Health | 150 | 300 | 0 |
| Housing | 52,426 | 37,880 | 50,359 |
| Community amenities | 11,439 | 25,885 | 17,277 |
| Recreation and culture | 1,382 | 500 | 0 |
| Economic services | 205,745 | 131,500 | 141,834 |
| Other property and services | 2,704 | 250 | 721 |
| | 288,111 | 207,265 | 220,054 |
| (d) Total Assets | | | |
| | \$ | \$ | |
| Governance | 66,191 | 2,430 | |
| General purpose funding | 542,512 | 393,780 | |
| Law, order, public safety | 209,951 | 81,493 | |
| Education and welfare | 270,000 | 0 | |
| Housing | 2,521,869 | 1,922,936 | |
| Community amenities | 996,323 | 636,778 | |
| Recreation and culture | 8,075,043 | 6,070,569 | |
| Transport | 123,764,339 | 121,219,185 | |
| Economic services | 5,431,816 | 5,461,221 | |
| Other property and services | 2,581,716 | 4,875,578 | |
| Unallocated | 4,124,409 | 4,999,145 | |
| | 148,584,169 | 145,663,115 | |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATING INFORMATION

(a) General Rates

| General Rates | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|------------------------|---------------|----------------------------|--|----------------|-------------------|----------------------------|-------------------------|----------------------------|----------------|----------------------------|-------------------------|----------------------------|----------------|----------------------------|-------------------------|----------------------------|----------------------------|---------|-----------|-----------|
| RATE TYPE Rate Description | Basis of valuation | Rate in \$ | Number of Properties | 2021/22 | | | 2021/22 | | | 2021/22 | | | 2021/22 | | | 2021/22 | | | 2020/21 | | |
| | | | | Actual Rateable Value * | Actual Rate | Actual Revenue | Actual Interim Rates | Actual Back Rates | Actual Total Revenue | Budget Rate | Budget Interim Rates | Budget Back Rates | Budget Total Revenue | Budget Rate | Budget Interim Rates | Budget Back Rates | Budget Total Revenue | Actual Total Revenue | | | |
| Vacant | Gross rental valuation | 0.08640 | 4 | 20,956 | 1,811 | (159) | 0 | 1,652 | | | 1,811 | 1,811 | | 0 | 0 | 1,811 | | 0 | 0 | 1,811 | |
| Residential | Gross rental valuation | 0.08620 | 32 | 2,500,428 | 215,537 | 258 | 0 | 215,795 | | | 215,537 | 215,537 | | 0 | 0 | 215,537 | | 0 | 0 | 215,537 | |
