

Shire of Menzies



ANNUAL REPORT

For the Year Ended 30 June 2013

Adopted 18 December 2013



Mulla-Mulla

Take a look around

Shire of Menzies Annual Report 2012 - 2013

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Shire of Menzies Annual Report 2012 - 2013



PRESIDENT'S REPORT

Council adopted the Annual Budget on 29 August 2013 and declined to increase the rates because of the lack of activity over the last couple of years. This enabled the new CEO, Peter Crawford, to assess the staff requirements for coming years as 2012-13 was planned to be a year of staff expansion and assessment of needs in the community.

The ongoing Main Street Upgrade consisted of paving of the footpaths, installation of nibs, the marking of the street for parking and pedestrian safety crossings were completed. In April, a quotation was accepted for the supply and installation of public toilets on Lot 1066 in the southwest corner of the fenced oval fronting Shenton Street. With the assistance of Niel Mitchell, the required Integrated Strategic Planning documents were adopted by Council including Corporate Business Plan, Strategic Community Plan, Asset Management Plan and the Workforce Plan. The Long-Term Financial Plan was written and was ready to be adopted in July 2013.

Council resolved to terminate the lease with Westnet Rail for the Railway Station as the Shire would never own the building and the restoration and maintenance efforts would be best directed to the heritage-listed Menzies post office. Council is still challenged with the need to have in place a Light Industrial Area or suitable land with the power and water connected for the needs of contractors who will be servicing the Iron Ore and Gold Mining industries.

Saracen Mineral Holdings have maintained steady production of gold through the Carosue Dam Processing Facility. Tropicana Gold still continues to progress with the development of their mine, anticipating gold production in the first quarter of 2013-14. At the end of June, the State Government reduced the number of tenderers for the upgrade of the Esperance Port to a short list of two. The two candidates are a joint venture between Brookfield Infrastructure (Australia) Pty Ltd/Qube Bulk Pty Ltd and the Yilgarn Esperance Solution (YES) consortium made of McConnell Dowell Constructors (Australia) Pty Ltd, Asciano Limited and Marubeni Corporation. It has become evident that those consortia will be speaking with the mining companies to shore up the material to be exported.

Early last autumn, the Housing Committee visited four display centres in Perth to see and learn about the broad range of designs of transportable housing with concrete floors from which to choose when we tendered for the four new staff houses to be built in the 2013 – 2014 financial year. We looked at floor plans and customising options to better understand the possibilities when selecting our new houses.



Greg Dwyer, President

A rural Council seat became vacant during 2013 and as the position would be up for election in October, Council successfully applied to the Department of Local Government to leave the seat open until the normal local government elections in October. Council continues to face the challenge of experiencing a lot of difficulty in telecommunications and travel during the year resulting in problems trying to coordinate appropriate Council meetings.

On 23 April 2013, Council hosted the opening of the new Council Chambers which were added to the side of the hall and as an extension of the kitchen and toilet that incorporated the new Chambers and new offices for the CEO and his assistant. For the occasion, the Council was honoured to have Maxine and John Tonkin in attendance to speak and officially open the facility. John Tonkin is well remembered and respected for his 40 years of service in his role as a Councillor and President on the Menzies Road Board and Shire Council from 1961-2001 as well as a lifetime pastoralist in the Menzies Shire. Guests from surrounding Shires in the Goldfields and the local community took part in the celebrations.

1st and 2nd of June 2013 was again a weekend of a very successful Goldfields Cyclclassic and this year the Shire of Menzies took on the role of Event Sponsor due to the withdrawal of GMF Health. There was an increase in Grade riders of 30% to 189 along with 32 riders who were participating in the Community Challenge.

21 June 2013 marked the day that Digital Free-to-Air Television was switched on as a rebroadcast for the Menzies local community. This benefit was achieved by the successful allocation of a grant through the Royalty for Regions fund and Goldfields - Esperance Voluntary Regional Organisation of Councils to supply Free-to-Air Television and not the Federal Government's partially sponsored program to place Vast Set-Top Receivers in individual households and premises.

During the past financial year, the Tjuntjuntjara Community was successful in obtaining funding to install airstrip lighting, a rage cage and upgrade the Women's Centre. Another Punu project was held in early 2013 with the resultant woodwork art to be exhibited in Perth in July.

The most unexpected passing of Brian Howson, Manager of Works and Services in June was a sudden, sad affair to all those who knew Brian.

On behalf of Council, I would again like to recognize the support, input and involvement from the Community, the Councillors, the Shire Staff and the Volunteers of the St John Ambulance Service.



Menzies Clock Tower

Greg Dwyer
President
5 December 2013

Shire of Menzies Annual Report 2012 - 2013



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the Annual Report of the Shire of Menzies for the period ending 30 June 2013.

Local government reform is still being pursued by the state government and promises to be a rocky road with metro based councils the focus at the moment.

Council adopted its Annual Budget on 29 August 2012 with the fourth consecutive year of no rise in rates.



N. P. Crawford, CEO

Staff

The Shire of Menzies commenced the financial year with a permanent Chief Executive Officer whose first task was to recruit a workforce to enable the Shire to function as a local government. The workforce grew from nine staff in July to twenty one full-time employees and two casuals by the end of September. A few old faces returned to bolster the number and many new people made Menzies their new home.

Our Manager Works and Services Mr Brian Howson passed away suddenly in June. Brian will be sadly missed by all the Staff and Councillors.

Integrated Planning

Local Governments throughout the state were required to have in place as at 30 June 2013, integrated planning requirements that involved the following plans:

- Long Term Financial Plan
- Corporate Business Plan
- Strategic Community Plan
- Workplace Plan
- Asset Management Plan

The Shire engaged the services of a consultant to prepare the plans and they were adopted by Council and forwarded to the department of Local Government within the time frame. Copies of those plans are available at the administration office.

Mining

Gold mining still flourishes in the district with Saracen Mining continuing to produce gold and Tropicana nearing commissioning of their mill.

Iron ore companies are also very active and are preparing plans to truck their ore into Menzies to the rail head. With the Esperance port potentially undergoing expansion, the miners will be anxious to begin the development of their mines which should see the town of Menzies garner some benefits.

Major Works

Some of the major projects completed during the year were:

- Construction and sealing of town streets
- Reconstruction and resealing of sections of Niagara Dam Road
- Reconstruction and resheeting of the Menzies Northwest Road
- Construction and sheeting of the Evanston Menzies Road
- Construction of new liquid waste basins at the rubbish tip
- Construction of new Council Chambers and associated offices
- Floor replacement at the former Lady Shenton Hotel and a portion of the Shire office
- Painting and restoration works to the outside of the Shire office

Digital Television Changeover

The changeover from analogue to digital television took place in June 2013. This changeover was instigated by the federal government and was funded through the Goldfields Voluntary Regional Organisation of Councils of which Menzies is a member.

Although the changeover was a success, some resident still cannot access Channel Seven clearly. This is not as a result of actions within the changeover but are a problem with the commercial channels. They are working on the problem and will advise when it has been rectified.

Light Industrial Area

Efforts are still continuing though the Department of Mines and Petroleum (DMP) and Department of Lands to find a resolution to this issue. DMP are not very receptive regarding the development of the existing Light Industrial Area as it sits on highly mineralised ground. Other efforts to secure alternative land are continuing.

Main Street

The footpaths have been constructed and the main street is beginning to look very attractive. Further works in the median strip will be phased in over the next twelve months to complete the project.

Plant Acquisitions

This year has seen the delivery of the Izuzu Giga with Mercedes eight wheeler. A new tractor for mowing and slashing and a front end loader to replace the Komatsu loader.

A new vehicle to replace the stolen vehicle was allocated to the plant mechanic.

