

SHIRE OF MENZIES



MINUTES

ANNUAL GENERAL MEETING OF ELECTORS

Held in the Council Chambers,
Shenton Street, Menzies on
Thursday 28 March 2013

SHIRE OF MENZIES ANNUAL GENERAL MEETING OF ELECTORS

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President (Cr Greg Dwyer) declared the meeting open at 11.00am and welcomed the attendees.

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE PREVIOUSLY APPROVED

Attendance:

Councillors	Cr G Dwyer	President
	Cr J Dwyer	Councillor
	Cr I Tucker	Councillor

Staff:	Ms R Jones	Deputy CEO
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Apologies:

Councillors:	Cr P Twigg	Deputy President
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Staff:	Mr P Crawford Mrs D Crawford	Chief Executive Officer EA to CEO
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3 RESPONSES TO PREVIOUS PUBLIC QUESTION TIME TAKEN ON NOTICE

Not Applicable

4 PUBLIC QUESTION TIME

Not Applicable

5 DECLARATIONS OF INTEREST/APPLICATIONS FOR LEAVE OF ABSENCE.

Not Applicable

6 PETITIONS / DEPUTATIONS / PRESENTATIONS

Not Applicable

CONFIRMATION OF MINUTES OF PREVIOUS ANNUAL ELECTORS MEETING HELD ON 31 JANUARY 2013 (ATTACHMENT 1)

COUNCIL DECISION/OFFICER RECOMMENDATION	ITEM 3
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MOVED Cr J Dwyer

SECONDED Cr I Tucker

That the minutes of the Annual Electors meeting held on 31 January 2013 be confirmed as a true record of proceedings.

Carried 3/0

RECEIVING OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 30 2012 (ATTACHMENT 2)

COUNCIL DECISION/OFFICER RECOMMENDATION	ITEM 4
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MOVED Cr J Dwyer

SECONDED Cr I Tucker

That the Annual Financial Statement for the year ending 30 June 2012, as presented, be received.

Carried 3/0

RECEIVING OF THE PRESIDENT'S REPORT FOR THE YEAR ENDED 30 JUNE 2012 (ATTACHMENT 3)

COUNCIL DECISION/OFFICER RECOMMENDATION	ITEM 5
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MOVED Cr I Tucker

SECONDED Cr G Dwyer

That the Presidents Report for the year ended 30 June 2012, as presented, be received.

Carried 3/0

CHIEF EXECUTIVE OFFICER'S REPORT FOR THE YEAR ENDED 30 JUNE 2012 (ATTACHMENT 4)

COUNCIL DECISION/OFFICER RECOMMENDATION	ITEM 6
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MOVED Cr J Dwyer .

SECONDED Cr I Tucker

That the Chief Executive Officer's Report for the period ended 30 June 2012, as presented, be received.

Carried 3/0

11 GENERAL BUSINESS

- Interest in progressing water park
- Location of toilets additional required for truck drivers/parking current year to be near BBQ/water park

12 MEETING CLOSURE.

Cr Dwyer thanked the attendees for attending the Annual Meeting of Electors for the Shire of Menzies and declared the meeting closed at 12.25pm

13 CERTIFICATION BY THE CHAIRMAN

I, Gregory Dwyer hereby certify that the Minutes of the Annual Meeting of Electors held 28 March 2013 are confirmed as a true and correct record, as per the Resolution of the Annual Meeting of Electors held on 30 January 2014.

Signed



Dated:

1st APRIL 2014

SHIRE OF MENZIES

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

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Shire of Menzies
124 Shenton Street
Menzies WA 6436

**SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	2,060,738	1,819,748	1,853,488
Operating Grants, Subsidies and Contributions	28	2,885,218	1,462,462	1,872,448
Fees and Charges	27	240,848	133,308	177,485
Interest Earnings	2(a)	278,217	225,500	179,146
Other Revenue		10,704	46,735	2,772
		<u>5,475,725</u>	<u>3,687,753</u>	<u>4,085,339</u>
Expenses				
Employee Costs		(1,173,043)	(1,062,461)	(1,020,737)
Materials and Contracts		(2,288,105)	(1,943,677)	(1,955,253)
Utility Charges		(64,304)	(184,618)	(95,252)
Depreciation on Non-Current Assets	2(a)	(1,962,895)	(1,498,343)	(2,012,401)
Interest Expenses	2(a)	(3,878)	(5,030)	(6,667)
Insurance Expenses		(70,970)	(108,192)	(104,534)
Other Expenditure		(669,789)	(253,799)	(571,856)
		<u>(6,232,984)</u>	<u>(5,056,120)</u>	<u>(5,766,700)</u>
		(757,259)	(1,368,367)	(1,681,361)
Non-Operating Grants, Subsidies and Contributions				
Contributions	28	804,671	2,843,092	1,648,041
Profit on Asset Disposals	20	0	140,627	71,656
Loss on Asset Disposal	20	0	(10,827)	(41,378)
		<u>804,671</u>	<u>2,972,892</u>	<u>1,678,319</u>
Net Result		47,412	1,604,525	(3,042)
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>47,412</u></u>	<u><u>1,604,525</u></u>	<u><u>(3,042)</u></u>

