



2013-
2014

Shire of Menzies Annual Report



Take a look around!

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Cr Greg Dwyer, Shire President

President's Report

The Shire of Menzies has had a productive year in terms of the achievement of goals set for the twelve months ending 30 June 2014.

Council focus this year has been on continuous improvement and maintenance of tourism assets. Upgrades to the Caravan Park and the main street continue to receive appreciation from the touring public and likewise the general appearance of the Townsite often receives praise, much to the satisfaction of the local Community.

Throughout the course of the year Council has made some significant decisions including but not limited to the provision of four new staff houses. I acknowledge the support and hard work of the Housing Committee on this project.

Local Government Elections were held in October 2013 with Councillors Ian Tucker, Jamie Mazza, Justin Lee and Justin Graham being elected for a four year term ending in October 2017.

The steady hand and wealth of experience of Chief Executive Officer, Peter Crawford, is evident in the capital improvements during the year. Funding for road improvements on the Menzies Northwest Road has resulted in better access to Lake Ballard and the Gormley Statues which continue to attract tourists and art lovers to this unique feature. Sealing of 5kms on this road will be an annual task to eventually have an all-weather road to Lake Ballard.

Mining activities in the Shire of Menzies are still spear-headed by AngloGold Ashanti at Tropicana with a fly in fly out workforce of up to 600 on site at any one time. Production of Gold commenced with the first pour in September 2013, slightly ahead of schedule and on budget. Estimated mine life of 11 years and producing 350,000 ounces per year. Saracen Mineral Holdings continue to produce gold from their operations at Carosue Dam processing facility. There has been increased interest in developing iron ore deposits throughout the year with Macarthur Minerals at the leading edge. From an Iron Ore price in November 2013 of \$136 per tonne to a June 2014 price of \$93 this downward trend has seen this interest stagnate.

Improvements to the community facilities at Tjuntjuntjara continue under the guiding hand of Fiona Pemberton, General Manager, Paupiyala Tjarutja Aboriginal Corporation.

The Menzies town and Community were rewarded with the appointment of Lesley Chennell as Principal of the Menzies Remote Community School; Lesley was previously at Tjuntjuntjara for 5 years. Her initiatives for the School and participation with the community have been evident in the first six months of this year.

The Goldfields Cyclassic held over the long weekend in June was again a successful event with an increase in participating riders and inclusion of 4 hand cyclists was very well received. Positive feedback was received with this year's inclusion of the "Menzies Carnival" including a fantastic fireworks display being the highlight and conclusion of the Menzies Classic Leg.

I am pleased with this year's outcomes and look forward with confidence to another productive period as Shire President. Once again I would like to recognize the support, input and involvement from the Community, Shire Staff, Volunteers of the St Johns Ambulance Service, local Bush Fire Brigade and fellow members of Council for their contribution to the Governance of Council and the wellbeing of the Community of the Shire of Menzies.

A handwritten signature in black ink, appearing to be 'Greg Dwyer', with a stylized flourish at the end.

Cr Greg Dwyer
Shire President



N P (Peter) Crawford, CEO

Chief Executive Officer's Report

I am pleased to present the Annual Report of the Shire of Menzies for the period ending 30 June 2014.

Council Adopted the Annual Budget on 31 July 2013 with a moderate rate rise.

Staff

The Shire of Menzies commenced the financial year with almost a full complement of staff. New additions to our staff during the year were Deputy Chief Executive Officer Brooke Povah, Manager Works and Services Ray Pepper, Depot Admin Officer Vicki Pepper, Executive Assistant Leanne Downie, Works Supervisor Glenn Casley, and Road Crew Operator Dennis Richards. My thanks to those staff who have departed and especially to the new recruits for their contributions.

Integrated Planning

Ongoing reviews to the Integrated Planning documents has taken place and the updated plans are available for public viewing at the administration reception area.










Mining

Gold mining still flourishes in the district with Tropicana coming on line and Saracen continuing to produce gold.

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

Major Works

Some of the major projects completed during the year were:

-  Reconstruction and sealing of the first five kilometres of the Menzies Northwest Road
-  Realignment, construction and sealing of four kilometres of the Menzies Northwest Road at the junction of the Lake Ballard and Riverina Snake Hill Road turn offs
-  Reconstruction and resheeting of sections of the Menzies Northwest Road
-  Construction and sheeting of sections of the Evanston Menzies Road
-  Reconstruction and resheeting of sections of the Yarri Road
-  Construction and sheeting of sections of the Connie Sue Hwy
-  Construction and sheeting of sections of the Tjuntjuntjara Access Road
-  Installation of kerbing on Menzies Town Streets
-  Installation of asphalt footpaths of Menzies Town Streets

Light Industrial Area

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

New Housing

Construction of four new houses for Shire staff was partially achieved with the balance to be completed in 2014/15.

Plant Acquisitions











This year has seen the delivery of a new Cat grader. Various light vehicles have also been replaced

Cyclassic

The Shire of Menzies continued as the major sponsor of the Cyclassic. This year saw an increase in the number of competitors in the race. Entertainment during this period was well received by the towns people and visitors.

Future Goals / Projects

Road works will again be a major development with the following projects on the program for 2014/15:

-  Reconstruction and sealing of the next five kilometres of the Menzies Northwest Road
-  Further construction of foot paths leading towards the town centre and the sports field
-  Further construction of kerbing to some town streets
-  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 at the Menzies Town Hall
-  Completion of the construction of four new staff houses
-  Restoration works to old Post Office

I take this opportunity to acknowledge the support of the Elected Members and congratulate them on the forward looking decisions made on behalf of the Shire of Menzies.



Peter Crawford
Chief Executive Officer

Elected Members

Cr Greg Dwyer
Shire President
Town Ward
Term Expires 2015



Cr Peter Twig
Deputy Shire President
Rural Ward
Term Expires 2015



Cr Ian Tucker
Rural Ward
Term Expires 2017



Cr Jamie Mazza
Town Ward
Term Expires 2017



Cr Justin Lee
Town Ward
Term Expires 2017



Cr Chris Bennell
Rural Ward
Term Expires 2015



Cr Justin Graham
Rural Ward
Term Expires 2017

Meeting Attendance

MEETING DATE	MEETING TYPE	DWYER Gregory	TWIGG Peter	DWYER Jillian	PURCHASE Keith	BENNELL Chris	HANSEN Damian	TUCKER Ian
25.07.2013	Ordinary	MEETING ADJOURNED DUE TO LACK OF QUORUM						
01.08.2013	Ordinary	✓	TC	✓	✓	X	X	✓
15.08.2013	Special	MEETING ADJOURNED DUE TO LACK OF QUORUM						
17.08.2013	Special	✓	TC	✓	✓	X	X	✓
29.08.2013	Ordinary	✓	TC	✓	✓	TC	X	✓
26.09.2013	Ordinary	✓	TC	✓	TC	✓	X	✓
Local Government Elections held 19 October 2013		DWYER Gregory	TWIGG Peter	TUCKER Ian	BENNELL Chris	GRAHAM Justin	MAZZA Jamie	LEE Justin
31.10.2013	Ordinary	✓	✓	✓	X	✓	✓	✓
28.11.2013	Ordinary	✓	✓	✓	✓	✓	✓	✓
18.12.2013	Ordinary	✓	✓	✓	✓	✓	✓	✓
30.01.2014	Special	✓	✓	✓	X	X	✓	✓
30.01.2014	AEM	✓	TC	✓	X	X	✓	✓
27.02.2014	Ordinary	✓	✓	✓	TC	TC	✓	✓
27.03.2014	Audit	✓	X	✓	X	X	✓	✓
27.03.2014	Ordinary	✓	TC	✓	TC	TC	✓	✓
24.04.2014	Audit	✓	✓	✓	X	X	✓	✓
24.04.2014	Ordinary	✓	✓	✓	TC	TC	✓	✓
29.05.2014	Ordinary	TC	TC	TC	TC	TC	TC	TC
19.06.2014	Special	✓		✓	X	X	✓	✓
26.06.2014	Ordinary	✓	✓	✓	X	X	✓	✓