Cyclclassic

The Shire of Menzies became the major sponsor of the Cyclclassic after their main sponsor declined to continue in the role. This year saw the Cyclclassic grow to be the most successful event for many years with a record number of participants.

Future Goals / Projects

Road works will again be a major development with the following projects on the program for 2013/14:

- Reconstruction and sealing of the first five kilometres of the Menzies Northwest Road
- Construction of foot paths from the school towards the town centre
- Construction of kerbing to some town streets
- Realign, construct and seal a four kilometre section of the Menzies Northwest Road in the vicinity of the Lake Ballard / Snake Hill turn offs
- Widening works on the Evanston Menzies Road
- Improvement works to the Tjuntjuntjara Access Roads
- Construction of a median strip in the main street
- Construction of a water park in Menzies
- Construction of public toilets in Menzies
- Construction of new toilets for town hall
- Construction of four new staff houses
- Restoration works to old Post Office

Peter Crawford
Chief Executive Officer
6 November 2013










Salt Lake off of Sandstone Road

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Shire of Menzies Annual Report
2012 – 2013

ELECTED MEMBERS

Cr. G (Greg) Dwyer Pine Lodge Mine PO Box 1 MENZIES WA 6436 Ph: 9031 3031 Fax: 9031 3081	<i>Shire President:</i> (Term expires 2015)	Town Ward 
Cr. Peter Twigg Tjuntjuntjara Community PMB 88 KALGOORLIE WA 6430 Ph: (08) 9037 1144 Mobile: 0418 942 502	<i>Deputy President</i> (Term expires 2015)	Rural Ward 
Cr. I (Ian) Tucker PO Box 9 MENZIES. WA 6436 Ph: 9024 2150 Fax: 9024 2150 Mobile: 0419 902 424	 (Term expires 2013)	Town Ward 
Cr. CK (Keith) Purchase 34 Mercer Street MENZIES WA 6436 0408 934 133	 (Term expires 2013)	Town Ward 
Cr J (Jill) Dwyer Pine Lodge Mine PO Box 1 MENZIES WA 6436 Ph: 9031 3031 Fax: 9031 3081	 (Term expires 2013)	Rural Ward 
Cr. C (Chris) Bennell Tjuntjuntjara Community PMB 88 KALGOORLIE WA 6430	 (Term expires 2015)	Rural Ward 
Cr. D (Ethan) Hansen Tjuntjuntjara Community PMB 88 KALGOORLIE WA 6430	 (Term expires 2013)	Rural Ward 

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There were 12 Ordinary and 2 Special Meetings of Council held between 1 July 2012 and 30 June 2013.

A breakdown of Councillors' presence at these meetings is detailed below.

Continuing Councillors	Ordinary Council	Special Meetings
Cr G Dwyer	11 out of 12	2 out of 2
Cr. IR Tucker	9 out of 12	2 out of 2
Cr JA Dwyer	11 out of 12	2 out of 2
Cr P Twigg	8 out of 12	0 out of 2
Cr CK Purchase	11 out of 12	2 out of 2
Cr D Hansen	4 out of 12	0 out of 2
Cr. C Bennell	8 out of 12	0 out of 2



Welcome Sculpture at entrance to Menzies

Take a look around

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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 nominations to other organisations include:

- ❑ Local Emergency Management Committee
- ❑ Menzies Volunteer Bushfire Brigade
- ❑ Declared Animal Group (Wild Dogs)
- ❑ Kalgoorlie Goldfields Tourism Association
- ❑ Goldfields Regional Road Group
- ❑ North Eastern Goldfields Tourism Working Group
- ❑ Goldfields Voluntary Regional Organisation of Council
- ❑ Northern Goldfields Tourism Group

Occasional Committees

Council utilises occasional Committees as and when required. At present there are no occasional Committees.

Agendas

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

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

Minutes

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

Delegated Authority

Under the *Local Government Act*, Council is able to delegate many powers to the Chief Executive Officer. The CEO may then further delegate the duty or responsibility to perform a task. Delegations are recorded in a Register, and are reviewed by Council annually.



Chinnock

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COUNCIL FACILITIES

Public Library

The Menzies Public Library is open weekdays except public holidays, November until March and every day, April until October. It is situated within the former Lady Shenton Hotel – now the Menzies Visitor Centre.

Town Hall

The Menzies Town Hall is situated behind the Administration Office on Shenton Street. Bookings for the hall are made through the Shire on (08) 9024 2041. Trestles, tables, chairs etc. can be hired from the Hall. The hall is used for concerts, theatre and musical events.

Caravan Park

The Shire of Menzies Caravan Park is adjacent to the Menzies Visitor Centre and may be contacted through the Visitor Centre on (08) 9024 2702 or via the Caretaker on 0448 242 041. The Caravan Park has powered caravan sites and tent sites are available. Washing machines, a kitchen and barbeque facilities are also offered.

Menzies Visitor Centre

The Menzies Visitor Centre is located within the former Lady Shenton Hotel. Facilities located within the Visitor Centre include a Community Postal Agency, an Internet Access room, a Gift Shop, the Public Library and the Spinifex Aboriginal Art Gallery. It is open weekdays except public holidays from November until March and every day, April until October. They may be reached by telephone (08) 9024 2702 or Email: visitorcentre1@menzies.wa.gov.au.

Emergency Services Buildings

The Emergency Services Buildings are situated on Archibald Street in the Emergency Services Area and contain the Volunteer Bushfire Brigade Headquarters, the Menzies Nursing Post and Menzies St John Ambulance.

Airstrip

The Menzies Airstrip is located 1km north of the Menzies townsite off Goldfields Highway. The Kookynie Airstrip is located in the Kookynie townsite on Kookynie Road.



Menzies Cemetery

Take a look around

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COUNCIL SERVICES

Rubbish Tip

The Menzies Refuse Disposal Site is situated 2km North of Menzies on the Goldfields Highway. This tip is a Category 63 Putrescible Landfill Site.

The Kookynie Refuse Disposal Site is situated 1km West of Kookynie on the Kookynie Road. This site is also a category 63 Putrescible Landfill Site.

Private Works

The Shire's range of modern plant and equipment operated by trained and experienced staff is available for private works hire. Current hire rates for graders, loaders, trucks, bobcat and other equipment are available by contacting the Shire Office on 9024 2041.

Rubbish Removal

The 240L Rubbish bins are to be placed on road verge. Weekly pick-up is Monday morning in Menzies.

Dog Registrations

Dog registrations become due on the 1st November each year.



	<u>unsterilised dog</u>	<u>sterilised dog</u>
1 year	\$50.00	\$20.00
3 years	\$120.00	\$42.50

A 50% fee is available for eligible pensioners (pension card must be shown at the time of registration)

A 25% fee is available for dogs registered as working cattle sheep dogs (proof must be shown at time of registration)

Dog Impoundment

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

Health and Building Information

The Principal Environmental Health/ Building Officer is located in the Shire of Leonora Administration Offices. Any matters concerning Health and Building can be directed to (08) 9037 6044.