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

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue	2(a)			
Governance		20,041	2,673	6,074
General Purpose Funding		4,927,446	3,190,259	4,047,823
Law, Order, Public Safety		8,116	25,056	35,778
Health		616	1,849	1,918
Education and Welfare		73	31,670	30,599
Housing		50,463	26,651	28,459
Community Amenities		12,911	7,774	7,628
Recreation and Culture		18,007	86,045	116,965
Transport		25,479	257,923	261,764
Economic Services		392,401	81,989	138,968
Other Property and Services		20,172	116,491	164,917
		<u>5,475,725</u>	<u>3,828,380</u>	<u>4,840,893</u>
Expenses	2(a)			
Governance		(210,542)	(335,823)	(158,047)
General Purpose Funding		(263,453)	(107,806)	(610,390)
Law, Order, Public Safety		(55,955)	(83,071)	(47,164)
Health		(27,784)	(18,606)	(14,990)
Education and Welfare		0	(41,400)	(40,000)
Housing		(59,173)	(15,027)	(36,149)
Community Amenities		(138,136)	(190,848)	(280,283)
Recreation & Culture		(169,228)	(327,686)	(363,208)
Transport		(3,827,559)	(2,613,753)	(2,810,609)
Economic Services		(1,213,056)	(1,304,366)	(899,042)
Other Property and Services		(264,220)	(23,731)	(541,529)
		<u>(6,229,106)</u>	<u>(5,061,917)</u>	<u>(5,801,411)</u>
Financial Costs	2(a)			
Housing		(3,878)	(5,030)	(6,667)
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		154,000	535,005	115,000
Housing		0	197,250	0
Recreation & Culture		0	176,866	0
Transport		450,671	607,313	450,671
Economic Services		200,000	1,326,858	398,472
		<u>804,671</u>	<u>2,838,062</u>	<u>957,476</u>
Net Result		<u>47,412</u>	<u>1,604,525</u>	<u>(3,042)</u>
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>47,412</u></u>	<u><u>1,604,525</u></u>	<u><u>(3,042)</u></u>

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

**SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,444,044	3,910,500
Trade and Other Receivables	4	892,779	842,138
Inventories	5	10,028	73,712
TOTAL CURRENT ASSETS		<u>6,346,851</u>	<u>4,826,350</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	4,266,252	4,523,033
Infrastructure	7	66,496,057	67,326,138
TOTAL NON-CURRENT ASSETS		<u>70,762,309</u>	<u>71,849,171</u>
TOTAL ASSETS		<u>77,109,160</u>	<u>76,675,521</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	603,252	202,857
Long Term Borrowings	9	30,299	28,563
Provisions	10	63,524	47,645
TOTAL CURRENT LIABILITIES		<u>697,075</u>	<u>279,065</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	32,141	62,440
Provisions	10	11,051	12,535
TOTAL NON-CURRENT LIABILITIES		<u>43,192</u>	<u>74,975</u>
TOTAL LIABILITIES		<u>740,267</u>	<u>354,040</u>
NET ASSETS	17	<u>76,368,893</u>	<u>76,321,481</u>
EQUITY			
Retained Surplus		9,398,385	9,448,710
Reserves - Cash Backed	11	2,490,960	2,393,223
Reserves - Asset Revaluation	12	64,479,548	64,479,548
TOTAL EQUITY		<u>76,368,893</u>	<u>76,321,481</u>

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

SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVES \$	TOTAL EQUITY \$
Balance as at 1 July 2010		9,863,732	2,273,243	64,187,548	76,324,523
Net Result		(3,042)	0	0	(3,042)
Total Other Comprehensive Income		(292,000)	0	292,000	0
Reserve Transfers		(119,980)	119,980	0	0
Balance as at 30 June 2011		9,448,710	2,393,223	64,479,548	76,321,481
Net Result		47,412	0	0	47,412
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(97,737)	97,737	0	0
Balance as at 30 June 2012		9,398,385	2,490,960	64,479,548	76,368,893

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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,673,573	1,819,748	1,853,488
Operating Grants, Subsidies and Contributions		3,614,887	2,269,905	2,265,868
Fees and Charges		240,848	133,308	177,485
Interest Earnings		278,217	225,500	179,146
Goods and Services Tax		0	430,000	370,747
Other Revenue		10,704	46,735	2,772
		<u>5,818,229</u>	<u>4,925,196</u>	<u>4,849,506</u>
Payments				
Employee Costs		(1,038,685)	(1,062,461)	(1,029,734)
Materials and Contracts		(1,943,989)	(2,001,282)	(2,671,223)
Utility Charges		(64,304)	(184,618)	(95,252)
Interest Expenses		(70,970)	(108,192)	(6,667)
Insurance Expenses		(3,878)	(5,030)	(104,534)
Goods and Services Tax		(163,602)	(430,000)	(311,227)
Other Expenditure		(899,332)	(253,799)	(571,856)
		<u>(4,184,760)</u>	<u>(4,045,382)</u>	<u>(4,790,493)</u>
Net Cash Provided By Operating Activities	13(b)	<u>1,633,469</u>	<u>879,814</u>	<u>59,013</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(1,395)
Payments for Purchase of Property, Plant & Equipment		(192,875)	(1,931,118)	(909,550)
Payments for Construction of Infrastructure		(683,158)	(4,470,094)	(881,201)
Advances to Community Groups		0		
Non-Operating Grants, Subsidies and Contributions		804,671	2,843,092	1,648,041
Proceeds from Sale of Plant & Equipment		0	178,100	171,831
Proceeds from Advances		0		
Net Cash Used in Investing Activities		<u>(71,362)</u>	<u>(3,380,020)</u>	<u>27,726</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(28,563)	(28,563)	(26,926)
Repayment of Finance Leases		0		
Proceeds from Self Supporting Loans		0		
Proceeds from New Debentures		0		
Net Cash Provided By (Used In) Financing Activities		<u>(28,563)</u>	<u>(28,563)</u>	<u>(26,926)</u>
Net Increase (Decrease) in Cash Held		1,533,544	(2,528,769)	59,813
Cash at Beginning of Year		3,910,500	3,910,499	3,850,687
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>5,444,044</u></u>	<u><u>1,381,730</u></u>	<u><u>3,910,500</u></u>

