

Shire of Menzies



ANNUAL REPORT

*For the Year Ended
30 June 2011*



Menzies Shire Offices

Adopted by Council on

Shire of Menzies – Annual Report 2010/11

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Annual Financial Report 2010/2011

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Shire Offices.

Lot 124 Shenton Street

MENZIES WA 6436

Phone: (08) 90242041

Fax: (08) 90242110

Email: admin@menzies.wa.gov.au

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PRESIDENT'S REPORT – 2010/11

Council adopted the budget for the year 2010-11 with significant projects to be started, namely the Main Street Upgrade and sealing of the Niagara Dam Road and final section of Kookynie Road.

Internal roads within the Menzies Townsite attracted early road works for an eventual sealing program and kerbing structure. The realignment of Florence Street was commenced and the Kookynie Townsite Information Bay was complemented with a Public Toilet as part of the Golden Quest Discovery Trail.

The Water Playground has become a major project that the Menzies Community has requested the Council to install and further funding is being sought to see this project come to fruition.

A bronze bust of Jimmy Brennan is to be sculpted and will be situated in the War Memorial Park. The Catholic Church Building has been renovated and relocated to Shenton Street War Memorial Park.

Council donated funds to assist the successful running of the Morapoi Outback Rodeo, which was attended by approximately 500 spectators. Funding was also donated to the inaugural "Goldfields Cyclclassic", of which the "Menzies Classic" is the core event, and in excess of one hundred registered riders nominated. This event was extremely successful and the inclement weather made the ride even more challenging.

The mining sector continues its growth, Anglo Ashanti Gold with Tropicana Mine proceeding into the construction stage with the development of the access road from Pinjin 260 kilometres to the minesite and camp. Macarthur Minerals at Lake Giles, Jupiter at Mt. Mason, Mindax at Mt. Forrest and Cashmere Iron at Cashmere Downs have all proven viable Hematite Iron Ore deposits and have initiated talks with the Shire particularly with the use of roads within the Shire. Saracen Mines continue to excavate gold ore from Porphyry and treat at the Carosue Dam Plant.

Council has joined with the Goldfields Voluntary Regional Organisation of Councils to form a collaborative group, GERCG to strengthen our position in Reform Strategy of Local Government.

With the passing of Cr Lloyd Landsdown and the resignation of Councillors Pusey and Kelly in April 2011, the Minister for Local Government gave the Council permission to continue to operate with 4 Councillors until the Ordinary Elections of Council in October 2011.

In June the Chief Executive Officer Brian Seale tendered his resignation, effective 29th July 2011.

After an extremely challenging period, I wish to thank the community, Councillors and staff for their efforts and contributions throughout the year.

Greg Dwyer
President
17 December 2012

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CHIEF EXECUTIVE OFFICER'S REPORT – 2010/11

This report is retrospectively some two years late due to the departure of the previous CEO of that time. As such, details in this CEO's report will be collated with the assistance of the current staff and will need to be accepted in good faith as the accuracy of some data is difficult to verify.

The reform process is still being debated with some local governments vehemently opposed to the concept. Until the details of what the government has in mind has been revealed, it will be difficult to predict what the impact will have on the Shire of Menzies.

There is ongoing exploration in the western sector of the Shire by a number of iron ore companies which is producing encouraging prospects for the future. Construction of the Tropicana Gold Mine is continuing by AngloGold Ashanti Australia and is expected to be in operation sometime during 2013.

Excavation of gold ore continues at Porphyry and is being trucked to Carosue Dam (Saracen Mines) for processing.

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

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 project be brought on line, an industrial estate will be an absolute necessity for the town and district.

Staffing.

Staffing levels were down with a number of vacancies which contributed to the low levels of completed projects. It is hoped that advertising will address this shortage of staff.

Plant Acquisitions.

Plant purchased during the past year were:

- Ford G6E Turbo Sedan
- Nissan Navara Ute
- Mitsubishi Rubbish Truck
- Nissan Navara Ute
- Nissan Navara Dual Cab
- Komatsu Backhoe

Project Achievements.

- Commencement of underground power project in main street
- Further upgrades and improvements to Lady Shenton
- Contributed to the holding of a Rodeo
- Commencement of the Indigenous Walk Trail project
- Completion of residence in Mercer Street
- Sealing of the Niagara Dam Road
- Continued sealing of Kookynie Road
- Public toilets installed at Kookynie Information Bay
- Opening of the upgrade to Menzies caravan park-

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.