| Mining lease | Unimproved valuation | 0.16550 | 230 | 15,652,482 | 2,590,486 | 8,990 | 1 | 2,599,477 | | | 2,590,486 | 2,590,486 | | 0 | 0 | 2,590,486 | | 0 | 0 | 2,573,748 | |
| Exploration lease | Unimproved valuation | 0.15000 | 340 | 3,297,144 | 494,572 | 62,222 | 449 | 557,243 | | | 486,704 | 486,704 | | 0 | 0 | 486,704 | | 0 | 0 | 482,362 | |
| Prospecting lease | Unimproved valuation | 0.14770 | 214 | 518,784 | 76,624 | 5,953 | 161 | 82,738 | | | 75,415 | 75,415 | | 0 | 0 | 75,415 | | 0 | 0 | 68,510 | |
| Pastoral lease | Unimproved valuation | 0.08290 | 23 | 683,652 | 56,675 | (29) | (11,892) | 44,764 | | | 56,592 | 56,592 | | 0 | 0 | 56,592 | | 0 | 0 | 56,557 | |
| Other | Unimproved valuation | 0.08290 | 63 | 307,900 | 25,525 | 1,923 | 0 | 27,448 | | | 25,525 | 25,525 | | 0 | 0 | 25,525 | | 0 | 0 | 25,525 | |
| Sub-Total | | | 906 | 22,981,346 | 3,461,230 | 79,158 | (11,271) | 3,529,117 | | | 3,452,070 | 3,452,070 | | 0 | 0 | 3,452,070 | | 0 | 0 | 3,416,050 | |
| Minimum payment | | | | | | | | | | | | | | | | | | | | | |
| Vacant | Gross rental valuation | 200 | 198 | 40,769 | 39,600 | 0 | 0 | 39,600 | | | 39,600 | 39,600 | | 0 | 0 | 39,600 | | 0 | 0 | 40,000 | |
| Residential | Gross rental valuation | 200 | 8 | 5,537 | 1,600 | 0 | 0 | 1,600 | | | 1,600 | 1,600 | | 0 | 0 | 1,600 | | 0 | 0 | 1,600 | |
| Mining lease | Unimproved valuation | 200 | 55 | 41,119 | 11,000 | 0 | 0 | 11,000 | | | 11,000 | 11,000 | | 0 | 0 | 11,000 | | 0 | 0 | 10,800 | |
| Exploration lease | Unimproved valuation | 200 | 158 | 129,365 | 31,600 | 0 | 0 | 31,600 | | | 32,800 | 32,800 | | 0 | 0 | 32,800 | | 0 | 0 | 28,200 | |
| Prospecting lease | Unimproved valuation | 200 | 89 | 51,561 | 17,800 | 0 | 0 | 17,800 | | | 18,400 | 18,400 | | 0 | 0 | 18,400 | | 0 | 0 | 14,600 | |
| Pastoral lease | Unimproved valuation | 200 | 4 | 4,638 | 800 | 0 | 0 | 800 | | | 800 | 800 | | 0 | 0 | 800 | | 0 | 0 | 800 | |
| Other | Unimproved valuation | 200 | 1 | 100 | 200 | 0 | 0 | 200 | | | 200 | 200 | | 0 | 0 | 200 | | 0 | 0 | 200 | |
| Sub-Total | | | 513 | 273,089 | 102,600 | 0 | 0 | 102,600 | | | 104,400 | 104,400 | | 0 | 0 | 104,400 | | 0 | 0 | 96,200 | |
| | | | | 1,419 | 23,254,435 | 3,563,830 | 79,158 | (11,271) | 3,631,717 | | | 3,556,470 | 3,556,470 | | 0 | 0 | 3,556,470 | | 0 | 0 | 3,512,250 |
| | | | | Total amount raised from general rates | | | | | | | | | | | | | | | | 3,512,250 | |