Eggs and Bacon

Take a look around

Shire of Menzies Annual Report 2012 - 2013

COUNCIL SERVICES

Council provides an extensive variety of services for the community under a wide range of legislation. Services provided include:

- | | |
|--|---|
| <input type="checkbox"/> Building control | <input type="checkbox"/> Playground Equipment |
| <input type="checkbox"/> Bush fire control | <input type="checkbox"/> Public Buildings for hire |
| <input type="checkbox"/> Cemeteries – (Tourism Value and Maintenance Only) | <input type="checkbox"/> Public Toilets |
| <input type="checkbox"/> Citizenship ceremonies | <input type="checkbox"/> Recreation/sporting facilities |
| <input type="checkbox"/> Crossovers | <input type="checkbox"/> Roads and footpaths |
| <input type="checkbox"/> Demolition permits | <input type="checkbox"/> Rubbish collection |
| <input type="checkbox"/> Dog control | <input type="checkbox"/> Street Lighting |
| <input type="checkbox"/> Environmental Health | <input type="checkbox"/> Traffic control works |
| <input type="checkbox"/> Fire Prevention | <input type="checkbox"/> LEMAC (Local Emergency Mgt Advisory Committee) |
| <input type="checkbox"/> Library services | <input type="checkbox"/> Weed control on reserves |
| <input type="checkbox"/> Street bins | <input type="checkbox"/> Planning Controls |
| <input type="checkbox"/> Media Releases | <input type="checkbox"/> Parks and Reserves |

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

- ❖ Menzies Primary School – Financial Support
- ❖ Royal Flying Doctor Service – Financial Support
- ❖ Menzies Volunteer Bushfire Brigade – Financial Support
- ❖ Menzies Classic Cycle Race – Volunteer Work
- ❖ Golden Quest Trail Association – Financial Support
- ❖ Menzies St Ambulance Association – Financial Support
- ❖ Northern Goldfields Tourism Association – Financial Support.
- ❖ Leonora Golden Gift – Financial Support
- ❖ Tjuntjuntjara Community – Financial Support



Kurrajong in flower

Take a look around

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Public Participation

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

- ❑ Deputations – With the approval of the President, a member of the public can address the Council personally or on behalf of another person or organisation.
- ❑ Submissions – Some development applications do not require specific or special approval of Council. However, where special approval is required, residents are notified by advertising in local newspapers, and in some instances, they may also be notified individually by the Council or the developer.
- ❑ When an application is publicly advertised, residents have the opportunity to make written submission to the Council expressing their views regarding the application.
- ❑ Petitions – Written petitions can be addressed to the Council on any issue within the Council's jurisdiction. It is a good idea to present your petition to your ward councillors, who can familiarise themselves with the petition and refer it to the appropriate person.
- ❑ Written requests – A member of the public can write to Council on any Council policy, activity or service.
- ❑ Elected members – Members of the public can contact any of the councillors to discuss any issue relevant to Council.

Access to Council Documents

The following documents are available for inspection at the Council Offices 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 Agendas of Council and Committee Meetings
- ❑ General Policy Manual
- ❑ Annual Budgets
- ❑ Annual Report
- ❑ Annual Financial Statements
- ❑ Monthly Statement of Financial Activity
- ❑ Council Local Laws (Bylaws)
- ❑ Town Planning Scheme
- ❑ Town Planning Policy Manual
- ❑ Financial Interest Register – Primary and Annual Returns, and Declarations



Statues on Lake Ballard

Take a look around

Shire of Menzies Annual Report 2012 - 2013

Freedom of Information Act

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

Public Interest Disclosure Act

During 2021/2013, there were no complaints or disclosures registered under the Public Interest Disclosure Act 2003.

Disclosure of Annual Salaries in Annual Report

In accordance with Section 19B of the Local Government (Administration) Regulations 1996, the Shire is required to disclose the number of employees with an annual cash salary of more than \$100,000, and to include the following information in its Annual Report:

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

Salary Band	No. of Employees
100,000 - 110,000	
110,001 - 120,000	1
120,001 - 130,000	
130,001 - 140,000	
140,001 - 150,000	1
150,001 - 160,000	
160,001 - 170,000	
170,001 - 180,000	
180,001 - 190,000	
190,001 - 200,000	
200,001 - 210,000	1



Hakea in flower

Take a look around

State Records Act 2000

To comply with the State Records Act I advise that:

- A. Council's record keeping systems are practical and are believed to be effective. The system has been evaluated and is in the process of being upgraded to comply with the requirements under Legislation as per the State records Act 2000.
- B. Record keeping training has been conducted and more is proposed
- C. The effectiveness and efficiency of record keeping training will be assessed as required
- D. Council's induction/training of staff will include compliance with Council's record keeping plan.

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National Competition Policy

2012/2013 FINANCIAL YEAR

Preface *National Competition Policy (NCP) is designed to enhance the effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.*



1. Competitive Neutrality

The principle of Competitive Neutrality is that government business should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership. *Take a look around!*

Competitive neutrality should apply to all business activities, which generate a user-pay income over \$200,000 unless it can be shown it is not in the public interest.

The Shire of Menzies does not operate a business activity, which generates a user-pays income over \$200,000 per annum. Consequently, the Shire of Menzies is not required to implement competitive neutrality.

2. Legislation Review

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

- Council commenced a review of the Local Laws during the 2012 - 2013 financial year.

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.

3. Structural Reform

Before local governments privatize a monopoly business or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

The Shire of Menzies did not privatise any activities in 2012 - 2013. Consequently, there were no obligations for structural reform. Nevertheless, the Shire of Menzies is committed to the principles of structural reform under National Competition Policy.

Disability Services Plan

Council first adopted its Disability Services Plan in December 1995, and has been systematically implementing the planned outcomes. Any new development or works carried out by Council take into consideration disability access or use.

OUTCOME 1

Existing functions, facilities and services are adapted to meet the needs of people with disabilities. - **Ongoing**

OUTCOME 2

Access to buildings is improved. - **Completed**

Any new buildings or facilities are to be assessed to accommodate people with disabilities. – **Ongoing**

OUTCOME 3

Information about functions, facilities and services is provided in formats which meet the communication requirements of people with disabilities. – **Ongoing**

OUTCOME 4

Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved. – **Ongoing training requirements.**



Old Menzies Post Office

Take a look around

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OUTCOME 5

Council to provide information about planning processes, Council meetings and complaint procedures in clear and concise language and will make these available in alternative formats – **Ongoing**

Copies of the current Disability Access and Inclusion Plan are available from the Shire Administration Office.

Council has a commitment to review this plan and will prepare a Disability Access and Inclusion Plan during the financial year 2012/13

Structure and Functions of Council

The Shire of Menzies is established under the *Local Government Act 1995*, and has the responsibility for the administration of this Act within the municipality. Other major Legislation, which creates a duty or an authority for Council to act, includes but is not limited to:

- ❑ *Health Act 1911*
- ❑ *Town Planning and Development Act 1928*
- ❑ *Bush Fires Act 1954*
- ❑ *Dog Act 1976*

Council

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

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

The Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services. Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Ordinary meetings of Council are held in the Council Chambers of the Shire Office at 10am on the last Thursday of each month except January. All members of the public are welcome to attend.

Quartz found in abundance

Take a look around



Shire of Menzies Annual Report

2012 - 2013

INTEGRATED STRATEGIC PLANNING

All local governments in Western Australia were required by the Department of Local Government to have an Integrated Strategic Planning adopted by 30 June 2013. These plans, which would replace the old Plan for the Future, include:

- ❖ Strategic Community Plan
- ❖ Workforce Plan
- ❖ Corporate Business Plan
- ❖ Asset Management Plan

Council has adopted these plans in accordance with the Act and they are available for viewing at the Shire Office.

General Overview

1. Housing

Council plans to continue the progressive improvement to housing for staff. Council has the opportunity to provide further housing in the new financial year with the construction of four dwellings being carried forward to the 2013/14 budget.

2. Road Infrastructure

The annual maintenance of the network was achieved through the use of contractors and a high standard was maintained and achieved throughout the year. It is anticipated that approximately \$1,000,000 pa will be applied to this area of Council operations.

4. Streetscape/Town Beautification

The planning and design for this important aspect was addressed and resolved by council with below ground power installation complete.

5. Plant Acquisition

Regular plant replacement is an important aspect of the Shire's asset protection component and this was achieved during the year, with the recent purchase of a new grader.

6. War Memorial/Garden of Memorial

This innovative concept has been endorsed by Council and is presently under review with designs, quotes and plans being prepared.