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

**SHIRE OF MENZIES
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		20,041	2,673	6,074
General Purpose Funding		3,020,708	1,905,516	2,309,335
Law, Order, Public Safety		8,116	25,056	35,778
Health		616	1,849	1,918
Education and Welfare		73	31,670	30,599
Housing		50,463	223,901	28,459
Community Amenities		12,911	7,774	7,628
Recreation and Culture		18,007	262,711	116,965
Transport		676,150	865,236	712,435
Economic Services		392,401	1,408,847	537,440
Other Property and Services		20,172	116,491	164,916
		<u>4,219,658</u>	<u>4,851,724</u>	<u>3,951,547</u>
Expenses				
Governance		(210,542)	(107,606)	(158,047)
General Purpose Funding		(263,453)	(324,996)	(610,390)
Law, Order, Public Safety		(55,955)	(83,071)	(47,164)
Health		(27,784)	(18,606)	(14,990)
Education and Welfare		0	(46,430)	(40,000)
Housing		(63,051)	(15,027)	(42,816)
Community Amenities		(138,136)	(190,848)	(280,283)
Recreation and Culture		(169,228)	(327,686)	(363,208)
Transport		(3,827,559)	(2,613,753)	(2,810,609)
Economic Services		(1,213,056)	(1,304,366)	(899,042)
Other Property and Services		(264,220)	(34,558)	(541,529)
		<u>(6,232,984)</u>	<u>(5,066,947)</u>	<u>(5,808,078)</u>
Net Result Excluding Rates		(2,013,326)	(215,223)	(1,856,531)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	0	(129,800)	(30,278)
Movement in Employee Benefit Provisions (Non-current)		15,789	0	(8,997)
Depreciation and Amortisation on Assets	2(a)	1,962,895	1,498,343	2,012,401
Capital Expenditure and Revenue				
Purchase Land and Buildings		(53,854)	(1,135,108)	(482,511)
Purchase Infrastructure Assets - Roads		(65,013)	(1,641,200)	(740,881)
Purchase Infrastructure Assets - Other		(618,145)	(2,828,894)	(140,320)
Purchase Plant and Equipment		(135,593)	(688,810)	(405,709)
Purchase Furniture and Equipment		(3,428)	(107,200)	(22,725)
Proceeds from Disposal of Assets	20	0	178,100	171,831
Repayment of Debentures	21(a)	(28,563)	(28,563)	(26,926)
Proceeds from New Debentures	21(a)	0	0	0
Transfers to Reserves (Restricted Assets)	11	(97,737)	(119,661)	(119,980)
Transfers from Reserves (Restricted Assets)	11	0	1,131,154	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	2,228,876	2,267,114	2,026,014
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		3,252,639	0	2,228,876
Amount Required to be Raised from Rates	22(a)	<u>(2,060,738)</u>	<u>(1,819,748)</u>	<u>(1,853,488)</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 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

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

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

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

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation of Non-Current Assets

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

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

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

Buildings	5%
Furniture and Equipment	10%
Plant and Equipment - Heavy	15%
Plant and Equipment - Sundry	25%
Electronic Equipment	25%
Tools	20%
Infrastructure - Grids	4%
Infrastructure - Floodways	6%
Pavement	2.5%
Seal	6.7%
Curbing	2%
Other Infrastructure	2%

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$500 are not capitalised. Rather, it is expensed.

(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.

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

Amortised cost is calculated as:

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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.

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's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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.

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

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(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.

(m) Provisions

Provisions are recognised when:

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Joint Venture

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

The Council's interests in joint venture entities are recorded using the equity method of accounting in the financial report.

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

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(q) 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.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<p>(vi) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]</p>	<p>December 2010</p>	<p>01 January 2013</p>	<p>Nil - None of these amendments will have any effect on the financial report as non of the topics are relevant to the operations of the Council.</p>
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**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(viii) AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans - Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	1 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	1 July 2013	

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<p>(x) AASB 13 - Fair Value Measurements AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p>	<p>September 2011</p>	<p>1 January 2013</p>	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires: - Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and - Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>
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**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(xi) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii) AASB 119 - Employee Benefits AASB 2010 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1,8,101,124,134,1049 & 2011-8 and Interpretation 14]	September 2011	1 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xiii) AASB 2011 - 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements AASB 2011 - 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	September 2011 November 2011	1 July 2013 1 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 2011 - 13 Amendments to Australian Accounting Standards - Improvements to AASB 1049	December 2011	1 July 2012
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Notes:

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2010 - 14
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2012

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

	2012 \$	2011 \$	
Auditors Remuneration			
- Audit	5,391	20,790	
- Other Services	539	0	
Depreciation			
Buildings	151,491	154,530	
Furniture and Equipment	14,351	16,437	
Plant and Equipment	283,814	310,813	
Roads	1,476,356	1,495,517	
Other Infrastructure	36,883	35,104	
	<u>1,962,895</u>	<u>2,012,401</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	3,878	6,667	
	<u>3,878</u>	<u>6,667</u>	
Rental Charges			
- Operating Leases	23,975	0	
	<u>23,975</u>	<u>0</u>	
 (ii) Crediting as Revenue:			
	2012 Actual \$	2012 Budget \$	2011 Actual \$
Interest Earnings			
Investments			
- Reserve Funds	98,588	120,000	119,637
- Other Funds	78,870	50,000	59,509
Other Interest Revenue (<i>refer note 26</i>)	100,759	55,500	0
	<u>278,217</u>	<u>225,500</u>	<u>179,146</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