✓ Attended Meeting
 X Did not attend Meeting
 LOA Leave of Absence
 RES Resigned
 VAC Vacant
 TC Attended by Teleconference

"Ooooh – my head! But gad, those Councillors can go on and on and on ..."





*"Get cracking
on the bellows,
me lad – this
iron's gone
cold!"*

Activities of Council

Personal Involvement

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

- Local Emergency Management Committee
- Menzies Volunteer Bushfire Brigade
- Declared Animal Group (Wild Dogs)
- Kalgoorlie Goldfields Tourism Association
- Goldfields Regional Road Group
- 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. During the 2013-14 financial year the Shire of Menzies established the following occasional committees:

- Audit Committee
- Housing Committee
- CEO Performance Review Working Group

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. This will permit your item to be researched if necessary, and be presented to Council with a recommendation for decision, if appropriate. Agendas are prepared for members and are distributed one week prior to the meeting.

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

Minutes

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



*"A one-pound
white, straight
from the oven
– that'll be
seven pence
please"*

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

Public Library

The Shire of 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 (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 (08) 9024 2702 Caretaker 0448 242 041 The caravan park has powered caravan sites, and tent sites available. washing machines and BBQ facilities are also offered.

Menzies Visitor Centre

The Menzies Visitor Centre is located within the former Lady Shenton Hotel. Facilities co-located with the Visitor Centre include; Community Postal Agency, Internet Access, Gift Shop, Public Library and Spinifex Aboriginal Art Gallery. It is open weekdays (except public holidays), November until March and every day, April until September. Telephone (08) 9024 2702

Email: visitorcentre1@menzies.wa.gov.au



*"Carry him
carefully,
young Joe
Wright – the
fever is enough
for him to deal
with"*

Emergency Services Buildings

The Emergency Services Buildings are situated on Archibald Street in the Emergency Services Area. (Comprises of Volunteer Bushfire Brigade Headquarters, 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.

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

240L Rubbish bins to be placed on road verge. Pick up day is every Monday morning in Menzies.

Dog Registrations

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

Registration Fees

Unsterilised Dog	1 year	3 years
	\$50.00	\$120.00
Sterilised Dog	1 year	3 years
	\$20.00	\$42.50

- A 50% discount is available for eligible pensions (pension card must be shown at the time of registration).



*"This trip?
Building iron,
bags of flour,
and cases of
tinned dog, all
going to Mt
Malcolm"*

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

For further enquiries, please contact Reception, phone (08) 9024 2041.

Cat Registrations

From 1 November 2013, all cats that have reached six months of age are required to be:

- Microchipped;
- Sterilised; and
- Registered with the relevant local government

Your cat will be required to wear a collar and registration tag to ensure they can be easily identified and returned to you if they become lost.

Registration Fees

1 year	3 years	Lifetime
\$20.00	\$42.50	\$100.00

- A 50% discount is available for eligible pensions (pension card must be shown at the time of registration).
- To register your cat please visit the Shire of Menzies.

For further enquiries, please contact Reception, phone (08) 9024 2041.

Dog Impoundment

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

Health and Building Information

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



*"Oh, I wish this
wind would
stop! As soon
as I hang out
the washing
it's dusty
again!"*

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

- Building control
- Bush fire control
- Cemeteries (Tourism Value and Maintenance Only)
- Citizenship ceremonies
- Crossovers
- Demolition permits
- Dog control
- Environmental Health
- Fire prevention
- Library services
- Street bins
- Media releases
- Playground equipment
- Public buildings for hire
- Public toilets
- Recreation/sporting facilities
- Roads and footpaths
- Rubbish collection
- Street lighting
- Traffic control works
- LEMC (Local Emergency Management Committee)
- Weed control on reserves
- Planning controls
- 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	Financial Support
Golden Quest Trail Association	Financial Support
Menzies St Ambulance Association	Financial Support
Tjuntjuntjara Community	Financial Support



*"Dearly
beloved, we are
gathered here
today to pray
for the soul of
young Peter
Bremmer ..."*

Statutory Compliance

Public Participation

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

Deputations – 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 Agenda of Council and Committee Meetings
-  General Policy Manual
-  Annual Budgets
-  Annual Report
-  Annual Financial Statements
-  Monthly Statement of Financial Activity
-  Council Local Laws (By-laws)
-  Town Planning Scheme
-  Town Planning Policy Manual
-  Financial Interest Register – Primary and Annual Returns and Declarations



*"Telegram for
Jimmy McGuigan
at Mt Ida? Hmm,
it's only 65 miles –
I'll be there for
lunch ..."*

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

Public Interest Disclosure Act

During 2013/14, there were no complaints or disclosures registered under the Public Interest Disclosure Act 2003.

Disclosure of Annual Salaries in Annual Report

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

Salary Band	No. of Employees
\$100,000 - \$110,000	
\$110,001 - \$120,000	2
\$120,001 - \$130,000	
\$130,001 - \$140,000	
\$140,001 - \$150,000	1

State Records Act 2000

The Shire of Menzies continues to implement best practice recordkeeping initiatives to ensure that it continues to meet the legislative requirements of the State Record Act 2000. The following information is provided in accordance with the State Records Commission Standard2, Principle 6.

An Internal Audit is carried out every year on the Shire of Menzies records management functions with the most recent audit being in October 2014. The overall results indicated that the Shire of Menzies Records Management System including policies, procedures and practices complies with the requirements of the State Records Act 2000.

Employee satisfaction survey results indicate that all users of the Records Management System are satisfied with the effectiveness of training and speed and accuracy of retrieval of information.



*"How on earth
do I STOP this
infernal
machine?"*

Integrated Strategic Planning

National Competition Policy

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.

Competitive neutrality should apply to all business activities, which generate a user-pays 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 2013/2014 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 2013/14. Consequently, there were no obligations for structural reform. Nevertheless, the Shire of Menzies is



*"My lungs are
giving out – but
the only work to
be had around
here is
underground ..."*

committed to the principles of structural reform under National Competition Policy.

Disability Services Plan

Council adopted the Disability Access and Inclusion Plan 2013-2018 on 29th August 2013 and submitted a progress report to the Disability Services Commission on 4 July 2014.

The Shire of Menzies –

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

These Outcomes are –

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



*"Step inside, you
handsome man –
my sheets are
clean and my
price is keen ..."*

6. People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

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

Freedom of Information Statement

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

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 and representing 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; and
- ☐ 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.