7. Caravan Park Upgrade

The site upgrade was completed in 2011/2012, and represented a wonderful development for this Shire and for tourists alike. Future development includes further landscaping and provision of shrubs and more shade.

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8. The former Lady Shenton Hotel

The restoration of the former Lady Shenton Hotel – now the Menzies Visitors Centre – continued with floor replacement and painting completed in 2012/13.

9. Lake Ballard

The development of this significant site is ongoing. The viewing platform, ablutions and visitor information bay are complete and a marketing plan is being developed.

Proposed initiatives to Commence or Continue into the next Year

The continuation of the above nine listed concepts will continue into the next financial year as these are on-going projects together with the proposed Developments planned for the next financial year as listed:

1. Further Restoration of Historic Buildings
2. Main Street Upgrade – Provision of flower boxes
3. Housing
4. Water Park



Tjuntjuntjara from the air

According to the ABC, "Tjuntjuntjara is arguably Australia's remotest Aboriginal community." Home to the 'Spinifex People', it lies about 700km east of Menzies in the Great Victoria Desert and is close to the South Australian border. Two Council meetings are held here each year.

Take a look around

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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Shire of Menzies 124 Shenton Street Menzies WA 6436	

**SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Menzies being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Menzies at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

18th

day of

November

2013



Peter Crawford
Chief Executive Officer

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	2,203,767	1,911,580	2,060,738
Operating Grants, Subsidies and Contributions	28	3,015,052	3,364,484	2,885,218
Fees and Charges	27	266,468	250,335	240,848
Interest Earnings	2(a)	276,017	235,393	278,217
Other Revenue		43,135	5,405	10,704
		<u>5,804,439</u>	<u>5,767,197</u>	<u>5,475,725</u>
Expenses				
Employee Costs		(996,982)	(1,284,868)	(1,173,043)
Materials and Contracts		(1,973,245)	(2,889,776)	(2,288,105)
Utility Charges		(72,993)	(95,740)	(64,304)
Depreciation on Non-Current Assets	2(a)	(2,040,324)	(1,470,580)	(1,962,895)
Interest Expenses	2(a)	(4,739)	(3,994)	(3,878)
Insurance Expenses		(111,233)	(73,099)	(70,970)
Other Expenditure		(139,202)	(131,515)	(669,789)
		<u>(5,338,718)</u>	<u>(5,949,572)</u>	<u>(6,232,984)</u>
		465,721	(182,375)	(757,259)
 Non-Operating Grants, Subsidies and Contributions	28	893,775	1,187,532	804,671
Profit on Asset Disposals	20	100,547	162,080	0
Fair value Decrement Furniture and Equipment	2(a)	(8,749)	0	0
Loss on Asset Disposal	20	<u>(77,007)</u>	<u>(1,000)</u>	<u>0</u>
Net Result		1,374,287	1,166,237	47,412
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	295,036	0	0
Total Other Comprehensive Income		<u>295,036</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,669,323</u></u>	<u><u>1,166,237</u></u>	<u><u>47,412</u></u>

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

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		10,276	15,107	20,041
General Purpose Funding		4,732,883	3,208,054	4,927,446
Law, Order, Public Safety		27,286	6,016	8,116
Health		226	635	616
Education and Welfare		0	0	73
Housing		58,622	52,232	50,463
Community Amenities		16,842	13,097	12,911
Recreation and Culture		4,851	17,250	18,007
Transport		761,901	2,230,235	25,479
Economic Services		107,391	200,065	392,401
Other Property and Services		84,161	24,507	20,172
2(a)		5,804,439	5,767,198	5,475,725
Expenses				
Governance		(365,789)	(380,875)	(210,542)
General Purpose Funding		(149,262)	(163,899)	(263,453)
Law, Order, Public Safety		(70,063)	(142,931)	(55,955)
Health		(38,886)	(50,286)	(27,784)
Education and Welfare		0	(15,000)	0
Housing		(17,498)	(10,289)	(59,173)
Community Amenities		(91,972)	(216,883)	(138,136)
Recreation & Culture		(320,610)	(306,566)	(169,228)
Transport		(3,268,072)	(3,112,764)	(3,827,559)
Economic Services		(1,065,363)	(1,543,413)	(1,213,056)
Other Property and Services		44,787	(2,673)	(264,220)
2(a)		(5,342,728)	(5,945,579)	(6,229,106)
Financial Costs				
Housing		(3,293)	(3,994)	(3,878)
Other Property and Services		(1,446)	0	0
2(a)		(4,739)	(3,994)	(3,878)
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	154,000
Housing		0	868,741	
Community Amenities		40,000	69,108	0
Recreation & Culture		0	5,000	0
Transport		853,775	38,683	450,671
Economic Services		0	206,000	200,000
		893,775	1,187,532	804,671
Profit/(Loss) on Disposal of Assets				
Transport		78,374	162,080	0
Other Property and Services		(54,834)	(1,000)	0
		23,540	161,080	0
Net Result		1,374,287	1,166,237	47,412
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	295,036	0	0
Total Other Comprehensive Income		295,036	0	0
Total Comprehensive Income		1,669,323	1,166,237	47,412

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

SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,049,830	5,444,044
Trade and Other Receivables	4	466,472	892,779
Inventories	5	10,636	10,028
TOTAL CURRENT ASSETS		<u>5,526,938</u>	<u>6,346,851</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	5,057,469	4,266,252
Infrastructure	7	68,233,597	66,496,057
TOTAL NON-CURRENT ASSETS		<u>73,291,066</u>	<u>70,762,309</u>
TOTAL ASSETS		<u>78,818,004</u>	<u>77,109,160</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	642,388	603,252
Long Term Borrowings	9	32,141	30,299
Provisions	10	92,700	63,524
TOTAL CURRENT LIABILITIES		<u>767,229</u>	<u>697,075</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	0	32,141
Provisions	10	12,559	11,051
TOTAL NON-CURRENT LIABILITIES		<u>12,559</u>	<u>43,192</u>
TOTAL LIABILITIES		<u>779,788</u>	<u>740,267</u>
NET ASSETS		<u>78,038,216</u>	<u>76,368,893</u>
EQUITY			
Retained Surplus		10,732,660	9,398,385
Reserves - Cash Backed	11	2,530,972	2,490,960
Revaluation Surplus	12	64,774,584	64,479,548
TOTAL EQUITY		<u>78,038,216</u>	<u>76,368,893</u>

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

**SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		9,448,710	2,393,223	64,479,548	76,321,481
Comprehensive Income					
Net Result		47,412	0	0	47,412
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(97,737)	97,737	0	0
Balance as at 30 June 2012		9,398,385	2,490,960	64,479,548	76,368,893
Comprehensive Income					
Net Result		1,374,287	0	0	1,374,287
Changes on Revaluation of Non-Current Assets	12	0		295,036	295,036
Total Other Comprehensive Income		1,374,287	0	295,036	1,669,323
Reserve Transfers		(40,012)	40,012	0	0
Balance as at 30 June 2013		10,732,660	2,530,972	64,774,584	78,038,216