* Rateable value is based on the value of properties at the time the rate is raised.

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 Income for not-for-profit entities.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 24/09/2021 | 0.0 | 0.00% | 7.00% |
| Option Two | | | | |
| First instalment | 24/09/2021 | 0.0 | 0.00% | 7.00% |
| Second instalment | 26/11/2021 | 10.0 | 5.50% | 7.00% |
| Third instalment | 28/01/2022 | 10.0 | 5.50% | 7.00% |
| Fourth instalment | 01/04/2022 | 10.0 | 5.50% | 7.00% |

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 45,526 | 67,000 | 60,098 |
| Interest on instalment plan | 7,020 | 5,500 | 5,569 |
| Charges on instalment plan | 6,550 | 5,500 | 5,280 |
| | 59,096 | 78,000 | 70,947 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. RATE SETTING STATEMENT INFORMATION

| | | 2021/22 (30 June 2022 Carried Forward) | 2021/22 Budget (30 June 2022 Carried Forward) | 2021/22 (1 July 2021 Brought Forward) |
|--|-------|---|---|--|
| Note | | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| Less: Profit on asset disposals | 10(b) | (2,031) | 0 | (7,977) |
| Less: Movement in liabilities associated with restricted cash | | 13,869 | 0 | 0 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | | (999) | 0 | (18,452) |
| Add: Loss on disposal of assets | 10(b) | 835 | 2,140 | 0 |
| Add: Depreciation | 10(a) | 2,130,098 | 2,032,027 | 2,120,345 |
| Non-cash movements in non-current assets and liabilities: | | | | |
| Infrastructure work in progress transferred to Statement of Comprehensive Income | | 0 | 0 | 4,545 |
| Employee benefit provisions | | 9,652 | 0 | (32,181) |
| Non-cash amounts excluded from operating activities | | 2,151,424 | 2,034,167 | 2,066,280 |
| (b) Surplus/(deficit) after imposition of general rates | | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| Adjustments to net current assets | | | | |
| Less: Reserve accounts | 27 | (11,335,845) | (7,076,280) | (12,303,243) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of lease liabilities | 11(b) | 0 | 1,622 | 2,363 |
| - Employee benefit provisions | | 206,107 | 197,106 | 192,238 |
| Total adjustments to net current assets | | (11,129,738) | (6,877,552) | (12,108,642) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 16,562,093 | 7,578,391 | 16,393,090 |
| Less: Total current liabilities | | (1,482,137) | (700,839) | (1,115,076) |
| Less: Total adjustments to net current assets | | (11,129,738) | (6,877,552) | (12,108,642) |
| Net current assets used in the Rate Setting Statement | | 3,950,218 | 0 | 3,169,372 |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Council did not have any borrowings at the end of the reporting period.

(b) Lease Liabilities

| Purpose | Note | Actual | | | | Budget | | | |
|---------------------------|-------|-----------------------------|---------------------------|---------------------------|---------------------------|-------------------------------------|----------------|-------------------------------------|---------------------------|
| | | Principal | | Principal | | New Leases | | Principal Repayments | |
| | | Principal at 1 July 2020 | New Leases During 2020-21 | Principal at 30 June 2021 | Principal at 30 June 2022 | During 2021-22 | During 2021-22 | During 2021-22 | Principal at 30 June 2022 |
| Smart Board | | \$ 6,348 | \$ 0 | \$ (3,985) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 3,985 |
| Total Lease Liabilities | 11(b) | 6,348 | 0 | 2,363 | 0 | 0 | 0 | 0 | 3,985 |
| Lease Interest Repayments | | | | 2,363 | 0 | 0 | 0 | (2,363) | (2,363) |
| | | | | | | | | | |
| Purpose | Note | Function and activity | Lease Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | | Budget for year ending 30 June 2022 | |
| Smart Board | | | | | | \$ (95) | | \$ (112) | |
| Total Interest Repayments | 2(b) | Other property and services | IE1338 | Your payment solution | 2.10% | (95) | | (112) | |
| | | | | | | 48 months | | | |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RESERVE ACCOUNTS