"What on earth made you think you could rob the Post Office and get away with it?"

Ordinary meetings of Council are held on the last Thursday of each month, except January, commencing at 10.00am. All members of the public are welcome to attend.

Plan for the Future

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

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

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

During the year the Strategic Community Plan and Corporate Business Plan were reviewed and adopted by Council at their meeting on 27 June 2014.

General Overview

1. Housing

Council plans to continue the progressive improvement to housing for staff. As at the 30 June 2014, two of four new staff houses were on site and nearing practical completion. This project will continue into the 2014/2015 financial year.

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.

4. Main Street Median Upgrade

Works planned for the upgrade of the median strip in Shenton Street will be carried over to the 2014/2015 financial year.

5. Plant Acquisition

Regular plant replacement is an important aspect of the Shire's asset protection component and this was achieved during the year.

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. It is anticipated the project will be completed in time for the 100 years Anzac Day commemoration.

7. Caravan Park Upgrade

Landscaping and shrub planting at the Caravan Park is ongoing. The Park continues to receive letters of appreciation from the travelling public.

8. Lady Shenton

Restoration and painting of the Lady Shenton was completed and continuous improvements are being made to preserve this historic building.

9. Lake Ballard.

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

Proposed Initiatives to Commence or Continue into the next Year.

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

-  Restoration of Historic Buildings
-  Main Street Upgrade – Paving of footpaths
-  Water Park Construction at Town Oval

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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

**SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Menzies at 30th June 2014 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

10th

day of

November 2014



Peter Crawford
Chief Executive Officer

**SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	2,397,940	2,357,689	2,203,767
Operating Grants, Subsidies and Contributions	28	1,936,865	2,093,005	3,015,052
Fees and Charges	27	212,055	176,480	266,468
Service Charges	24	0	0	0
Interest Earnings	2(a)	252,254	170,500	276,017
Other Revenue	2(a)	456,222	32,150	43,135
		<u>5,255,336</u>	<u>4,829,824</u>	<u>5,804,439</u>
Expenses				
Employee Costs		(1,506,137)	(1,718,544)	(996,982)
Materials and Contracts		(1,574,622)	(1,631,951)	(1,973,245)
Utility Charges		(60,369)	(37,889)	(72,993)
Depreciation on Non-Current Assets	2(a)	(2,146,039)	(1,880,945)	(2,040,324)
Interest Expenses	2(a)	(1,461)	(1,750)	(4,739)
Insurance Expenses		(156,130)	(147,000)	(111,233)
Other Expenditure		(156,993)	(308,000)	(139,202)
		<u>(5,601,751)</u>	<u>(5,726,079)</u>	<u>(5,338,718)</u>
		(346,415)	(896,255)	465,721
Non-Operating Grants, Subsidies and Contributions	28	1,581,219	2,264,598	893,775
Loss on Revaluation of Fixed Assets	2(a)	(11,614)	0	(8,749)
Profit on Asset Disposals	20	15,003	52,306	100,547
Loss on Asset Disposals	20	(98,898)	(45,000)	(77,007)
NET RESULT		1,139,295	1,375,649	1,374,287
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	4,668,354	0	295,036
Total Other Comprehensive Income		4,668,354	0	295,036
Total Comprehensive Income		5,807,649	1,375,649	1,669,323

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		5,933	3,400	10,276
General Purpose Funding		4,276,560	3,790,675	4,732,883
Law, Order, Public Safety		9,428	3,200	27,286
Health		393	500	226
Housing		60,725	59,600	58,622
Community Amenities		87,352	95,980	16,842
Recreation and Culture		42,419	17,400	4,851
Transport		542,236	693,269	761,901
Economic Services		144,844	137,300	107,391
Other Property and Services		85,446	28,500	84,161
	2(a)	5,255,336	4,829,824	5,804,439
Expenses				
Governance		(359,541)	(430,992)	(365,789)
General Purpose Funding		(183,490)	(276,854)	(149,262)
Law, Order, Public Safety		(68,569)	(93,529)	(70,063)
Health		(28,202)	(40,689)	(38,886)
Education and Welfare		0	(15,000)	0
Housing		(27,692)	(40,000)	(17,498)
Community Amenities		(124,831)	(249,193)	(91,972)
Recreation & Culture		(374,870)	(387,551)	(320,610)
Transport		(3,331,666)	(2,866,810)	(3,268,072)
Economic Services		(1,139,547)	(1,319,711)	(1,065,363)
Other Property and Services		26,504	(4,000)	44,787
	2(a)	(5,611,904)	(5,724,329)	(5,342,728)
Financial Costs				
Housing		(1,451)	(1,750)	(3,293)
Other Property and Services		(10)	0	(1,446)
	2(a)	(1,461)	(1,750)	(4,739)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		184,621	0	0
Housing		499,108	937,108	0
Community Amenities		0	0	40,000
Recreation & Culture		0	430,000	0
Transport		897,490	897,490	853,775
Economic Services		0	0	0
		1,581,219	2,264,598	893,775
Profit/(Loss) on Disposal of Assets				
Law, Order, Public Safety		(25,000)	0	0
Housing		(1,365)	0	0
Community Amenities		(13,000)	0	0
Recreation & Culture		(899)	0	0
Transport		(5,286)	(45,000)	78,374
Economic Services		(14,394)	0	0
Other Property and Services		(23,951)	52,306	(54,834)
		(83,895)	7,306	23,540
Net Result		1,139,295	1,375,649	1,374,287
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	4,668,354	0	295,036
Total Other Comprehensive Income		4,668,354	0	295,036
Total Comprehensive Income		<u>5,807,649</u>	<u>1,375,649</u>	<u>1,669,323</u>

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

**SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,696,285	5,049,830
Trade and Other Receivables	4	733,899	466,472
Inventories	5	4,587	10,636
TOTAL CURRENT ASSETS		4,434,771	5,526,938
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	9,458,053	5,057,469
Infrastructure	7	70,632,207	68,233,597
TOTAL NON-CURRENT ASSETS		80,090,260	73,291,066
TOTAL ASSETS		84,525,031	78,818,004
CURRENT LIABILITIES			
Trade and Other Payables	8	549,725	642,388
Long Term Borrowings	9	0	32,141
Provisions	10	89,873	92,700
TOTAL CURRENT LIABILITIES		639,598	767,229
NON-CURRENT LIABILITIES			
Provisions	10	39,568	12,559
TOTAL NON-CURRENT LIABILITIES		39,568	12,559
TOTAL LIABILITIES		679,166	779,788
		83,845,865	78,038,216
EQUITY			
Retained Surplus		11,846,765	10,732,660
Reserves - Cash Backed	11	2,556,162	2,530,972
Revaluation Surplus	12	69,442,938	64,774,584
TOTAL EQUITY		83,845,865	78,038,216