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

**SHIRE OF MENZIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,250,086	1,911,580	1,673,573
Operating Grants, Subsidies and Contributions		3,212,990	5,364,734	3,614,887
Fees and Charges		266,468	250,335	240,848
Interest Earnings		294,465	235,393	278,217
Goods and Services Tax		163,602	298,552	0
Other Revenue		43,135	5,405	10,704
		<u>6,230,746</u>	<u>8,065,999</u>	<u>5,818,229</u>
Payments				
Employee Costs		(1,146,181)	(1,284,868)	(1,038,685)
Materials and Contracts		(1,754,834)	(4,055,955)	(1,943,989)
Utility Charges		(72,993)	(95,740)	(64,304)
Interest Expenses		(4,739)	(3,994)	(70,970)
Insurance Expenses		(111,233)	(73,099)	(3,878)
Goods and Services Tax		0	(298,552)	(163,602)
Other Expenditure		(139,202)	(131,515)	(899,332)
		<u>(3,229,182)</u>	<u>(5,943,723)</u>	<u>(4,184,760)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>3,001,564</u>	<u>2,122,276</u>	<u>1,633,469</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,166,203)	(2,506,808)	(192,875)
Payments for Construction of Infrastructure		(3,275,168)	(3,518,586)	(683,158)
Non-Operating Grants, Subsidies and Contributions		893,775	1,187,532	804,671
Proceeds from Sale of Plant & Equipment		182,117	187,080	0
		<u>(3,365,479)</u>	<u>(4,650,782)</u>	<u>(71,362)</u>
Net Cash Provided by (Used in) Investment Activities		<u>(3,365,479)</u>	<u>(4,650,782)</u>	<u>(71,362)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		<u>(30,299)</u>	<u>(30,299)</u>	<u>(28,563)</u>
Net Cash Provided By (Used In) Financing Activities		<u>(30,299)</u>	<u>(30,299)</u>	<u>(28,563)</u>
Net Increase (Decrease) in Cash Held		(394,214)	(2,558,805)	1,533,544
Cash at Beginning of Year		5,444,044	5,444,044	3,910,500
Cash and Cash Equivalents at the End of the Year	13(a)	<u>5,049,830</u>	<u>2,885,239</u>	<u>5,444,044</u>

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

**SHIRE OF MENZIES
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		10,276	15,107	20,041
General Purpose Funding		2,529,116	1,296,474	3,020,708
Law, Order, Public Safety		27,286	6,016	8,116
Health		226	635	616
Education and Welfare		0	0	73
Housing		58,622	920,973	50,463
Community Amenities		56,842	82,205	12,911
Recreation and Culture		4,851	22,250	18,007
Transport		1,716,223	2,430,998	676,150
Economic Services		107,391	406,065	392,401
Other Property and Services		84,161	24,507	20,172
		<u>4,594,994</u>	<u>5,205,230</u>	<u>4,219,658</u>
Expenses				
Governance		(365,789)	(380,875)	(210,542)
General Purpose Funding		(149,262)	(163,899)	(263,453)
Law, Order, Public Safety		(70,063)	(142,931)	(55,955)
Health		(38,886)	(50,286)	(27,784)
Education and Welfare		0	(15,000)	0
Housing		(20,791)	(14,283)	(63,051)
Community Amenities		(91,972)	(216,883)	(138,136)
Recreation and Culture		(320,610)	(306,566)	(169,228)
Transport		(3,290,245)	(3,112,764)	(3,827,559)
Economic Services		(1,065,363)	(1,543,413)	(1,213,056)
Other Property and Services		(11,493)	(3,673)	(264,220)
		<u>(5,424,474)</u>	<u>(5,950,573)</u>	<u>(6,232,984)</u>
Net Result Excluding Rates		(829,480)	(745,343)	(2,013,326)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Revaluation of Assets Due to Change to Regulations				
- Furniture & Equipment		8,749	0	0
(Profit)/Loss on Asset Disposals	20	(23,540)	(161,080)	0
Movement in Employee Benefit Provisions (Non-current)		30,684	0	15,789
Depreciation and Amortisation on Assets	2(a)	2,040,324	1,470,580	1,962,895
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(364,956)	(1,586,031)	(53,854)
Purchase Infrastructure Assets - Roads	7(a)	(2,407,030)	(2,737,719)	(65,013)
Purchase Infrastructure Assets - Other	7(a)	(868,138)	(780,867)	(618,145)
Purchase Plant and Equipment	6(a)	(752,420)	(824,100)	(135,593)
Purchase Furniture and Equipment	6(a)	(48,827)	(96,677)	(3,428)
Proceeds from Disposal of Assets	20	182,117	187,080	0
Repayment of Debentures	21(a)	(30,299)	(30,299)	(28,563)
Transfers to Reserves (Restricted Assets)	11	(440,012)	(394,279)	(97,737)
Transfers from Reserves (Restricted Assets)	11	400,000	0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	3,252,639	3,787,155	2,228,876
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	2,353,578	0	3,252,639
Total Amount Raised from General Rate	22(a)	<u>(2,203,767)</u>	<u>(1,911,580)</u>	<u>(2,060,738)</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) 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 in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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 and bank overdrafts.

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from the determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard)

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	5%
Furniture and Equipment	25%
Plant and Equipment - Heavy	25%
Plant and Equipment - Sundry	25%
Electronic Equipment	25%
Tools	20%
Infrastructure - Roads	4%
Infrastructure - Floodways	6%
Infrastructure - Other	2%
Infrastructure - Grids	4%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset classification.

Capitalisation Threshold

Expenditure on items of equipment under \$4,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at Fair Value with changes to carrying amount being included in profit and loss.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) The Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

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

(o) Leases

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

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

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

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

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

(p) Investment in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associated entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit and loss.

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interests in joint venture entities are recorded using the equity method of accounting in (refer to Note 1(p) for details) in the financial report.

Where the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

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

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

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

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments AASB 2012 - 6 Amendments to Australian Accounting Standards - Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	1 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(iii) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 – Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	1 January 2013	Nil – None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture it is not expected to have a significant impact on the Council.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit and loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	1 January 2013	The changes in relation to defined benefits plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012 - 2 Amendments to Australian Accounting Standards - Disclosure - Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	1 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Standard is not expected to significantly impact on the Council's financial statements.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	<p>This Standards adds application guidance to AASB 132: <i>Financial Instruments : Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>The Standard is not expected to significantly impact on the Council's financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	1 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.</p>
(x) AASB 2012-10 - Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretations 12]	December 2012	1 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 - 8
AASB 2011 - 3
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt AASB 13 - *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES

(a) Net Result

	2013	2012
	\$	\$
The Net Result includes:		
(i) Charging as an Expense:		
Decrement on revaluation		
Furniture and Equipment	8,749	0
Auditors Remuneration		
- Audit of the annual financial report	20,679	5,391
- Audit of grant acquittal	0	539
Depreciation		
Buildings	178,179	151,491
Furniture and Equipment	20,948	14,351
Plant and Equipment	251,393	283,814
Roads	1,544,967	1,476,356
Other Infrastructure	44,837	36,883
	<u>2,040,324</u>	<u>1,962,895</u>
Interest Expenses (Finance Costs)		
Interest Australian Tax Office	1,446	0
Debentures (<i>refer Note 21(a)</i>)	3,293	3,878
	<u>4,739</u>	<u>3,878</u>
Rental Charges		
- Operating Leases	<u>38,764</u>	<u>23,975</u>

(ii) Crediting as Revenue:

	2013	2013	2012
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
Investments			
- Reserve Funds	140,592	99,637	98,588
- Other Funds	53,158	41,369	78,870
Other Interest Revenue (<i>refer note 26</i>)	82,267	94,387	100,759
	<u>276,017</u>	<u>235,393</u>	<u>278,217</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to members of council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

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

The reporting of income and expenditure involved in the supervision of fire prevention and animal control.

HEALTH

The reporting of income and expenditure involved in the administration of the Health Act.

EDUCATION AND WELFARE

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

HOUSING

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

COMMUNITY AMENITIES

Reporting of expenditure involved in the provision of rubbish depot sites. This activity also includes expenditure on cemeteries.

RECREATION AND CULTURE

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

TRANSPORT

The reporting of income and expenditure associated with the construction and maintenance of roads, grids and traffic signs together with the maintenance of the Council's airstrip.

ECONOMIC SERVICES

The reporting of income and expenditure includes the operation of Council's caravan park and administration of the Building Code of Australia.