| | 2022 | | | | 2022 | | | | 2022 | | | | 2021 | | | | 2021 | | | |
|-----------------------------------|-----------------|--------|-------------|-----------|-----------------------------|-------------|-----------------|--------|-----------------------------|-------------------------|-----------------------------|-------------|-----------------------------|-------------------------|-------------|-----------------------------|-----------------------------|-------------|-------------|-------------|
| | Opening Balance | Actual | Transfer to | Actual | 2022 Actual Closing Balance | 2022 Actual | Transfer (from) | Actual | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Closing Balance | 2022 Budget | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual | 2021 Actual Transfer (from) | 2021 Actual Closing Balance | 2021 Actual | 2021 Actual | 2021 Actual |
| | \$ | | \$ | | \$ | | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Restricted by council | | | | | | | | | | | | | | | | | | | | |
| (a) Leave reserve | 206,067 | | 40 | 0 | 206,107 | | | | 206,047 | 502 | 0 | 206,549 | 205,074 | 993 | 0 | 0 | 205,067 | | | |
| (b) Building reserve | 3,462,259 | | 669 | (270,000) | 3,192,928 | | | | 3,461,990 | 588,442 | (2,055,725) | 1,994,707 | 2,795,090 | 1,161,596 | (494,427) | | 3,462,259 | | | |
| (c) Plant reserve | 1,922,975 | | 371 | (158,049) | 1,765,297 | | | | 1,922,768 | 4,689 | (180,000) | 1,747,477 | 1,946,393 | 9,422 | (32,840) | | 1,922,975 | | | |
| (d) Road reserves | 2,732,648 | | 526 | (440,000) | 2,293,174 | | | | 2,732,383 | 6,663 | (1,290,000) | 1,449,046 | 2,755,425 | 13,336 | (36,113) | | 2,732,648 | | | |
| (e) Main Street reserve | 141,133 | | 27 | 0 | 141,160 | | | | 141,120 | 344 | 0 | 141,464 | 140,456 | 677 | 0 | 0 | 141,133 | | | |
| (f) Staff Amenities reserve | 397,246 | | 76 | 0 | 397,322 | | | | 397,191 | 969 | (398,160) | 0 | 575,564 | 2,762 | (181,100) | | 397,246 | | | |
| (g) TV reserve | 17,976 | | 3 | 0 | 17,979 | | | | 17,974 | 44 | 0 | 18,018 | 17,889 | 87 | 0 | 0 | 17,976 | | | |
| (h) Caravan Park reserve | 429,505 | | 83 | 0 | 429,588 | | | | 429,463 | 1,047 | (400,000) | 30,510 | 431,415 | 2,050 | (4,000) | | 429,505 | | | |
| (i) Bitumen reserve | 606,768 | | 117 | 0 | 606,885 | | | | 606,710 | 1,480 | 0 | 608,190 | 603,847 | 2,921 | 0 | 0 | 606,768 | | | |
| (j) Rates creditors reserve | 51,391 | | 9 | 0 | 51,400 | | | | 51,386 | 125 | 0 | 51,511 | 51,144 | 247 | 0 | 0 | 51,391 | | | |
| (k) Niagara Dam reserve | 1,248,675 | | 240 | 0 | 1,248,915 | | | | 1,248,554 | 3,045 | (1,000,000) | 251,599 | 1,252,492 | 6,061 | (9,878) | | 1,248,675 | | | |
| (l) Swimming Pool reserve | 301,266 | | 57 | 0 | 301,323 | | | | 301,237 | 735 | 0 | 301,972 | 299,814 | 1,452 | 0 | 0 | 301,266 | | | |
| (m) Waste Management reserve | 59,802 | | 12 | 0 | 59,814 | | | | 59,796 | 146 | 0 | 59,942 | 59,515 | 287 | 0 | 0 | 59,802 | | | |
| (n) Former Post Office reserve | 420,432 | | 80 | 0 | 420,512 | | | | 420,392 | 1,025 | (410,000) | 11,417 | 418,407 | 2,025 | 0 | 0 | 420,432 | | | |
| (o) Commercial Enterprise reserve | 101,698 | | 20 | (101,718) | 0 | | | | 101,688 | 248 | (101,936) | 0 | 101,210 | 488 | 0 | 0 | 101,698 | | | |
| (p) Land Purchase reserve | 203,402 | | 39 | 0 | 203,441 | | | | 203,382 | 496 | 0 | 203,878 | 202,420 | 982 | 0 | 0 | 203,402 | | | |
| | 12,303,243 | | 2,369 | (969,767) | 11,335,845 | | | | 12,302,101 | 610,000 | (5,835,821) | 7,076,280 | 11,856,155 | 1,205,446 | (758,358) | | 12,303,243 | | | |

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget 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 |
|-----------------------------------|-------------------------|---|
| (a) Leave reserve | Perpetual | To be used to fund annual and long service leave requirements. |
| (b) Building reserve | Perpetual | To be used for the acquisition of future buildings and renovation of existing building. |
| (c) Plant reserve | Perpetual | To be used for the purchase of major plant. |
| (d) Road reserves | Perpetual | To be used to fund major road works. |
| (e) Main Street reserve | Perpetual | Established for the beautification of the main street. |
| (f) Staff Amenities reserve | Perpetual | Established for the purpose of providing staff housing and amenities. |
| (g) TV reserve | Perpetual | To be used to fund upgrades to the rebroadcasting equipment. |
| (h) Caravan Park reserve | Perpetual | Established for the purpose of providing upgrades to the caravan park. |
| (i) Bitumen reserve | Perpetual | Established to fund resurfacing of roads. |
| (j) Rates creditors reserve | Perpetual | Established for future rates claims. |
| (k) Niagara Dam reserve | Perpetual | Established for ongoing upgrade of Niagara Dam valve workings and other maintenance. |
| (l) Swimming Pool reserve | Perpetual | To assist the Tjunjunjarra community to achieve funding for a swimming pool. |
| (m) Waste Management reserve | Perpetual | Provide for the statutory reinstatement and development of the reserve. |
| (n) Former Post Office reserve | Perpetual | For restoration and maintenance of the Former Post Office. |
| (o) Commercial Enterprise reserve | Perpetual | To fund an activity or purchase with a view to producing a profit. |
| (p) Land Purchase reserve | Perpetual | To be used for purchase of selective properties with developmental potential. |