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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	0	295,036	295,036
Total Comprehensive Income		<u>1,374,287</u>	<u>0</u>	<u>295,036</u>	<u>1,669,323</u>
Transfers from/(to) Reserves		(40,012)	40,012	0	0
Balance as at 30 June 2013		10,732,660	2,530,972	64,774,584	78,038,216
Comprehensive Income					
Net Result		1,139,295	0	0	1,139,295
Changes on Revaluation of Non-Current Assets	12	0	0	4,668,354	4,668,354
Total Comprehensive Income		<u>1,139,295</u>	<u>0</u>	<u>4,668,354</u>	<u>5,807,649</u>
Transfers from/(to) Reserves		(25,190)	25,190	0	0
Balance as at 30 June 2014		11,846,765	2,556,162	69,442,938	83,845,865

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,539,941	2,588,445	2,250,086
Operating Grants, Subsidies and Contributions		1,636,530	2,093,005	3,212,990
Fees and Charges		212,055	97,540	266,468
Interest Earnings		252,254	170,500	294,465
Goods and Services Tax		341,064	450,000	163,602
Other Revenue		457,618	32,150	43,135
		<u>5,439,462</u>	<u>5,431,640</u>	<u>6,230,746</u>
Payments				
Employee Costs		(1,421,690)	(1,718,542)	(1,146,181)
Materials and Contracts		(1,722,897)	(1,620,033)	(1,754,834)
Utility Charges		(60,369)	(37,889)	(72,993)
Interest Expenses		(1,461)	(1,750)	(4,739)
Insurance Expenses		(156,130)	(147,000)	(111,233)
Goods and Services Tax		(450,157)	(450,000)	0
Other Expenditure		(156,993)	(308,000)	(139,202)
		<u>(3,969,697)</u>	<u>(4,283,214)</u>	<u>(3,229,182)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,469,765</u>	<u>1,148,426</u>	<u>3,001,564</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,747,585)	(2,358,500)	(1,166,203)
Payments for Construction of Infrastructure		(2,755,712)	(4,422,793)	(3,275,168)
Non-Operating Grants, Subsidies and Contributions		1,581,219	2,264,598	893,775
Proceeds from Sale of Fixed Assets		130,909	184,000	182,117
Net Cash Provided by (Used in) Investment Activities		<u>(2,791,169)</u>	<u>(4,332,695)</u>	<u>(3,365,479)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(32,141)	(30,000)	(30,299)
Net Cash Provided By (Used In) Financing Activities		<u>(32,141)</u>	<u>(30,000)</u>	<u>(30,299)</u>
Net Increase (Decrease) in Cash Held		<u>(1,353,545)</u>	<u>(3,214,269)</u>	<u>(394,214)</u>
Cash at Beginning of Year		5,049,830	5,024,195	5,444,044
Cash and Cash Equivalents at the End of the Year	13(a)	<u>3,696,285</u>	<u>1,809,926</u>	<u>5,049,830</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		5,933	3,400	10,276
General Purpose Funding		1,878,620	1,532,986	2,529,116
Law, Order, Public Safety		194,049	3,200	27,286
Health		393	500	226
Housing		559,833	996,708	58,622
Community Amenities		87,352	95,980	56,842
Recreation and Culture		42,419	447,400	4,851
Transport		1,439,726	1,590,759	1,716,223
Economic Services		144,844	137,300	107,391
Other Property and Services		100,449	80,806	84,161
		<u>4,453,618</u>	<u>4,889,039</u>	<u>4,594,994</u>
Expenses				
Governance		(359,541)	(430,992)	(365,789)
General Purpose Funding		(183,490)	(276,854)	(149,262)
Law, Order, Public Safety		(93,569)	(93,529)	(70,063)
Health		(28,202)	(40,689)	(38,886)
Education and Welfare		0	(15,000)	0
Housing		(30,508)	(41,750)	(20,791)
Community Amenities		(137,831)	(249,193)	(91,972)
Recreation and Culture		(375,769)	(387,551)	(320,610)
Transport		(3,336,952)	(2,911,810)	(3,290,245)
Economic Services		(1,153,941)	(1,319,711)	(1,065,363)
Other Property and Services		(12,460)	(4,000)	(11,493)
		<u>(5,712,263)</u>	<u>(5,771,079)</u>	<u>(5,424,474)</u>
Net Result Excluding Rates		(1,258,645)	(882,040)	(829,480)
Adjustments for Cash Budget Requirements:				
Loss on Revaluation of Fixed Assets	7(a)	11,614	0	8,749
(Profit)/Loss on Asset Disposals	20	83,895	(7,306)	(23,540)
Movement in Employee Benefit Provisions (Non-current)		24,183	0	30,684
Depreciation and Amortisation on Assets	2(a)	2,146,039	1,880,945	2,040,324
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(1,130,124)	(1,794,000)	(364,956)
Purchase Furniture and Equipment	6(a)	(10,435)	(43,000)	(48,827)
Purchase Plant and Equipment	6(a)	(607,026)	(521,500)	(752,420)
Purchase Roads	7(a)	(2,683,212)	(3,922,793)	(2,407,030)
Purchase Other Infrastructure	7(a)	(72,500)	(500,000)	(868,138)
Proceeds from Disposal of Fixed Assets	20	130,909	184,000	182,117
Repayment of Debentures	21(a)	(32,141)	(30,000)	(30,299)
Transfers to Reserves (Restricted Assets)	11	(1,263,931)	(245,001)	(440,012)
Transfers from Reserves (Restricted Assets)	11	1,238,741	1,168,000	400,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	2,353,578	2,455,006	3,252,639
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,328,885	0	2,353,578
Total Amount Raised from General Rate	22(a)	<u>(2,397,940)</u>	<u>(2,257,689)</u>	<u>(2,203,767)</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 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has 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.

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. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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 only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	5%
Furniture and Equipment	10%
Plant and Equipment - Heavy	15%
Plant and Equipment - Sundry	25%
Electronic Equipment	25%
Tools	20%
Infrastructure - Roads	4%
Infrastructure - Flood ways	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 disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) 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.

Amortised cost is calculated as:

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council 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 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the 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.

(j) Trade and Other Payables

Trade 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.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

(o) Investment in Associates

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

The carrying amount of the investment includes, where applicable, 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.

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 sale where it is held as non-current based on the Council's intentions to release for sale.

(t) Rounding Off Figures

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	NII – 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 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	NII - 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).

[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]

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 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]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation 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. This Standard is not expected to significantly impact the Council's financial statements.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on Council.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or 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.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES		2014	2013
		\$	\$
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the annual financial report		41,910	20,679
Depreciation			
Non-Specialised Buildings		179,532	178,179
Specialised Buildings		469	0
Furniture and Equipment		11,403	20,948
Plant and Equipment		316,897	251,393
Roads		1,636,115	1,544,967
Other Infrastructure		1,623	44,837
		<u>2,146,039</u>	<u>2,040,324</u>
Interest Expenses (Finance Costs)			
Debentures (refer Note 21.(a))		1,451	3,293
Interest - ATO		10	1,446
		<u>1,461</u>	<u>4,739</u>
Rental Charges			
- Operating Leases		44,494	38,764
For further information see Note 15(a)		<u>44,494</u>	<u>38,764</u>
(ii) Crediting as Revenue:			
Other Revenue			
Reimbursements and Recoveries		63,625	0
Other		392,597	43,135
		<u>456,222</u>	<u>43,135</u>
Other revenue 2013-14 includes an adjustment of provision for doubtful debts of \$381,962.			
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	99,119	95,000	140,592
- Other Funds	60,663	40,000	53,158
Other Interest Revenue (refer note 26)	92,472	35,500	82,267
	<u>252,254</u>	<u>170,500</u>	<u>276,017</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

Objective:

To collect revenue to allow for the provision of services.