OTHER PROPERTY & SERVICES

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/2011	Received ⁽²⁾ 2011/12	Expended ⁽³⁾ 2011/12	Closing Balance ⁽¹⁾ 30/06/2012	Received ⁽²⁾ 2012/13	Expended ⁽³⁾ 2012/13	Closing Balance 30/06/2013
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
Anzac Memorial	Community Amenities	10,000	0	0	10,000	0	0	10,000
Main Street Upgrade	Transport	438,529	0	0	438,529	0	(438,529)	0
Capacity Building	Economic Development	13,085	0	(13,085)	0	0	0	0
Lake Ballard	Economic Development	0	198,472	(128,472)	70,000	0	(70,000)	0
Roads to Recovery	Transport	0	0	0	0	619,145	(558,387)	60,758
Total		<u>461,614</u>	<u>198,472</u>	<u>(141,557)</u>	<u>518,529</u>	<u>619,145</u>	<u>(1,066,916)</u>	<u>70,758</u>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	Note	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,448,100	2,434,555
Restricted		2,601,730	3,009,489
		<u>5,049,830</u>	<u>5,444,044</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	163,214	154,214
Plant Reserve	11	361,429	341,499
Building Reserve	11	503,192	475,445
TV Reserve	11	8,688	8,208
Road Reserve	11	376,946	356,162
Main Street Reserve	11	381,980	738,861
Staff Amenities Reserve	11	285,167	174,957
Caravan Park Reserve	11	189,568	84,629
Rates Future Claims Reserve	11	34,619	32,710
Bitumen Resealing Reserve	11	131,527	124,275
Niagara Dam Reserve	11	44,642	0
Housing Maintenance Reserve	11	0	0
Alternative Power Reserve	11	0	0
Waterpark Reserve	11	50,000	0
Unspent Grants	2(c)	70,758	518,529
		<u>2,601,730</u>	<u>3,009,489</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		770,464	816,783
Sundry Debtors		256,728	485,131
ATO Receivable		10,774	163,602
Provision for Doubtful Debts		(581,962)	(598,300)
Accrued Income		7,115	25,563
Other Receivables		3,353	0
		<u>466,472</u>	<u>892,779</u>
5. INVENTORIES			
Current			
Fuel and Materials		9,240	8,632
Land Held for Resale - Cost			
Cost of Acquisition		1,396	1,396
		<u>10,636</u>	<u>10,028</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Management Valuation 2009	275,100	278,100
Buildings at Cost	4,827,905	4,454,802
Less Accumulated Depreciation	(1,499,362)	(1,313,036)
Total Buildings	3,328,543	3,141,766
Total Land and Buildings	3,603,643	3,419,866
Furniture and Equipment - Management Valuation 2013	48,500	0
Furniture and Equipment - Cost	0	228,960
Less Accumulated Depreciation	0	(182,290)
	48,500	46,670
Plant and Equipment -Management Valuation 2013	1,405,326	
Plant and Equipment -Cost	0	2,907,198
Less Accumulated Depreciation	0	(2,107,482)
	1,405,326	799,716
	<u>5,057,469</u>	<u>4,266,252</u>

Furniture and Equipment

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrement of \$8,749 in the net value of the Shire's Furniture and Equipment. All of this decrement was debited to the profit and loss in the Shire's Statement of Comprehensive Income.

Plant and Equipment

The Shire's Plant and Equipment was revalued at 30 June 2013 by management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall increment of \$ 295,036 in the net value of the Shire's Plant and Equipment. All increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Total Land and Buildings \$	Plant and Equipment (Level 3) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	3,419,866	799,716	46,670	4,266,252
Additions	364,956	752,420	48,827	1,166,203
(Disposals)	(3,000)	(138,277)	(17,300)	(158,577)
Revaluation - Increments	0	295,036	0	295,036
- (Decrements)	0	0	(8,749)	(8,749)
Impairment - (Losses)	0	0	0	
- Reversals	0	0	0	0
Initial Recognition of Assets Due to Change to Regulations	0	0	0	0
Depreciation (Expense)	(178,179)	(251,393)	(20,948)	(450,520)
Transfers	0	(52,176)	0	(52,176)
Carrying amount at the end of year	<u>3,603,643</u>	<u>1,405,326</u>	<u>48,500</u>	<u>5,057,469</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2009	73,750,723	73,750,723
Roads - Cost	3,497,147	1,090,127
Less Accumulated Depreciation	<u>(12,083,726)</u>	<u>(10,538,769)</u>
	65,164,144	64,302,081
 Other - Cost	 3,288,713	 2,335,185
Less Accumulated Depreciation	<u>(219,260)</u>	<u>(141,209)</u>
	3,069,453	2,193,976
 Footpaths - Cost	 92,153	 92,153
Less Accumulated Depreciation	<u>(92,153)</u>	<u>(92,153)</u>
	0	0
	 <u><u>68,233,597</u></u>	 <u><u>66,496,057</u></u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Other \$	Footpaths \$	Total \$
Balance at the beginning of the year	64,302,081	2,193,976	0	66,496,057
Additions	2,407,030	868,138	0	3,275,168
(Disposals)	0	0	0	0
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	
Impairment - (losses)	0	0	0	0
- Reversals	0	0	0	
Depreciation (Expense)	(1,544,967)	(44,837)	0	(1,589,804)
Transfers	0	52,176	0	52,176
Carrying amount at the end of year	<u>65,164,144</u>	<u>3,069,453</u>	<u>0</u>	<u>68,233,597</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	631,192	380,271
Accrued Interest on Debentures	0	43,098
ATO Liabilities	0	179,883
Other Payables	11,196	0
	<u>642,388</u>	<u>603,252</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	32,141	30,299
	<u>32,141</u>	<u>30,299</u>
Non-Current		
Secured by Floating Charge		
Debentures	0	32,141
	<u>0</u>	<u>32,141</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	92,700	63,524
Non Current	12,559	11,051
	<u>105,259</u>	<u>74,575</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2012	50,037	24,538	74,575
Additional provision	22,382	11,082	33,464
Amounts used	(2,780)	(2,780)	(2,780)
Balance at 30 June 2013	<u>72,419</u>	<u>32,840</u>	<u>105,259</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	154,214	154,213	148,163
Amount Set Aside / Transfer to Reserve	9,000	6,169	6,051
Amount Used / Transfer from Reserve	0	0	0
	<u>163,214</u>	<u>160,382</u>	<u>154,214</u>
(b) Plant Reserve			
Opening Balance	341,499	341,500	328,100
Amount Set Aside / Transfer to Reserve	19,930	13,660	13,399
Amount Used / Transfer from Reserve	0	0	0
	<u>361,429</u>	<u>355,160</u>	<u>341,499</u>
(c) Building Reserve			
Opening Balance	475,445	475,444	456,790
Amount Set Aside / Transfer to Reserve	27,747	19,018	18,655
Amount Used / Transfer from Reserve	0	0	0
	<u>503,192</u>	<u>494,462</u>	<u>475,445</u>
(d) TV Reserve			
Opening Balance	8,208	8,208	7,886
Amount Set Aside / Transfer to Reserve	480	328	322
Amount Used / Transfer from Reserve	0	0	0
	<u>8,688</u>	<u>8,536</u>	<u>8,208</u>
(e) Road Reserve			
Opening Balance	356,162	356,163	342,187
Amount Set Aside / Transfer to Reserve	20,784	14,246	13,975
Amount Used / Transfer from Reserve	0	0	0
	<u>376,946</u>	<u>370,409</u>	<u>356,162</u>
(f) Main Street Reserve			
Opening Balance	738,861	738,861	709,870
Amount Set Aside / Transfer to Reserve	43,119	29,554	28,991
Amount Used / Transfer from Reserve	(400,000)	0	0
	<u>381,980</u>	<u>768,415</u>	<u>738,861</u>
(g) Staff Amenities Reserve			
Opening Balance	174,957	174,957	168,092
Amount Set Aside / Transfer to Reserve	110,210	106,998	6,865
Amount Used / Transfer from Reserve	0	0	0
	<u>285,167</u>	<u>281,955</u>	<u>174,957</u>
(h) Caravan Park Reserve			
Opening Balance	84,629	84,630	81,309
Amount Set Aside / Transfer to Reserve	104,939	103,385	3,320
Amount Used / Transfer from Reserve	0	0	0
	<u>189,568</u>	<u>188,015</u>	<u>84,629</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 Budget \$	2012 \$
11. RESERVES - CASH BACKED (continued)			
(i) Rates Future Claims Reserve			
Opening Balance	32,710	32,710	31,427
Amount Set Aside / Transfer to Reserve	1,909	1,308	1,283
Amount Used / Transfer from Reserve	0	0	0
	<u>34,619</u>	<u>34,018</u>	<u>32,710</u>
(j) Bitumen Reseal Reserve			
Opening Balance	124,275	124,274	119,399
Amount Set Aside / Transfer to Reserve	7,252	4,971	4,876
Amount Used / Transfer from Reserve	0	0	0
	<u>131,527</u>	<u>129,245</u>	<u>124,275</u>
(k) Niagara Dam Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	44,642	44,642	0
Amount Used / Transfer from Reserve	0	0	0
	<u>44,642</u>	<u>44,642</u>	<u>0</u>
(l) Housing Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	50,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>50,000</u>	<u>0</u>
(m) Water Park Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	50,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>50,000</u>	<u>0</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	 <u>2,530,972</u>	 <u>2,885,239</u>	 <u>2,490,960</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