Involves the expenditure and allocation of employee overheads and plant costs, also included is the accounting for private works, salary and wage 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 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
Grant/Contribution	Function/ Activity	Balance ⁽¹⁾ 1/07/2010	2010/11	2010/11	Balance ⁽¹⁾ 30/06/2011	2011/12	2011/12	Balance 30/06/2012
		\$	\$	\$	\$	\$	\$	\$
	Community Amenities	10,000	0	0	10,000	0	0	10,000
Anzac Memorial	Main St Upgrade	500,000	0	(61,471)	438,529	0	0	438,529
Capacity Building	Economic Development	0	24,750	(11,665)	13,085	0	(13,085)	0
Lake Ballard	Economic Development	0	0	0	0	198,472	(128,472)	70,000
Total		510,000	24,750	(73,136)	461,614	198,472	(141,557)	518,529

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 2012

	Note	2012 \$	2011 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,434,555	1,055,663
Restricted		3,009,489	2,854,837
		<u>5,444,044</u>	<u>3,910,500</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	154,214	148,163
Plant Reserve	12	341,499	328,100
Building Reserve	12	475,445	456,790
Road Reserve	12	356,162	342,187
Main Street Reserve	12	738,861	709,870
Staff Amenities	12	174,957	168,092
TV Reserve	12	8,208	7,886
Caravan Park Reserve	12	84,629	81,309
Bitumen Resealing Reserve	12	124,275	119,399
Rates Future Claims Reserve	12	32,710	31,427
Niagara Dam Reserve	12	0	0
Housing Maintenance Reserve	12	0	0
Alternative Power Reserve	12	0	0
Unspent Grants	2(c)	518,529	461,614
		<u>3,009,489</u>	<u>2,854,837</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		816,782	429,617
Sundry Debtors		485,132	1,240,364
GST Receivable		163,602	0
Provision for Doubtful Debts		(598,300)	(827,843)
Accrued Income		25,563	0
		<u>892,779</u>	<u>842,138</u>
Non-Current			
Rates Outstanding - Pensioners		0	0
		<u>0</u>	<u>0</u>
5. INVENTORIES			
Current			
Fuel and Materials		8,632	72,316
Land Held for Resale - Cost			
Cost of Acquisition		1,396	1,396
		<u>10,028</u>	<u>73,712</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,732,902	4,679,048
Less Accumulated Depreciation	<u>(1,313,036)</u>	<u>(1,161,545)</u>
	3,419,866	3,517,503
Furniture and Equipment - Cost	228,960	225,532
Less Accumulated Depreciation	<u>(182,290)</u>	<u>(167,939)</u>
	46,670	57,593
Plant and Equipment - Cost	2,907,198	2,771,605
Less Accumulated Depreciation	<u>(2,107,482)</u>	<u>(1,823,668)</u>
	799,716	947,937
	<u>4,266,252</u>	<u>4,523,033</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements In Carrying Amounts

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

	<u>Land & Buildings \$</u>	<u>Furniture & Equipment \$</u>	<u>Plant & Equipment \$</u>	<u>Total \$</u>
Balance as at the beginning of the year	3,517,503	57,593	947,937	4,523,033
Additions	53,854	3,428	135,593	192,875
(Disposals)	0	0	0	0
Revaluation - increments/(decrements)	0	0	0	0
Impairment - (losses)/reversals	0	0	0	0
Depreciation (Expense)	(151,491)	(14,351)	(283,814)	(449,656)
Carrying amount at the end of year	<u>3,419,866</u>	<u>46,670</u>	<u>799,716</u>	<u>4,266,252</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2012	2011
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2009	73,750,723	73,750,723
Roads Cost	1,090,127	1,025,114
Less Accumulated Depreciation	<u>(10,538,769)</u>	<u>(9,062,413)</u>
	64,302,081	65,713,424
Other - Cost	2,335,185	1,717,040
Less Accumulated Depreciation	<u>(141,209)</u>	<u>(104,326)</u>
	2,193,976	1,612,714
	 <u>66,496,057</u>	 <u>67,326,138</u>

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy also accords with AASB.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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.

	<u>Roads</u>	<u>Other</u>	<u>Total</u>
	\$	\$	\$
Balance at the beginning of the year	65,713,424	1,612,714	67,326,138
Additions	65,013	618,145	683,158
(Disposals)	0	0	0
Revaluation - Increments/(decrements)	0	0	0
Impairment - (losses)/reversals	0	0	0
Depreciation (Expense)	(1,476,356)	(36,883)	(1,513,239)
Carrying amount at the end of year	<u>64,302,081</u>	<u>2,193,976</u>	<u>66,496,057</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	380,271	47,162
Other Payables	43,098	95,775
GST Payable	0	59,920
Accrued Expenses	179,883	0
	603,252	202,857

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	30,299	28,563
	30,299	28,563
Non-Current		
Secured by Floating Charge		
Debentures	32,141	62,440
	32,141	62,440

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current		
Provision for Annual Leave	50,037	40,742
Provision for Long Service Leave	13,487	6,903
	63,524	47,645
Non-Current		
Provision for Long Service Leave	11,051	12,535
	11,051	12,535