Activities:

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

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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 airstrips.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/12	Received ⁽²⁾ 2012/13	Expended ⁽³⁾ 2012/13	Closing Balance ⁽¹⁾ 30/06/13	Received ⁽²⁾ 2013/14	Expended ⁽³⁾ 2013/14	Closing Balance 30/06/14
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
Office of Premier & Cabinet	Community Amenities	10,000	0	0	10,000	0	0	10,000
Anzac Memorial	Transport	438,529	0	(438,529)	0	0	0	0
Main Street Upgrade	Economic Services	70,000	0	(70,000)	0	0	0	0
Lake Ballard	Transport	0	819,145	(558,387)	60,758	875,307	(936,065)	0
Roads to Recovery	Housing	0	0	0	0	499,108	(499,108)	0
Country Local Government Fund		0	0	0	0	0	0	0
Department of Regional Development	Community Amenities	0	0	0	0	80,670	(80,670)	0
Main Roads WA - Direct Grants	Transport	0	0	0	0	136,935	(136,935)	0
Main Roads WA - Black Spot	Transport	0	0	0	0	149,333	(149,333)	0
Main Roads WA - Yarri	Transport	0	0	0	0	86,667	(86,667)	0
Regional Road Group		0	0	0	0	0	0	0
Main Roads WA - Menzies		0	0	0	0	0	0	0
North West Regional Road Group	Transport	0	0	0	0	86,667	(86,667)	0
Main Roads WA - Commodity Rou	Transport	0	0	0	0	80,567	(80,567)	0
Footpaths	Transport	0	0	0	0	22,183	(22,183)	0
Lake Ballard Mkt Plan	Economic Services	0	0	0	0	50,000	(50,000)	0
Total		518,529	619,145	(1,066,916)	70,758	2,067,437	(2,128,195)	10,000

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 2014**

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,130,123	2,448,100
Restricted		<u>2,566,162</u>	<u>2,601,730</u>
		<u>3,696,285</u>	<u>5,049,830</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	175,720	163,214
Plant Reserve	11	521,122	361,429
Building Reserve	11	702,996	503,192
TV Reserve	11	14,354	8,688
Road Reserve	11	180,828	376,946
Main Street Reserve	11	64,748	381,980
Staff Amenities Reserve	11	154,392	285,167
Caravan Park Reserve	11	289,192	189,568
Rates Future Claims Reserve	11	42,272	34,619
Bitumen Resealing Reserve	11	191,605	131,527
Niagara Dam Reserve	11	115,102	44,642
Waterpark Reserve	11	103,831	50,000
Unspent Grants	2(c)	<u>10,000</u>	<u>70,758</u>
		<u>2,566,162</u>	<u>2,601,730</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		628,463	770,464
Sundry Debtors		181,181	256,728
ATO Receivable		119,867	10,774
Provision for Doubtful Debts		(200,000)	(581,962)
Accrued Income		4,388	7,115
Other Receivables		<u>0</u>	<u>3,353</u>
		<u>733,899</u>	<u>466,472</u>
5. INVENTORIES			
Current			
Fuel and Materials		4,587	9,240
Land Held for Resale - Cost			
Cost of Acquisition		<u>0</u>	<u>1,396</u>
		<u>4,587</u>	<u>10,636</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT	2014 \$	2013 \$
Land and Buildings		
Freehold Land at:		
- Management Valuation 2009	0	275,100
- Independent Valuation 2014	660,200	0
	<u>660,200</u>	<u>275,100</u>
 Total Land	 <u>660,200</u>	 <u>275,100</u>
 Non-Specialised Buildings at:		
- Independent Valuation 2014	3,847,843	0
- Cost	0	4,827,905
Less: Accumulated Depreciation	0	(1,499,362)
	<u>3,847,843</u>	<u>3,328,543</u>
 Specialised Buildings at:		
- Independent Valuation 2014	2,833,029	0
	<u>2,833,029</u>	<u>0</u>
 Total Buildings	 <u>6,680,872</u>	 <u>3,328,543</u>
 Total Land and Buildings	 <u>7,341,072</u>	 <u>3,603,643</u>
 Furniture and Equipment at:		
- Management Valuation 2013	0	48,500
- Independent Valuation 2014	29,000	0
	<u>29,000</u>	<u>48,500</u>
 Plant and Equipment at:		
- Independent Valuation 2014	1,994,150	1,405,326
- Management Valuation 2014	93,831	0
	<u>2,087,981</u>	<u>1,405,326</u>
	<u>9,458,053</u>	<u>5,057,469</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's Buildings and Improvements was revalued at 30 June 2014 by a combination of independent valuers and management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Freehold Land and Non-Specialised Buildings - Level 2 inputs in the fair value hierarchy; Specialised Buildings - Level 3 inputs in the fair value hierarchy).

Buildings and Infrastructure, other than Roads have been reclassified as Buildings and Improvements. The revaluation resulted in an overall increment of \$4,027,234 in the net value of the Shire's Land, Building and Infrastructure Other. All of this increase was credited to a new revaluation surplus in the Shire's equity (refer Note 12(a) and 12(f) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment

The Shire's Furniture and Equipment was revalued at 30 June 2014 by independent valuers. 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 \$1,467 in the net value of the Shire's Furniture and Equipment. All of this increase was credited to a new 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.

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2014 by a combination of independent valuers and 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 \$455,726 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(b) 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 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Transfers \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Including reclassification from Current Asset Inventories)	275,100	21,396	(13,000)	376,704	0	0	660,200
Total Land	275,100	21,396	(13,000)	376,704	0	0	660,200
Non-Specialised Buildings (Level 2)	3,328,543	1,025,700	(242)	(55,980)	(1,285,460)	(179,532)	2,833,029
Specialised Buildings (Level 3)	0	83,028	0	3,706,510	58,774	(469)	3,847,843
Total Buildings	3,328,543	1,108,728	(242)	3,650,530	(1,226,686)	(180,001)	6,680,872
Total Land and Buildings	3,603,643	1,130,124	(13,242)	4,027,234	(1,226,686)	(180,001)	7,341,072
Furniture and Equipment (Level 3)	48,500	10,435	(25,182)	1,467	5,183	(11,403)	29,000
Plant and Equipment (Level 2 and 3)	1,405,326	607,026	(150,087)	455,726	86,897	(316,897)	2,087,981
Total Property, Plant and Equipment	5,057,469	1,747,585	(188,521)	4,484,427	(1,134,606)	(508,301)	9,458,053

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Independent Valuation 2009	73,750,723	73,750,723
- Cost	8,055,035	3,497,147
Less Accumulated Depreciation	<u>(13,719,842)</u>	<u>(12,083,726)</u>
	68,085,916	65,164,144
Footpaths		
- Cost	92,153	92,153
Less Accumulated Depreciation	<u>(92,153)</u>	<u>(92,153)</u>
	0	0
Parks & Ovals		
- Cost	222,000	0
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	222,000	0
Other Infrastructure		
- Independent Valuation 2014	1,795,100	0
- Management Valuation 2014	389,203	0
- Cost	0	3,288,713
Less Accumulated Depreciation	<u>0</u>	<u>(219,260)</u>
	2,184,303	3,069,453
Work in Progress Infrastructure		
- Cost	<u>139,988</u>	<u>0</u>
	139,988	0
	<u>70,632,207</u>	<u>68,233,597</u>

Parks and Ovals

The Shire's Parks and Ovals was revalued at 30 June 2014 by a combination of independent valuers and 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 \$ 11,614 in the net value of the Shire's Parks and Ovals, which was taken against comprehensive income in the current year.