11. RESERVES - CASH BACKED (continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

Leave Reserve

- to be used to fund annual and long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

- to be used for the acquisition of future buildings and renovation of existing buildings.

TV Reserve

- to be used to fund upgrades to the rebroadcasting equipment.

Road Reserve

- to be used to fund major road works.

Main Street Reserve

- established for the beautification of the main street.

Staff Amenities Reserve

- established for the purpose of providing staff housing and amenities.

Caravan Park Reserve

- established for the purpose of upgrading the caravan park.

Rates Future Claims Reserve

- established for future rates claims.

Bitumen Reseal Reserve

- established to fund future resealing of roads.

Niagara Dam Reserve

- established for ongoing upgrade of Niagara Dam valve workings and other maintenance.

Housing Maintenance Reserve

- established to fund future housing refurbishment.

Waterpark Reserve

- established to provide a waterpark.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

12. REVALUATION SURPLUS	2013	2012
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening balance	292,000	292,000
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>292,000</u>	<u>292,000</u>
(b) Plant & Equipment		
Opening balance	0	0
Revaluation Increment	295,036	0
Revaluation Decrement	0	0
	<u>295,036</u>	<u>0</u>
(c) Roads		
Opening balance	64,187,548	64,187,548
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>64,187,548</u>	<u>64,187,548</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>64,774,584</u></u>	<u><u>64,479,548</u></u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. 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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>5,049,830</u>	<u>2,885,239</u>	<u>5,444,044</u>

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

Net Result	1,374,287	1,166,237	47,412
Depreciation	2,040,324	1,470,580	1,962,895
Revaluation Decrement	8,749		
Increase in provision for Doubtful Debts	0	0	(229,543)
(Profit)/Loss on Sale of Asset	(23,540)	(161,080)	0
(Increase)/Decrease in Receivables	426,307	1,000,250	178,902
(Increase)/Decrease in Inventories	(608)	22,316	63,684
Increase/(Decrease) in Payables	219,019	(188,495)	220,512
Increase/(Decrease) in Employee Provisions	(149,199)	0	194,278
Grants Contributions for the Development of Assets	(893,775)	(1,187,532)	(804,671)
Net Cash from Operating Activities	<u>3,001,564</u>	<u>2,122,276</u>	<u>1,633,469</u>

	2013 \$	2012 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	35,000	20,000
Credit Card Balance at Balance Date	<u>(3,122)</u>	<u>(7,085)</u>
Total Amount of Credit Unused	<u>31,878</u>	<u>12,915</u>
Loan Facilities		
Loan Facilities - Current	32,141	30,299
Loan Facilities - Non-Current	0	32,141
Total Facilities in Use at Balance Date	<u>32,141</u>	<u>62,440</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2013.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments	2013	2012
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	42,330	0
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>42,330</u>	<u>0</u>

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	75,000	0
Payable:		
- not later than one year	0	0

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

16. JOINT VENTURE

Council has no joint ventures with other entities.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2013	2012
	\$	\$
Governance	5,579	0
General Purpose Funding	195,608	578,436
Law, Order, Public Safety	26,200	44,804
Housing	1,137,840	1,033,671
Community Amenities	30,603	0
Recreation and Culture	1,685,957	77,410
Transport	65,620,444	64,536,976
Economic Services	3,274,598	1,863,438
Other Property and Services	1,693,459	553,584
Unallocated	5,147,716	8,420,841
	<u>78,818,004</u>	<u>77,109,160</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	4.42	5.36	8.52
Asset Sustainability Ratio	1.93	0.37	0.63
Debt Service Cover Ratio	75.18	37.28	10.27
Operating Surplus Ratio	0.17	(0.29)	(0.72)
Own Source Revenue Coverage Ratio	0.41	0.41	0.39

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 55 of this document.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

19. TRUST FUNDS

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

	Balance 1 July 2012 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2013 \$
Housing Bonds	1,700	900	0	2,600
	<u>1,700</u>			<u>2,600</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Transport						
Isuzu side tipper trailer (40)	21,744	0	54,551	22,730	32,807	22,730
Isuzu side tipper (40)	0	0	0	54,550	0	54,550
Howard Porter tri-axle dog trailer (Part 171)		0		16,500	0	16,500
Husqvarna ride on mower (8)		0		3,300	0	3,300
Komatsu WA250FE Loader (26)	0	0	55,000	55,000	55,000	55,000
Isuzu Town Tipper (50)		0		10,000	0	10,000
Ford G6E Turbo Sedan (312)	17,882	0	22,591	0	4,709	0
Tri-Axle Deck Low Loader (317)	44,903	0	22,730	0	(22,173)	0
Nissan Navara 4x4 stx D/Cab (320)	16,214	0	24,245		8,031	0
Other Property and Services						
CEO vehicle - Ford sedan (312)		26,000		25,000	0	(1,000)
Land - 35 Cosmos Kookynie (264)	3,000	0	3,000	0	0	0
Various items below threshold written off	54,834	0	0	0	(54,834)	0
	<u>158,577</u>	<u>26,000</u>	<u>182,117</u>	<u>187,080</u>	<u>23,540</u>	<u>161,080</u>
					Profit	100,547 162,080
					Loss	(77,007) (1,000)
						<u>23,540 161,080</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2012 \$	New Loans \$	Principal Repayments		Principal 30 June 2013		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 17 - Teachers Units	62,440	0	30,299	30,299	32,141	32,141	3,293	3,994
	62,440	0	30,299	30,299	32,141	32,141	3,293	3,994

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

No new debentures were raised in 2012/13.

(c) Unspent Debentures

There were no unspent debentures at 30 June 2013.