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. CORRECTION OF ERROR

During the year the Shire identified the performance obligations in relation to a non-operating grant received during the 2021 financial year had not been satisfied as at 30 June 2021 as no works had commenced. The grant amount of \$538,767 less \$48,979 in GST was recognised within non-operating grant, subsidies and contributions. In addition, GST was recognised on the grant received in the 2021 financial year in error.

A correction was made to the 2021 financial year to recognise the capital grant liability at 30 June 2021 and reverse the recognition of the revenue during the 2021 year along with correction of the GST receivable. The impact of this correction and the restated 2021 balances are detailed below.

| Statement of Financial Position (Extract) | 30 June 2021 | Increase/ (Decrease) | 30 June 2021 (Restated) |
|--|---------------------|---------------------------------|------------------------------------|
| | \$ | \$ | \$ |
| Other liabilities | 0 | (538,767) | (538,767) |
| Trade and other receivables | 477,636 | 48,979 | 526,615 |
| Net assets | 477,636 | (489,788) | (12,152) |
| Retained surplus | 20,894,053 | (489,788) | 20,404,265 |
| Total equity | 145,023,465 | (489,788) | 144,533,677 |

| Statement of Comprehensive Income (Extract) | 2021 | Increase/ (Decrease) | 2021 (Restated) |
|--|-------------|---------------------------------|----------------------------|
| | \$ | \$ | \$ |
| <i>By Nature or Type</i> | | | |
| Non operating grants, subsidies and contributions | 1,454,744 | (489,788) | 964,956 |
| Net result for the period | 2,607,500 | (489,788) | 2,117,712 |
| Total comprehensive income for the period | 2,607,500 | (489,788) | 2,117,712 |

| Note 5. Trade and other Receivables (Extract) | 30 June 2021 | Increase/ (Decrease) | 30 June 2021 (Restated) |
|--|---------------------|---------------------------------|------------------------------------|
| | \$ | \$ | \$ |
| GST receivable | 128,630 | 48,979 | 177,609 |

**Note 13. Other liabilities
(Extract)**

| | | | |
|---|---|-----------|-----------|
| Capital grant/contributions liabilities | 0 | (538,767) | (538,767) |
|---|---|-----------|-----------|



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Menzies

To the Councillors of the Shire of Menzies

Opinion

I have audited the financial report of the Shire of Menzies (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter- Restatement of comparative balances

I draw attention to Note 28 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Menzies for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Nayna Raniga
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 December 2022

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

| INDEX OF FINDINGS | RATING | | |
|--|-------------|----------|-------|
| | Significant | Moderate | Minor |
| CURRENT YEAR FINDINGS | | | |
| 1. Fair value of Infrastructure, land and building assets - Frequency of Valuations | ✓ | | |
| 2. Purchase assessment forms or conflict of interest forms not completed | | ✓ | |
| 3. No depreciation charged on additions of capitalised expenditure | | ✓ | |
| 4. Maintenance of grant register including assessment on AASB15/1058 revenue recognition | | ✓ | |

KEY TO RATINGS

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Fair value of infrastructure, land and building assets - Frequency of valuations

Finding:

The Shire has not performed an annual assessment since the infrastructure, land and building assets were last revalued to determine whether these asset's reported value represent fair value.

Rating: Significant

Implication:

Without a robust assessment of fair value of the Shire's Infrastructure, land and building assets there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation:

The Shire to consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure, land and building assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Measurements. This process is to ensure that the Shire's infrastructure, land and buildings assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment:

The Shire of Menzies complies with the current five-year cycle for Revaluation of Assets, however given the current escalation in the cost of build assets more regular revaluations may be required. Management will investigate how to determine whether a formal annual revaluation of assets is required.