Other Infrastructure

Infrastructure, Other than Roads have been reclassified as Buildings and Improvements. The revaluation resulted in an overall increment of \$183,927 in the net value of the Shire's Infrastructure Other. All of this increase was credited to a new revaluation surplus in the Shire's equity (refer Note 12(d) 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 2014**

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.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation increments/ (Decrements) \$	Transfers \$	Depreciation (Expense) \$	Carrying Amount at the End of the Year \$
Roads	65,164,144	2,683,212	0	0	1,813,729	(1,636,115)	68,024,970
Footpaths	0	0	0	0	0	0	0
Parks & Ovals	0	0	0	(11,614)	233,614	0	222,000
Other Infrastructure	3,089,453	72,500	(26,283)	183,927	(1,052,725)	(1,623)	2,245,249
Work in Progress Infrastructure	0	0	0	0	139,988	0	139,988
Total	68,233,597	2,755,712	(26,283)	172,313	1,134,606	(1,637,738)	70,632,207

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	146,492	631,192
Accrued Salaries and Wages	23,234	0
ATO Liabilities	37,031	0
Other Payables	238,978	11,196
Rates Paid in Advance	103,990	0
	<u>549,725</u>	<u>642,388</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	<u>0</u>	<u>32,141</u>
	<u>0</u>	<u>32,141</u>

Additional detail on borrowings is provided in Note 21.

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

10. PROVISIONS

Analysis of Total Provisions

Current	89,873	92,700
Non-Current	<u>39,568</u>	<u>12,559</u>
	<u>129,441</u>	<u>105,259</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	72,419	32,840	105,259
Additional provision	<u>3,704</u>	<u>20,478</u>	<u>24,182</u>
Balance at 30 June 2014	<u>76,123</u>	<u>53,318</u>	<u>129,441</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	163,214	163,215	154,214
Amount Set Aside / Transfer to Reserve	12,506	6,121	9,000
Amount Used / Transfer from Reserve	0	0	0
	<u>175,720</u>	<u>169,336</u>	<u>163,214</u>
(b) Plant Reserve			
Opening Balance	361,429	503,192	341,499
Amount Set Aside / Transfer to Reserve	159,693	113,554	19,930
Amount Used / Transfer from Reserve	0	(368,000)	0
	<u>521,122</u>	<u>248,746</u>	<u>361,429</u>
(c) Building Reserve			
Opening Balance	503,192	361,428	475,445
Amount Set Aside / Transfer to Reserve	638,545	18,860	27,747
Amount Used / Transfer from Reserve	(438,741)	0	0
	<u>702,996</u>	<u>380,288</u>	<u>503,192</u>
(d) TV Reserve			
Opening Balance	8,688	8,688	8,208
Amount Set Aside / Transfer to Reserve	5,666	328	480
Amount Used / Transfer from Reserve	0	0	0
	<u>14,354</u>	<u>9,014</u>	<u>8,688</u>
(e) Road Reserve			
Opening Balance	376,946	376,948	356,162
Amount Set Aside / Transfer to Reserve	53,882	14,135	20,784
Amount Used / Transfer from Reserve	(250,000)	(250,000)	0
	<u>180,828</u>	<u>141,083</u>	<u>376,946</u>
(f) Main Street Reserve			
Opening Balance	381,980	381,980	738,861
Amount Set Aside / Transfer to Reserve	32,768	14,324	43,119
Amount Used / Transfer from Reserve	(350,000)	(350,000)	(400,000)
	<u>64,748</u>	<u>46,304</u>	<u>381,980</u>
(g) Staff Amenities Reserve			
Opening Balance	285,167	285,167	174,957
Amount Set Aside / Transfer to Reserve	69,225	10,694	110,210
Amount Used / Transfer from Reserve	(200,000)	(200,000)	0
	<u>154,392</u>	<u>95,861</u>	<u>285,167</u>
(h) Caravan Park Reserve			
Opening Balance	189,568	189,568	84,629
Amount Set Aside / Transfer to Reserve	99,624	7,208	104,939
Amount Used / Transfer from Reserve	0	0	0
	<u>289,192</u>	<u>196,776</u>	<u>189,568</u>
(i) Rates Future Claims Reserve			
Opening Balance	34,619	34,619	32,710
Amount Set Aside / Transfer to Reserve	7,653	1,298	1,909
Amount Used / Transfer from Reserve	0	0	0
	<u>42,272</u>	<u>35,917</u>	<u>34,619</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(j) Bitumen Resealing Reserve			
Opening Balance	131,527	131,527	124,275
Amount Set Aside / Transfer to Reserve	60,078	4,932	7,252
Amount Used / Transfer from Reserve	0	0	0
	<u>191,605</u>	<u>136,459</u>	<u>131,527</u>
(k) Niagara Dam Reserve			
Opening Balance	44,642	44,642	0
Amount Set Aside / Transfer to Reserve	70,460	51,674	44,642
Amount Used / Transfer from Reserve	0	0	0
	<u>115,102</u>	<u>96,316</u>	<u>44,642</u>
(l) Waterpark Reserve			
Opening Balance	50,000	50,000	0
Amount Set Aside / Transfer to Reserve	53,831	1,875	50,000
Amount Used / Transfer from Reserve	0	0	0
	<u>103,831</u>	<u>51,875</u>	<u>50,000</u>
TOTAL RESERVES	<u>2,556,162</u>	<u>1,607,975</u>	<u>2,530,972</u>
Total Opening Balance	2,530,972	2,530,974	2,490,960
Total Amount Set Aside / Transfer to Reserve	1,263,931	245,001	440,012
Total Amount Used / Transfer from Reserve	(1,238,741)	(1,168,000)	(400,000)
TOTAL RESERVES	<u>2,556,162</u>	<u>1,607,975</u>	<u>2,530,972</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:

- (a) Leave Reserve**
 - to be used to fund annual and long service leave requirements.
- (b) Plant Reserve**
 - to be used for the purchase of major plant.
- (c) Building Reserve**
 - to be used for the acquisition of future buildings and renovation of existing buildings.
- (d) TV Reserve**
 - to be used to fund upgrades to the rebroadcasting equipment.
- (e) Road Reserve**
 - to be used to fund major road works.
- (f) Main Street Reserve**
 - established for the beautification of the main street.
- (g) Staff Amenities Reserve**
 - established for the purpose of providing staff housing and amenities.
- (h) Caravan Park Reserve**
 - established for the purpose of upgrading the caravan park.
- (i) Rates Future Claims Reserve**
 - established for future rates claims.
- (j) Bitumen Resealing Reserve**
 - established to fund future resealing of roads.
- (k) Niagara Dam Reserve**
 - established for ongoing upgrade of Niagara Dam valve workings and other maintenance.
- (l) Waterpark Reserve**
 - established to provide a waterpark.