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	148,163	148,163	140,735
Amount Set Aside / Transfer to Reserve	6,051	7,428	7,428
Amount Used / Transfer from Reserve	0	0	0
	<u>154,214</u>	<u>155,591</u>	<u>148,163</u>
(b) Plant Reserve			
Opening Balance	328,100	328,100	311,651
Amount Set Aside / Transfer to Reserve	13,399	16,405	16,449
Amount Used / Transfer from Reserve	0	(72,422)	0
	<u>341,499</u>	<u>272,083</u>	<u>328,100</u>
(c) Building Reserve			
Opening Balance	456,790	456,790	433,890
Amount Set Aside / Transfer to Reserve	18,655	22,840	22,900
Amount Used / Transfer from Reserve	0	(188,000)	0
	<u>475,445</u>	<u>291,630</u>	<u>456,790</u>
(d) TV Reserve			
Opening Balance	7,886	7,889	7,491
Amount Set Aside / Transfer to Reserve	322	394	395
Amount Used / Transfer from Reserve	0	0	0
	<u>8,208</u>	<u>8,283</u>	<u>7,886</u>
(e) Road Reserve			
Opening Balance	342,187	342,186	325,032
Amount Set Aside / Transfer to Reserve	13,975	17,109	17,155
Amount Used / Transfer from Reserve	0	0	0
	<u>356,162</u>	<u>359,295</u>	<u>342,187</u>
(f) Main Street Reserve			
Opening Balance	709,870	709,871	674,282
Amount Set Aside / Transfer to Reserve	28,991	35,494	35,588
Amount Used / Transfer from Reserve	0	(745,365)	0
	<u>738,861</u>	<u>0</u>	<u>709,870</u>
(g) Staff Amenities Reserve			
Opening Balance	168,092	168,092	159,665
Amount Set Aside / Transfer to Reserve	6,865	8,405	8,427
Amount Used / Transfer from Reserve	0	0	0
	<u>174,957</u>	<u>176,497</u>	<u>168,092</u>
(h) Caravan Park Reserve			
Opening Balance	81,309	81,308	77,233
Amount Set Aside / Transfer to Reserve	3,320	4,065	4,076
Amount Used / Transfer from Reserve	0	0	0
	<u>84,629</u>	<u>85,373</u>	<u>81,309</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2011 Budget \$	2011 \$
11. RESERVES - CASH BACKED (continued)			
(i) Rates Future Claims Reserve			
Opening Balance	31,427	31,427	29,851
Amount Set Aside / Transfer to Reserve	1,283	1,571	1,576
Amount Used / Transfer from Reserve	0	0	0
	<u>32,710</u>	<u>32,998</u>	<u>31,427</u>
(j) Bitumen Reseal Reserve			
Opening Balance	119,399	119,397	113,413
Amount Set Aside / Transfer to Reserve	4,876	5,970	5,986
Amount Used / Transfer from Reserve	0	(125,367)	0
	<u>124,275</u>	<u>0</u>	<u>119,399</u>
(k) Niagara Dam Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(l) Housing Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(m) Alternative Power Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u><u>2,490,960</u></u>	<u><u>1,381,750</u></u>	<u><u>2,393,223</u></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 2012

11. RESERVES - CASH BACKED (continued)

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

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

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

TV Reserve

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

Road Reserve

- to be used to fund major road works.

Main Street Reserve

- established for the beautification of the main street.

Staff Amenities Reserve

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

Caravan Park Reserve

- established for the purpose of upgrading the caravan park.

Rates Future Claims Reserve

- established for future rates claims.

Bitumen Reseal Reserve

- established to fund future resealing of roads.

Niagara Dam Reserve

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

Housing Maintenance Reserve

- established to fund future housing refurbishment.

Alternative Power Reserve

- established to fund future solar or wind power sources.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - ASSET REVALUATION	2012	2011
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening Balance	292,000	292,000
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>292,000</u>	<u>292,000</u>
(b) Roads		
Opening Balance	64,187,548	64,187,548
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>64,187,548</u>	<u>64,187,548</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>64,479,548</u></u>	<u><u>64,479,548</u></u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>5,444,044</u>	<u>1,381,730</u>	<u>3,910,500</u>

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

Net Result	47,412	1,604,525	(3,042)
Depreciation	1,962,895	1,498,343	2,012,401
Increase in provision for Doubtful Debts	(229,543)	0	0
Revaluation of land and provision for doubtful debts	0	0	525,225
(Profit)/Loss on Sale of Asset	0	(129,800)	(30,278)
(Increase)/Decrease in Receivables	178,902	807,443	(131,805)
(Increase)/Decrease in Inventories	63,684	(1,614)	(25,755)
Increase/(Decrease) in Payables	220,512	(55,991)	(630,695)
Increase/(Decrease) in Employee Provisions	194,278	0	(8,997)
Grants Contributions for the Development of Assets	<u>(804,671)</u>	<u>(2,843,092)</u>	<u>(1,648,041)</u>
Net Cash from Operating Activities	<u>1,633,469</u>	<u>879,814</u>	<u>59,013</u>

(c) Undrawn Borrowing Facilities

	2012 \$	2011 \$
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>(7,085)</u>	<u>(5,025)</u>
Total Amount of Credit Unused	<u>12,915</u>	<u>14,975</u>

Loan Facilities

Loan Facilities - Current	30,299	28,563
Loan Facilities - Non-Current	<u>32,141</u>	<u>62,440</u>
Total Facilities in Use at Balance Date	<u>62,440</u>	<u>91,003</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

14. CONTINGENT LIABILITIES

There were no known contingent liabilities at balance date.