Peter Crawford
Chief Executive Officer
11 December 2012

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ELECTED MEMBERS

COUNCILLORS

Cr. G (Greg) Dwyer Pine Lodge Mine PO Box 1 MENZIES WA 6436 Ph: 90 313 031 Fax: 90 313 081	Shire President. (Term expires 2011)	Menzies Ward
Cr A (Aileen) Kelly 57 Goldfields Highway MENZIES WA 6436 Ph: 9024 2122	(Term expires 2013)	Menzies Ward
Cr. I (Ian) Tucker PO Box 9 MENZIES. WA 6436 Ph: 90 242 150 Fax: 90 242 150	(Term expires 2013)	Menzies Ward
Cr. L (Lloyd) Lansdown 152 Mercer Street MENZIES. WA. 6436 0422 066 255	(Term expires 2013)	Kookynie Ward
Cr J (Jill) Dwyer Pine Lodge Mine PO Box 1 MENZIES WA 6436 Ph: 9031 3031 Fax: 9031 3081	(Term expires 2013)	Kookynie Ward
Cr G (Greg) Stubbs Morapoi Station PO Box 532 KALGOORLIE. WA 6430 Ph: 9031 3380 Fax: 9031 3380	Deputy President (Term expires 2011)	Kookynie Ward
Cr. K (Kevin) Pusey Lot 6 Cumberland Street KOOKYNIE WA 6431 Ph: 9031 3010 Fax: 9031 3001	(Term expires 2011)	Ularring Ward

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There were 11 Ordinary Meetings of Council held between 1 July 2010 and 30 June 2011 and 5 Special Meetings of Council. A breakdown of Councillors' presence at these meetings is detailed below.

Councillors	Ordinary Council	Special Meetings
Cr G Dwyer	11	4
Cr GW Stubbs	9	5
Cr K Pusey	8	3
Cr JA Dwyer	9	4
Cr IR Tucker	8	4
Cr AD Kelly	10	3
Cr LD Lansdown	7	3

Cr K Pusey resigned in April 2011
Cr LD Lansdown passed away in April 2011
Cr AD Kelly resigned in May 2011



Goongarrie Cottage

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Personal Involvement

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

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

Occasional Committees

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

Agendas

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

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

Minutes

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

Delegated Authority

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

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COUNCIL FACILITIES

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 'Former' Lady Shenton Hotel (Menzies Visitor Centre). Visitor Centre (08) 9024 2702 Caretaker 0448 242 041 The 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 everyday, April until October. Telephone (08) 9024 2702 Email: visitorcentre@menzies.wa.gov.au

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.

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COUNCIL SERVICES

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.

Unsterilised Dog or Bitch	1 year \$30.00	3 year \$75.00
Sterilised Dog or Bitch	1 year \$10.00	3 year \$18.00

Dogs used for tending stock 25% of standard fee
Pensioners 50% of standard fee.

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 / Building Officer, Mr.Garry Agnew is located in the Shire of Leonora Administration Offices. Any matters concerning Health and Building can be directed to Gary on (08) 9037 6044.

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SERVICES TO THE COMMUNITY

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*
- ❑ *LEMAC (Local Emergency Management Advisory 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 – Volunteer Work*
- ❑ *Golden Quest Trail Association – Financial Support*
- ❑ *Menzies St Ambulance Association – Financial Support*
- ❑ *Northern Goldfields Tourism Association – Financial Support.*
- ❑ *Leonora Golden Gift – Financial Support*

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.

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When an application is publicly advertised, residents have the opportunity to make written submission to the Council expressing their views regarding the application.

- ❑ Petitions – Written petitions can be addressed to the Council on any issue within the Council's jurisdiction. It is a good idea to present your petition to your ward councillors, who can familiarise themselves with the petition and refer it to the appropriate person.
- ❑ Written requests – A member of the public can write to Council on any Council policy, activity or service.
- ❑ Elected members – Members of the public can contact any of the councillors to discuss any issue relevant to Council.

Access To Council Documents

The following documents are available for inspection at the Council Offices free of charge. Copies of the documents can be made available, although some will incur a charge to cover the cost of photocopying. The *Local Government Act 1995* does stipulate minimum requirements for documents to be made available for public inspection, and these include:

- ❑ Minutes and Agendas of Council and Committee Meetings
- ❑ General Policy Manual
- ❑ Annual Budgets
- ❑ Annual Report
- ❑ Annual Financial Statements
- ❑ Quarterly Financial Statements
- ❑ Council Local Laws (By-laws)
- ❑ Town Planning Scheme
- ❑ Town Planning Policy Manual
- ❑ Financial Interest Register – Primary and Annual Returns, and Declarations

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 2009/2010, there were no complaints or disclosures registered under the Public Interest Disclosure Act 2003.