The Main Street, Niagara Dam and Waterpark Reserves are expected to be utilised on completion of the respective projects.

All other Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land

	2014 \$	2013 \$
Opening Balance	292,000	292,000
Revaluation Increment	376,704	0
Revaluation Decrement	0	0
	<u>668,704</u>	<u>292,000</u>

(b) Plant & Equipment

Opening Balance	295,036	0
Revaluation Increment	455,727	295,036
Revaluation Decrement	0	0
	<u>750,763</u>	<u>295,036</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>

(d) Other Infrastructure

Opening Balance	0	0
Revaluation Increment	183,927	0
Revaluation Decrement	0	0
	<u>183,927</u>	<u>0</u>

(e) Furniture & Equipment

Opening Balance	0	0
Revaluation Increment	1,467	0
Revaluation Decrement	0	0
	<u>1,467</u>	<u>0</u>

(f) Buildings

Opening Balance	0	0
Revaluation Increment	3,650,529	0
Revaluation Decrement	0	0
	<u>3,650,529</u>	<u>0</u>

TOTAL ASSET REVALUATION SURPLUS

<u>69,442,938</u>	<u>64,774,584</u>
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SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>3,696,285</u>	<u>1,809,926</u>	<u>5,049,830</u>

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

Net Result	1,139,295	1,375,649	1,374,287
Depreciation	2,146,039	1,880,945	2,040,324
(Profit)/Loss on Sale of Asset	83,895	(7,306)	(23,540)
(Increase)/Decrease in Receivables	(267,427)	151,818	426,307
(Increase)/Decrease in Inventories	6,049	0	(608)
Increase/(Decrease) in Payables	(92,663)	11,918	219,019
Increase/(Decrease) in Employee Provisions	24,182	0	(149,199)
Grants Contributions for the Development of Assets	(1,581,219)	(2,264,598)	(893,775)
Movement on Revaluation of Fixed Assets	11,614	0	8,749
Net Cash from Operating Activities	<u>1,469,765</u>	<u>1,148,426</u>	<u>3,001,564</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	35,000	35,000
Credit Card Balance at Balance Date	(999)	(3,122)
Total Amount of Credit Unused	<u>34,001</u>	<u>31,878</u>
Loan Facilities		
Loan Facilities - Current	0	32,141
Loan Facilities - Non-Current	0	0
Total Facilities in Use at Balance Date	<u>0</u>	<u>32,141</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS

	2014 \$	2013 \$
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(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	17,722	42,330
- later than one year but not later than five years	27,508	0
- later than five years	0	0
	45,230	42,330

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

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	65,670	75,000
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Payable:

- not later than one year	0	0
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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 2014**

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire of Laverton and Shire of Menzies have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. There are no joint assets involved with the arrangement and the Shire of Leonora on charges all of the Shire of Laverton's and Shire of Menzies' share of the cost.

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

	2014 \$	2013 \$
Non-Current Assets		
Land & Buildings	74,688	74,688
Less: Accumulated Depreciation	<u>(3,740)</u>	<u>(1,873)</u>
	<u>70,948</u>	<u>72,815</u>
 Plant & Machinery	 8,247	 11,393
Less: Accumulated Depreciation	<u>(1,649)</u>	<u>(868)</u>
	<u>6,598</u>	<u>10,525</u>
 Furniture & Equipment	 12,109	 13,455
Less: Accumulated Depreciation	<u>(1,332)</u>	<u>(782)</u>
	<u>10,777</u>	<u>12,673</u>
 Light Vehicles	 3,549	 3,944
Less: Accumulated Depreciation	<u>(591)</u>	<u>(394)</u>
	<u>2,958</u>	<u>3,550</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 \$	2013 \$
Governance	0	5,579
General Purpose Funding	432,851	195,608
Law, Order, Public Safety	243,200	26,200
Housing	2,725,322	1,137,840
Community Amenities	728,200	30,603
Recreation and Culture	2,381,535	1,685,957
Transport	68,882,246	65,620,444
Economic Services	3,021,253	3,274,598
Other Property and Services	1,973,845	1,693,459
Unallocated	4,136,579	5,147,716
	<u>84,525,031</u>	<u>78,818,004</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	3.66	4.42	5.36
Asset Sustainability Ratio	0.32	1.93	0.37
Debt Service Cover Ratio	50.76	75.18	37.28
Operating Surplus Ratio	(0.15)	0.17	(0.29)
Own Source Revenue Coverage Ratio	0.52	0.53	0.41

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 59 of this document.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Housing Bonds	2,600	2,400	(1,600)	3,400
Pet Bonds	0	1,600	0	1,600
	<u>2,600</u>			<u>5,000</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order, Public Safety						
DFES Fire Truck	25,000	0	0	0	(25,000)	0
Housing						
Write off A446	1,365	0	0	0	(1,365)	0
Recreation & Culture						
Write off A310	149	0	0	0	(149)	0
Write off A215	750	0	0	0	(750)	0
Transport						
Write off A439	2,944	0	0	0	(2,944)	0
Write off A447	2,342	0	0	0	(2,342)	0
Economic Services						
Write off A362	93	0	0	0	(93)	0
Write off A301	3,150	0	0	0	(3,150)	0
Write off A430	4,945	0	0	0	(4,945)	0
Write off A441	6,207	0	0	0	(6,207)	0
Other Property and Services						
Caterpillar Grader	113,737	165,000	104,545	120,000	(9,192)	(45,000)
Ford Territory	4,610	7,394	11,818	15,000	7,208	7,606
Hino Dutro	0	0	0	15,000	0	15,000
3-axle Dolly	0	0	0	20,000	0	20,000
Utility	0	0	0	8,000	0	8,000
Utility	6,751	4,300	14,546	6,000	7,795	1,700
Write off A461	2,400	0	0	0	(2,400)	0
Write off A372	2,250	0	0	0	(2,250)	0
Write off A390	3,750	0	0	0	(3,750)	0
Write off A406	6,582	0	0	0	(6,582)	0
Write off A438	1,100	0	0	0	(1,100)	0
Write off A434	6,744	0	0	0	(6,744)	0
Write off A436	635	0	0	0	(635)	0
Write off A174	6,300	0	0	0	(6,300)	0
Land						
Land Written off - disposed in prior period	13,000	0	0	0	(13,000)	0
	<u>214,804</u>	<u>176,694</u>	<u>130,909</u>	<u>184,000</u>	<u>(83,895)</u>	<u>7,306</u>

Profit	15,003	52,306
Loss	(98,898)	(45,000)
	<u>(83,895)</u>	<u>7,306</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing Loan 17 - Teacher's Units	32,141	0	32,141	30,000	0	2,141	1,451	1,750
	32,141	0	32,141	30,000	0	2,141	1,451	1,750