15. CAPITAL AND LEASING COMMITMENTS	2012	2011
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	626,142
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	626,142

The capital expenditure project outstanding at the end of the last reporting period represents the commitment for the power upgrade to the Menzies Main Street.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

16. JOINT VENTURE

There were no joint ventures in 2011-12.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	0	2,128
General Purpose Funding	578,436	0
Law, Order, Public Safety	44,804	88,215
Housing	1,033,671	1,096,382
Community Amenities	0	33,815
Recreation and Culture	77,410	445,447
Transport	64,536,976	67,548,176
Economic Services	1,863,438	1,676,329
Other Property and Services	553,584	1,176,584
Unallocated	8,420,841	4,608,445
	<u>77,109,160</u>	<u>76,675,521</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

18. FINANCIAL RATIOS	2012	2011	2010
Current Ratio	5.27	9.01	0.00
Untied Cash to Unpaid Trade Creditors Ratio	6.40	9.86	0.00
Debt Ratio	0.01	0.01	0.00
Debt Service Ratio	0.01	0.00	0.00
Gross Debt to Revenue Ratio	0.01	0.02	0.00
Gross Debt to Economically Realisable Assets Ratio	0.01	0.01	0.00
Rate Coverage Ratio	0.34	0.32	0.00
Outstanding Rates Ratio	0.32	0.23	0.00

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2011 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2012 \$
Housing Bonds	3,800	0	(2,100)	1,700
Nomination Fees	0	560	(560)	0
Hall Bonds	0	250	(250)	0
	<u>3,800</u>			<u>1,700</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport						
Truck 6 Wheeler	0	0	0	38,500	0	38,500
Loader	0	0	0	33,000	0	33,000
Small Truck	0	2,473	0	35,000	0	32,527
Dual Cab	0	0	0	30,000	0	30,000
Side tipping trailer	0	0	0	6,600	0	6,600
Governance						
CEO Vehicle	0	45,827	0	35,000	0	(10,827)
	<u>0</u>	<u>48,300</u>	<u>0</u>	<u>178,100</u>	<u>0</u>	<u>129,800</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2011 \$	New Loans \$	Principal Repayments		Principal 30 June 2012		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 17 - Teachers Units	91,003		28,563	28,563	62,440	62,440	3,878	5,030
	91,003	0	28,563	28,563	62,440	62,440	3,878	5,030

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

No new debentures were drawn down in 2011/12.

(c) Unspent Debentures

There were no unspent debentures at 30 June 2012

(d) Overdraft

Council does not have an overdraft facility.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 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 Vacant	0.0614	3	17,894	811	0	0	811	811	0	0	811
GRV Residential	0.0614	21	97,968	6,015	0	0	6,015	6,015	0	0	6,015
GRV Commercial	0.0614	4	80,808	4,962	0	0	4,962	4,962	0	0	4,962
UV Pastoral	0.0212	18	1,199,249	25,424	0	0	25,424	25,424	0	0	25,424
UV Mining	0.1235	1,537	14,526,577	1,796,867	129,167	0	1,926,034	1,733,936	30,000	0	1,763,936
Sub-Totals		1,583	15,922,496	1,834,079	129,167	0	1,963,246	1,771,148	30,000	0	1,801,148
Minimum Rates											
GRV Vacant	200	103	16,280	20,600	0	0	20,600	20,600	0	0	20,600
GRV Residential	200	8	9,341	1,600	0	0	1,600	1,600	0	0	1,600
GRV Commercial	200	2	2,125	400	0	0	400	400	0	0	400
UV Pastoral	200	8	26,275	1,600	0	0	1,600	1,600	0	0	1,600
UV Other/Kookynie	200	29	79,500	5,800	0	0	5,800	5,800	0	0	5,800
UV Mining	200	571	435,969	114,200	0	0	114,200	113,600	0	0	113,600
Sub-Totals		721	569,490	144,200	0	0	144,200	143,600	0	0	143,600
Write offs (note 25)							2,107,446				1,944,748
Discounts (refer note 25)							2,107,446				(50,000)
Totals							(46,708)				1,894,748
							2,060,738				(75,000)
											1,819,748

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR (Continued)

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

	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward		
<u>Comprises:</u>		
Cash and Cash Equivalents	3,910,500	3,910,500
Investments - Restricted	0	0
Rates - Current	429,617	429,617
Sundry Debtors	1,240,364	1,240,364
Provision for Doubtful Debts	(827,843)	(827,843)
GST Receivable	0	0
Inventories	73,712	73,712
<u>Less:</u>		
Reserves - Restricted Cash	(2,393,223)	(2,393,223)
Sundry Creditors	(47,162)	(47,162)
ATO Liabilities	(59,920)	(59,920)
Other Payables	(95,775)	(95,775)
Staff Leave Liability not cash backed	(1,394)	(1,394)
Surplus/(Deficit)	2,228,876	2,228,876
Difference		0

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

No specified area rates were raised in 2011/12 financial year.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

No Service Charges were imposed in 2011/12 financial year.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	(46,708)	75,000
			(46,708)	75,000
Rate Assessment	Write-Off		0	50,000

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

A large number of interim rates occur due to changes in mining tenements. If the interim is of a negative value, these are written off the rates raised. The amount estimated for 2011/12 is \$50,000.

Other interims are estimated at \$30,000 for new mining tenements.

INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		99,153	55,000
Interest on Instalments Plan	5.50%		1,606	500
Charges on Instalment Plan		21	4,452	900
			105,211	56,400

Ratepayers had the option of paying rates in four equal instalments, due on 5 December 2011, 5 February 2012, 5 April 2012, 5 June 2012. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2012 \$	2011 \$
Governance	3,226	2,384
General Purpose Funding	4,457	2,877
Law, Order, Public Safety	4,085	11,778
Health	616	1,918
Education and Welfare	73	30,599
Housing	50,085	21,051
Community Amenities	11,811	7,628
Recreation and Culture	18,007	19,398
Economic Services	142,229	64,322
Other Property and Services	6,259	15,530
	<u>240,848</u>	<u>177,485</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 2012

28. GRANT REVENUE

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

	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,885,218	1,872,448
Non-Operating Grants, Subsidies and Contributions	804,671	1,648,041
	<u>3,689,889</u>	<u>3,520,489</u>
By Program:		
Governance	10,218	227
General Purpose Funding	2,745,247	2,131,351
Health	0	24,000
Law, Order, Public Safety	4,031	7,408
Housing	378	0
Community Amenities	0	0
Recreation and Culture	0	96,667
Transport	676,149	673,343
Economic Services	247,628	472,724
Other Property and Services	6,238	114,769
	<u>3,689,889</u>	<u>3,520,489</u>

29. ELECTED MEMBERS REMUNERATION

	2012	2012	2011
	\$	Budget	\$
		\$	

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

Meeting Fees	16,983	869	24,592
President's Allowance	12,000	10,661	10,300
Deputy President's Allowance	2,630	2,544	2,458
Travelling Expenses	14,964	80,000	15,305
Telecommunications Allowance	1,017	4,286	9,486
	<u>47,594</u>	<u>98,360</u>	<u>62,141</u>

30. EMPLOYEE NUMBERS

	2012	2011
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The number of full-time equivalent employees at balance date

	<u>12</u>	<u>15</u>
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**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2011/12 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

33. POST BALANCE DATE EVENT

There were no significant post balance day events.

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

34. 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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,444,044	3,910,500	5,444,044	3,910,500
Receivables	892,779	842,138	892,779	842,139
	<u>6,336,823</u>	<u>4,752,638</u>	<u>6,336,823</u>	<u>4,752,639</u>
Financial Liabilities				
Payables	603,252	202,857	603,252	202,857
Borrowings	62,440	91,003	67,184	85,415
	<u>665,692</u>	<u>293,860</u>	<u>670,436</u>	<u>288,272</u>

Fair value is determined as follows:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

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

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

	2012	2011
	\$	\$
Impact of a 1% movement in interest rates on cash:		
- Equity	4,140	37,867
- Statement of Comprehensive Income	4,140	37,867

Notes:

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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

Credit risk on rates and annual charges is minimised by the ability of 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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	6.25%	0.61%
- Overdue	93.75%	99.39%

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

34. 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:

	<u>2012</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	603,252	0	0	0	603,252	614,719
Borrowings	<u>30,299</u>	<u>32,141</u>	<u>0</u>	<u>0</u>	<u>62,440</u>	<u>62,440</u>
	<u>633,551</u>	<u>32,141</u>	<u>0</u>	<u>0</u>	<u>665,692</u>	<u>677,159</u>
Payables	202,857	0	0	0	202,857	202,857
Borrowings	<u>33,592</u>	<u>65,734</u>	<u>0</u>	<u>0</u>	<u>99,326</u>	<u>91,003</u>
	<u>236,449</u>	<u>65,734</u>	<u>0</u>	<u>0</u>	<u>302,183</u>	<u>293,860</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

34. FINANCIAL RISK MANAGEMENT (Continued)

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.

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 2012								
Payables	603,252	0	0	0	0	0	603,252	0.00%
Borrowings								
Fixed Rate								
Debtentures	0	62,440	0	0	0	0	62,440	5.99%
Weighted Average Effective Interest Rate	0.00%	5.99%	0.00%	0.00%	0.00%	0.00%		
Year Ended 30 June 2011								
Payables	202,857	0	0	0	0	0	202,857	0.00%
Borrowings								
Fixed Rate								
Debtentures	0	0	91,003	0	0	0	91,003	5.99%
Weighted Average Effective Interest Rate	0.00%	0.00%	5.99%	0.00%	0.00%	0.00%		

Shire of Menzies - Annual Report – 2011/12



PRESIDENT'S REPORT – 2011/12

The Adopted Budget for 2011-12 was set in mid-October emphasising the difficulties of operating with a reduced council of four and the departure of the CEO on the 31 July 2011. Council was very fortunate to be able to contract Mr Peter Strugnell to act as Acting Chief Executive Officer from August, Mr Kim Hastie from February and Mr Niel Mitchell from June 2012 until a permanent CEO in Mr Peter Crawford took up the post on 25 June 2012.

The year of 2011-12 was planned to be a year of assessment and consolidation with no major new projects being in the Budget. Main Street Upgrade completion, Water Playground, the reconstruction and sealing of the internal streets (Florence, Caruso, Onslow, Mercer, Reid and Gregory) being deferred for the year 12/13 until staff levels of experienced personnel were filled.

The Local Government Elections of 16 October 2011 resulted in Keith Purchase, Peter Twigg, Chris Bennell, Damien Hansen and Greg Dwyer being elected and at the October Ordinary Meeting of Council the roles of Deputy President and President were filled by Peter Twigg and Greg Dwyer respectively. With the advent of three Councillors residing at Tjuntjunjara, Council has designated two Ordinary Meetings of Council each calendar year will be held at the Community and six meetings by Instantaneous Communications following consultation with the Department of Local Government. This procedure is designed to minimise travel and costs and cover health and safety issues during the summer months.

An Engineering Consultant was contracted to re-establish the road works program and analyse funding sources and anomalies and to re-establish Roads to Recovery Program, leading to obtaining services of a very experienced Works Manager commencing in March 2012. After a term of eight years Gary Goldsworthy, EHO and Building Surveyor, left the Shires of Leonora, Laverton and Menzies and was replaced by Garry Agnew.