(d) Overdraft

Council does not carry an overdraft facility.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	0.0614	26	183,192	11,248	62	0	11,310	11,788	0	0	11,788
UV Pastoral and Other	0.0212	19	1,199,250	25,424	(2,708)	0	22,716	25,424	0	0	25,424
UV Mining	0.1235	957	14,623,721	1,806,030	248,762	0	2,054,792	1,771,496	2,872	0	1,774,368
Sub-Totals		1,002	16,006,163	1,842,702	246,116	0	2,088,818	1,808,708	2,872	0	1,811,580
Minimum Rates	Minimum \$										
GRV	200	252	44,044	50,400	(412)	0	49,988	25,400	0	0	25,400
UV Pastoral and Other	200	39	117,355	7,800	52,082	0	59,882	7,600	0	0	7,600
UV Mining	200	590	450,576	118,000	(14,064)	0	103,936	117,000	0	0	117,000
Sub-Totals		881	611,975	176,200	37,606	0	213,806	150,000	0	0	150,000
							2,302,624				1,961,580
											0
							2,302,624				1,961,580
Write Offs							(98,857)				(50,000)
Totals							2,203,767				1,911,580

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2013 (1 July 2013 Carried Forward)	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>3,252,639</u>	<u>2,228,876</u>	<u>2,228,876</u>
<u>Comprises:</u>			
Cash - Unrestricted	2,448,100	2,434,555	2,434,555
Cash - Restricted	2,601,730	3,009,489	3,009,489
Rates Outstanding	770,464	816,783	816,783
Sundry Debtors	256,728	485,131	485,131
Provision for Doubtful Debts	(581,962)	(598,300)	(598,300)
Accrued Interest Receivable	7,115	25,563	25,563
GST Receivable	10,774	163,602	163,602
Other Receivables	3,353	0	0
Inventories			
- Fuel and Materials	9,240	8,632	8,632
- Land Held for Resale	1,396	1,396	1,396
<u>Less:</u>			
Reserves - Cash Backed	(2,530,972)	(2,490,960)	(2,490,960)
Sundry Creditors	(631,192)	(380,271)	(380,271)
Accrued Interest on Debentures	0	(43,098)	(43,098)
ATO Liabilities	0	(179,883)	(179,883)
Other Payables	(11,196)	0	0
Current Employee Benefits Provision	(92,700)	(63,524)	(63,524)
Add back Cash Backed Provision	92,700	63,524	63,524
Surplus/(Deficit)	<u><u>2,353,578</u></u>	<u><u>3,252,639</u></u>	<u><u>3,252,639</u></u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

No specified area rates were levied in 2012/13.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

No service charges were imposed in 2012/13.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

Council does not offer any discount for early payment of rates. Debts are written off in circumstances where collection is considered to be unviable. The amount of rates written off as uncollectible in 2012/13 was \$98,857.00

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		79,006	90,000
Charges on Instalments Plan	11.00%	5	4,747	2,000
			83,753	92,000

Ratepayers had the option of paying rates in four equal instalments, due on 8 November 2012, 10 January 2013, 14 March 2013 and 16 May 2013. Administration charges and interest were charged on the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	3,998	3,226
General Purpose Funding	5,575	4,457
Law, Order, Public Safety	21,411	4,085
Health	226	616
Education and Welfare	0	73
Housing	58,622	50,085
Community Amenities	16,843	11,811
Recreation and Culture	4,851	18,007
Transport	500	0
Economic Services	103,664	142,229
Other Property and Services	50,778	6,259
	<u>266,468</u>	<u>240,848</u>

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	3,015,052	2,885,218
Non-Operating Grants, Subsidies and Contributions	893,775	804,671
	<u>3,908,827</u>	<u>3,689,889</u>
By Program:		
Governance	0	10,218
General Purpose Funding	2,247,776	2,745,247
Law, Order, Public Safety	5,875	4,031
Community Amenities	40,000	378
Transport	1,615,176	676,149
Economic Services	0	247,628
Other Property and Services	0	6,238
	<u>3,908,827</u>	<u>3,689,889</u>

29. ELECTED MEMBERS REMUNERATION

2013	2013	2012
\$	Budget	\$
	\$	

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

Meeting Fees	32,551	25,667	16,983
President's Allowance	9,000	9,000	12,000
Deputy President's Allowance	1,313	2,250	2,630
Travelling Expenses	13,407	20,000	14,964
Telecommunications Allowance	3,863	4,200	1,017
	<u>60,134</u>	<u>61,117</u>	<u>47,594</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2013	2012
<u>17</u>	<u>12</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

31. MAJOR LAND TRANSACTIONS

No major land transactions occurred in 2012/13.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,049,830	5,444,044	5,049,830	5,444,044
Receivables	466,472	867,216	466,472	867,216
	<u>5,516,302</u>	<u>6,311,260</u>	<u>5,516,302</u>	<u>6,311,260</u>
Financial Liabilities				
Payables	642,388	603,252	642,388	603,252
Borrowings	32,141	62,440	31,103	67,184
	<u>674,529</u>	<u>665,692</u>	<u>673,491</u>	<u>670,436</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 10% movement in interest rates on cash		
- Equity	44,266	41,400
- Statement of Comprehensive Income	44,266 (*)	41,400 (*)

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (*) movement in interest rates on cash

- Equity	4,427	4,140
- Statement of Comprehensive Income	4,427 (*)	4,140 (*)

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	21.75%	0.00%
- Overdue	78.25%	100.00%
Percentage of Other Receivables		
- Current	34.57%	6.25%
- Overdue	65.43%	93.75%

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	642,388	0	0	642,388	642,388
Borrowings	<u>33,592</u>	<u>0</u>	<u>0</u>	<u>33,592</u>	<u>32,141</u>
	<u><u>675,980</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>675,980</u></u>	<u><u>674,529</u></u>
<u>2012</u>					
Payables	603,252	0	0	603,252	603,252
Borrowings	<u>33,592</u>	<u>33,592</u>	<u>0</u>	<u>67,184</u>	<u>62,440</u>
	<u><u>636,844</u></u>	<u><u>33,592</u></u>	<u><u>0</u></u>	<u><u>670,436</u></u>	<u><u>665,692</u></u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Payables and borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2013</u>								
Payables								
Borrowings	642,388	0	0	0	0	0	642,388	0.00%
Fixed Rate								
Debentures	32,141	0	0	0	0	0	32,141	5.99%
Weighted Average Effective Interest Rate	5.99%	0.00%	0.00%	0.00%	0.00%	0.00%		
<u>Year Ended 30 June 2012</u>								
Payables	603,252	0	0	0	0	0	603,252	0.00%
Borrowings								
Fixed Rate								
Debentures	0	62,440	0	0	0	0	62,440	5.99%
Weighted Average Effective Interest Rate	0.00%	5.99%	0.00%	0.00%	0.00%	0.00%		

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

Report on the Financial Report

We have audited the financial report of the Shire of Menzies (the Shire), which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and a summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

Shire's Responsibility for the Financial Report

The Shire is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Local Government Act 1995 Part 6* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire's financial position and of its performance.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the Financial Report

In our opinion, the financial report of the Shire of Menzies:

- (i) gives a true and fair view of the financial position of the Shire of Menzies as at 30 June 2013 and of its financial performance for the year ended on that date: and
- (ii) complies with the *Local Government Act 1995 Part 6* and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations).
- (iii) in relation to the Supplementary Ratio Information presented on page 55 of this report, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Shire did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report except for the following:

- (i) the Shire had not obtained ministerial approval for the UV Mining General Rate imposed on 31 August 2012, in accordance with s. 6.33(c); and
- (ii) variance reporting was not included in the February 2013 Financial Report, in accordance with Local Government (Financial Management) Regulation 34 (1) (d).


RSM BIRD CAMERON


S C CUBITT
Director

Perth, WA

Dated: 18 November 2013

**SHIRE OF MENZIES
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.825	N/A	N/A
Asset Renewal Funding Ratio	0.534	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
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Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

To calculate the asset consumption ratio above, historical costs have been used as current replacement costs are not available for all fixed asset classes.