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2013/14

There were no new debentures drawn down in 2014/15

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year 2013/14.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates		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 \$
RATE TYPE												
Differential General Rate												
GRV		0.0652	30	198,484	12,941	(6,732)	0	6,209	12,334	0	0	12,334
UV - Pastoral		0.0225	18	1,066,172	23,989	1,327	0	25,316	23,989	0	0	23,989
UV - Other		0.0225	0	0	0	0	0	0	0	0	0	0
UV - Mining		0.1268	849	16,963,688	2,150,996	22,974	0	2,173,970	2,114,126	7,540	0	2,121,666
Sub-Totals			897	18,228,344	2,187,926	17,569	0	2,205,495	2,150,449	7,540	0	2,157,989
Minimum Payment		Minimum \$										
GRV		200	243	39,796	48,600	0	0	48,600	51,000	0	0	51,000
UV - Pastoral		220	8	26,284	1,760	0	0	1,760	1,760	0	0	1,760
UV - Other		200	122	334,980	24,400	(2,794)	0	21,606	24,400	0	0	24,400
UV - Mining		220	550	419,836	121,000	(521)	0	120,479	122,540	0	0	122,540
Sub-Totals			923	820,896	195,760	(3,315)	0	192,445	199,700	0	0	199,700
Discounts (refer note 25.)								2,397,940				2,357,689
Total Amount Raised From General Rate								0				0
Write offs								2,397,940				2,357,689
Totals								(7,409)				(100,000)
								2,390,531				2,257,689

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)**(b) Information on Surplus/(Deficit) Brought Forward**

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>1,328,885</u>	<u>2,353,578</u>	<u>2,353,578</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	1,130,123	2,448,100	2,448,100
Restricted	2,566,162	2,601,730	2,601,730
Receivables			
Rates Outstanding	628,463	770,464	770,464
Sundry Debtors	181,181	256,728	256,728
ATO Receivable	119,867	10,774	10,774
Loans - Clubs/Institutions	0	0	0
Provision for Doubtful Debts	(200,000)	(581,962)	(581,962)
Accrued Income	4,388	7,115	7,115
Other Receivables	0	3,353	3,353
Inventories			
Fuel and Materials	4,587	9,240	9,240
Cost of Acquisition	0	1,396	1,396
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(146,492)	(631,192)	(631,192)
Accrued Salaries and Wages	(23,234)	0	0
ATO Liabilities	(37,031)	0	0
Other Payables	(238,978)	(11,196)	(11,196)
Rates Paid in Advance	(103,990)	0	0
Provisions			
Provision for Annual Leave	(76,123)	(72,419)	(72,419)
Provision for Long Service Leave	(13,750)	(20,281)	(20,281)
<u>Net Current Assets</u>	<u>3,795,173</u>	<u>4,791,850</u>	<u>4,791,850</u>
<u>Less:</u>			
Reserves - Restricted Cash	(2,556,161)	(2,530,972)	(2,530,972)
<u>Add:</u>			
Secured by Floating Charge	0	0	0
Cash Backed Provision for Leave	89,873	92,700	92,700
Surplus/(Deficit)	<u>1,328,885</u>	<u>2,353,578</u>	<u>2,353,578</u>

Difference

There was no difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		90,425	30,500
Charges on Instalments Plan	5.50%	7	12,903	4,000
Interest on Unpaid ESL Charges	11.00%		2,047	5,000
			105,375	43,500

Ratepayers had the option of paying rates in four equal instalments, due on 4 October 2013, 6 December 2013, 7 February 2014 and 11 April 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	5,193	3,998
General Purpose Funding	13,476	5,575
Law, Order, Public Safety	4,499	21,411
Health	393	226
Housing	60,606	58,622
Community Amenities	6,682	16,843
Recreation and Culture	13,579	4,851
Transport	178	500
Economic Services	90,835	103,664
Other Property and Services	16,614	50,778
	<u>212,055</u>	<u>266,468</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 2014**

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,936,865	3,015,052
Non-Operating Grants, Subsidies and Contributions	1,581,219	893,775
	<u>3,518,084</u>	<u>3,908,827</u>
By Program:		
General Purpose Funding	1,232,255	2,247,776
Law, Order, Public Safety	189,551	5,875
Housing	499,108	0
Community Amenities	80,670	40,000
Recreation and Culture	28,841	0
Transport	1,437,659	1,615,176
Economic Services	50,000	0
	<u>3,518,084</u>	<u>3,908,827</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>21</u>	<u>17</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	75,158	85,000	32,551
President's Allowance	10,542	12,000	9,000
Deputy President's Allowance	2,854	3,000	1,313
Travelling Expenses	31,819	15,000	13,407
Telecommunications Allowance	3,403	5,000	3,863
	<u>123,776</u>	<u>120,000</u>	<u>60,134</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,696,285	5,049,830	3,696,285	5,049,830
Receivables	733,899	466,472	733,899	466,472
	<u>4,430,184</u>	<u>5,516,302</u>	<u>4,430,184</u>	<u>5,516,302</u>
Financial Liabilities				
Payables	549,725	642,388	549,725	642,388
Borrowings	0	32,141	0	31,103
	<u>549,725</u>	<u>674,529</u>	<u>549,725</u>	<u>673,491</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 2014**

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

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

	2014 \$	2013 \$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	4,804	4,427
- Statement of Comprehensive Income	4,804	4,427

Notes:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	22%
- Overdue	100%	78%
Percentage of Other Receivables		
- Current	47%	35%
- Overdue	53%	65%

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 \$
2014					
Payables	549,725	0	0	549,725	549,725
Borrowings	0	0	0	0	0
	<u>549,725</u>	<u>0</u>	<u>0</u>	<u>549,725</u>	<u>549,725</u>
2013					
Payables	642,388	0	0	642,388	642,388
Borrowings	33,592	0	0	33,592	32,141
	<u>675,980</u>	<u>0</u>	<u>0</u>	<u>675,980</u>	<u>674,529</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)

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

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. 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.

As at 30 June 2014, Council has no long term borrowings.

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 %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate	0	0	0	0	0	0	0	0.00%
Debentures								
Weighted Average	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Effective Interest Rate								
Year Ended 30 June 2013								
Borrowings								
Fixed Rate	32,141	0	0	0	0	0	32,141	5.99%
Debentures								
Weighted Average	5.99%	0.00%	0.00%	0.00%	0.00%	0.00%		
Effective Interest Rate								



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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 2014 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 1998. 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Birdsone Nominees Pty Ltd
ABN 33 009 321 377
Practising as
RSM Bird Cameron
ABN 65 399 382 479

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide
and Canberra

RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



RSM Bird Cameron

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 2014 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 59 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.

RSM Bird Cameron
RSM BIRD CAMERON

S C Cubitt
S C CUBITT
Director

Perth, WA

Dated:

10 November 2014

**SHIRE OF MENZIES
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

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

	2014	2013	2012
Asset Consumption Ratio	0.87	0.83	N/A
Asset Renewal Funding Ratio	0.37	0.25	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the 2012 year have not been reported as financial information is not available.

About This Annual Report

This Annual Report complies with the relevant legislation and is designed to inform the public, other stakeholders and the community about the Shire of Menzies' services, activities, achievements and future directions.

The report is written and edited by Shire of Menzies staff.

The Annual Report can be viewed and downloaded from the Shire of Menzies' website: www.menzies.wa.gov.au

As only limited printed copies of Annual Reports are produced, electronic copies of this and previous years' reports are available from our website.

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