Responsible person: Chief Executive Officer

Completion Date: 28 February 2023

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Purchase recommendation reports or conflict of interest forms not completed

Findings

Per Policy 4.2 Purchasing and Tenders, purchasing decisions for all purchases above \$5,000 (excluding GST) are to be evidenced using Assessment Forms, and are authorised by the CEO or CFO per the delegation of authority. We noted that this policy was introduced in December 2021. Of the 10 transactions that took place after the introduction of the policy, 5 samples required a Recommendation Report to be completed.

No Recommendation Reports were completed for these samples.

We additionally noted that no conflict-of-interest forms were completed in relation to these samples.

Rating: Moderate

Implication:

Purchases made without an appropriately completed Assessment Form and Conflict of Interest Form may increase the risk of conflicts of interest occurring and going undetected. Additionally, non-compliance with the internal purchasing policy increases the risk of breaching Part 4 of the Local Government (Functions and General) Regulations 1996 and regulation 11A (3)(b) of the Local Government (Finance and General ledger) Regulations. There is a further risk of not achieving the objectives of 'Value for Money' as stated in Policy 4 Value for Money of the Shire's purchasing policy.

Recommendation:

The Shire should ensure that all purchase orders above \$5,000 have a corresponding Recommendation Report that has been appropriately authorised. All purchase orders should have a completed Conflict of Interest Form.

Management comment:

Recommendation noted. Conflict of Interest section will be added to the purchasing assessment form. The authorized officers will be reminded of the need for Purchasing Recommendation Reports. An internal audit process will be introduced to ensure compliance.

Responsible person: Chief Financial Officer
Completion Date: 31 January 2023

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. No depreciation charged on additions of capitalised expenditure

Finding

During our audit procedures, it was noted that expenditure in relation to completed capital works is capitalised at the end of the financial year. As such, depreciation is therefore not calculated on capitalised expenditure for completed works, resulting in an understatement of depreciation.

The impact to the depreciation expense is immaterial, estimated to be approximately \$66,918, therefore no adjustment has been posted to recognise this balance.

Rating: Moderate

Implication

Recognising capitalised expenditure within the fixed asset register at the end of the financial year may result in an understatement of depreciation expense and overstatement of assets.

Recommendation

The Shire should record all capitalised expenditure in the fixed asset register at the date of the capital works' completion, and record depreciation from this date onwards.

Management comment

Recommendation noted and agreed

Responsible person: Chief Financial Officer
Completion date: December 2022 and ongoing

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Maintenance of grant register including assessment on AASB15/1058 revenue recognition

Finding

In our assessment on grant revenue, contract asset and contract liabilities, we noted that:

1. The Shire does not maintain a complete grant register that records the amount of grant fundings received and expended during the year i.e. while a schedule of grants reconciling to the total contract asset and liability is maintained, there is no reconciliation maintained for total grant revenue.
2. The Shire does not perform a complete revenue assessment on grants that are recognised under AASB 15 or AASB 1058.

Rating: Moderate

Implication

There is an increased risk that any grant received or expended during the year may be omitted from reporting hence resulting in error in financial reporting. There is also a risk that certain grant revenue may not be adequately recognised under the accounting standards.

Recommendation

The Shire should actively maintain a grant register and regularly updates the register whenever a grant is received or expended. The grant register should be independently reviewed periodically to ensure the correct recognition of grant revenue, contract asset and contract liabilities in the financial report.

Management comment

Recommendation noted and agreed. The establishment of Grant register will assist in the tracking and acquittal of grants.

Responsible person: Chief Financial Officer
Completion date: 31 January 2023



Our Ref: 7944

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Dear Mr Durtanovich

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Emphasis of matter- Restatement of comparative balances

As discussed at the exit meeting, the Auditor General's audit report includes an Emphasis of Matter paragraph that draws attention to Note 28 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 25 November 2022.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7544 if you would like to discuss these matters further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Perumal', with a stylized flourish at the end.

Punitha Perumal
Director
Financial Audit
16 December 2022

Attach



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