Through Goldfields Esperance Regional Collaborative Group, Menzies Shire is moving into a process of Integrated Strategic Planning which includes Corporate Business Plan, Strategic Community Plan, Asset Management Plan and Strategic Long Term Financial Plan, to be reviewed every four years once in place.

Meetings and Workshops were held throughout the year regarding Local Government Services to Indigenous Communities. Costing and scoping studies of Indigenous Communities located with the Goldfields Esperance Region conducted by CAMMS, was received in March 2012 highlighting the enormous cost associated with bringing the Tjuntjuntjara Community up to appropriate level and maintaining the services. The Shire of Menzies does not have the capacity to generate the funds and we have been made aware of the lack of funding available from the Federal and State Governments. The Marmion Village is situated against the Townsite Boundary and receives the same services that are applied to the Menzies Townsite Residents. In April, Council endorsed a contract to Yarnell Civil and Mining to design and construct two Evaporation Basins on the Shire Rubbish Tip Reserve for the safe and legal dumping of sewerage waste and in the long term, with upgrades, may be able to accept piped waste from local business and accommodation facilities.

On a trip to Tjuntjuntjara Community for the May Council Meeting, I found the roads within our Shire to be of a good standard considering the remote and challenging conditions. In April, Council assisted Angela Leech, Artist in Residence at the Community, to conduct a workshop resulting in an Art Exhibition in Kalgoorlie which well attended and featured in the newspapers. Council continues to support the School Holiday Programs at the Community.

Tropicana Gold continues to progress with the development of the Mine through permits to construct the camp. A Mining Liaison Meeting was convened in Menzies in 2012 whereby Companies gave an overview of current and proposed operations. For the Iron Ore Companies in our region, success depends on the expansion of the Esperance Port and Rail upgrade. Council is now in communication with Government Departments regarding land, power and water services to assist with the growth of Menzies if initiated by one of the iron ore companies progressing to the mining stage.

On 2 and 3 June another highly successful Goldfields Cyclassic was held with an additional seventy riders mainly entering in the Community Challenge with an overall total of 180 riders. Menzies Shire and Macarthur Minerals jointly sponsored the prize money for the Menzies Classic section of the race. The coverage by SBS Cycling Central has resulted in a four minute video that can be viewed through the Cycling Website.

With the sad resignation of Sister Sam early in the year the Council held an appreciation get together which was well attended by the Community. Since Sam's departure dramatically reduced services at the Nursing Post continue to cause concern for the Community and the Council.

The dedication and quality of service supplied by Sister Sam has been out of the ordinary and the likelihood of that service being returned appears very remote.

Once again Sam, on behalf of the Community, Shire Staff and Council we wish you good health and an enjoyable retirement for all your years of outstanding service to our Community above and beyond the call of duty.

I look forward to next year's promise of development, further stabilization and progress within our region and would like to acknowledge once again, the support and contributions from the Community, Councillors and Staff throughout the year.

Greg Dwyer
President
25th February 2013



Tjuntjuntjara from the air.

Shire of Menzies – Annual Report 2011/12



ATTACHMENT 4

CHIEF EXECUTIVE OFFICER'S REPORT – 2011/12

This report is being prepared by the incumbent CEO and is assisted by staff present during the year in question. It will need to be accepted in good faith as the accuracy of some data is difficult to verify.

The reform process is still ongoing with the main focus on metropolitan based councils. The results of the 2013 election may well determine the long term impact of the amalgamation process.

Exploration continues in the western sector of the Shire by a number of iron ore companies which are still experiencing major difficulties in gaining access to the port of Esperance. Gold production is still strong at Carosue Dam with other sites near Diemals Station showing encouraging prospects.

The Shire's contribution towards the successful staging of the 2012 Cyclclassic was a significant move and was well received in all circles.

Council Adopted the Annual Budget on 13 October 2011.

Tenders were called for a number of services including plant hire, building maintenance and road sealing services to enable to progress of major contracts.

The firm of KPMG further established the Strategic Plans and all will need to be completed and integrated by 30 June 2013.

As the analogue TV transmission will become obsolete in early 2013, the Shire, through GVROC, were able to access funding along with other Shires to effect the changeover from analogue to digital TV transmission.

Main Street Project – Completion of installation of underground power works for Phase 1.

Industrial Estate

Discussions continue in an effort to develop an industrial estate in Menzies particularly in light of the prospective iron ore industry. Should any of these projects be brought on line, an industrial estate will be an absolute necessity for the town and district.

Staffing

Staffing levels became fairly critical during the course of the year which necessitated the use of contractors to be increased significantly. The resignation of the CEO led to a series of acting CEO's to be used before a permanent applicant was appointed in late June 2012.

The position of Works Manager was designated as being a senior officer and Mr Garry Agnew was appointed as the Principal Environmental Health Officer Building Surveyor for the Shire following Mr Gary Goldsworthy's decision to retire.

Plant Acquisitions

Plant purchased during the year:

- Toyota Prado

Project Achievements

- Completion of underground power project in main street
- Further upgrades and improvements to Lady Shenton
- Commencement of the Indigenous Walk Trail project

Future Goals Projects

- Road construction and maintenance continues to be one of our biggest areas of expenditure.
- Continued support for the Cyclclassic and to promote the event on a larger scale.
- Further upgrading of the main street.
- Provision of staff housing
- Provision of public toilets
- Construction of new Council Chambers and administration offices
- Construction of liquid waste basins at the Menzies refuse site
- Upgrading to old Railway Station
- Continued upgrading of Lady Shenton
- Upgrade of old Post Office

Peter Crawford
Chief Executive Officer
26 February 2013