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Disclosure of Annual Salaries in Annual Report

The Department of Local Government and Regional Development 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.

One employee of the Shire of Menzies receives a salary in excess of \$100,000.

State Records Act 2000

To comply with the State Records Act I advise that:

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

National Competition Policy

2010/2011 FINANCIAL YEAR

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

1. Competitive Neutrality

The principle of Competitive Neutrality is that government business should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership. Competitive neutrality should apply to all business activities, which generate a users-pay income over \$200,000 unless it can be shown it is not in the public interest.

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

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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 has commenced a review of the Local Laws during the 2010/11 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 2010/11. Consequently, there were no obligations for structural reform. Nevertheless, the Shire of Menzies is committed to the principles of structural reform under National Competition Policy.

Disability Services Plan

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

OUTCOME 1

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

OUTCOME 2

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

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

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OUTCOME 3

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

OUTCOME 4

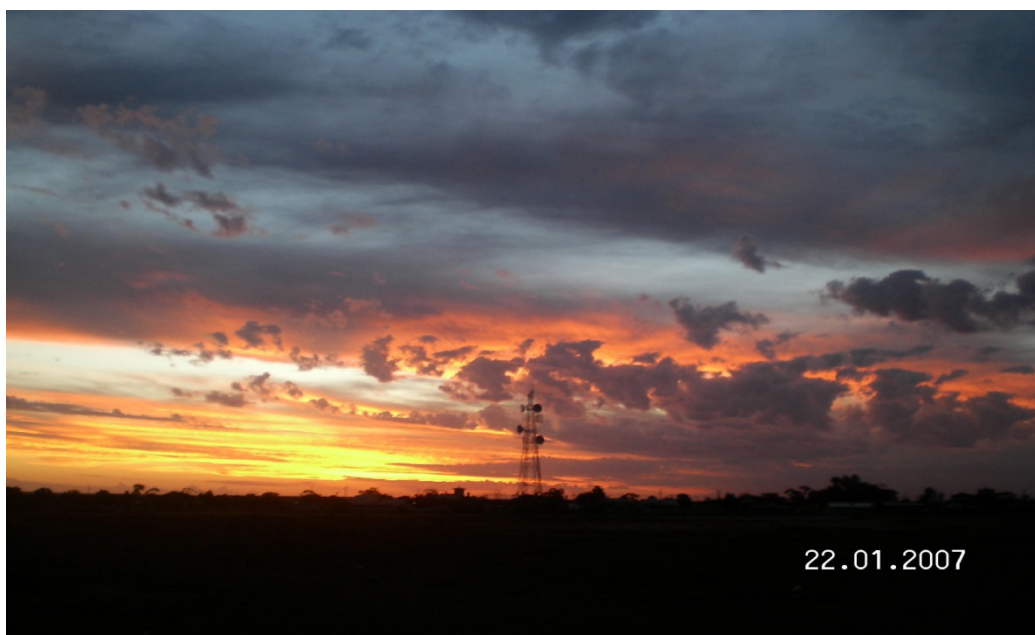
Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved. – **Ongoing training requirements.**

OUTCOME 5

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

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

Council has a commitment to review this plan and will prepare a Disability Access and Inclusion Plan during the financial year 2009/2010



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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, who act in a voluntary capacity, and represent three wards. The Council acts as a community board, establishing policies and making decisions within the requirements of the *Local Government Act* on a wide range of issues affecting the community, and in keeping with the legislative requirements to:

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

The Council makes decisions which direct and/or determine its activities and functions.

Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Ordinary meetings of Council are held on the fourth Thursday of each month commencing at 9.00am except January. All members of the public are welcome to attend.

Shire of Menzies – Annual Report 2010/11

AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT – 2010/11

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.

General Overview

1. Housing

Council's plans to continue the progressive improvement to housing for staff. Opportunity to provide further housing in the new financial year with the purchase of two dwellings from G.R.O.H remains a budget provision for future consideration.

2. Road Infrastructure

The annual maintenance of the network was achieved through the use of contractors and a high standard was maintained and achieved throughout the year. It is anticipated that approximately \$1,500,000 pa will be applied to this area of Council operations.

4. Streetscape / Town Beautification.

The planning and design for this important aspect was addressed and resolved by council and it remains a contract for the New Year, with below ground power being a significant component.

5. Plant Acquisition.

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

6. War Memorial / Garden of Memorial

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

7. Caravan Park Upgrade

The completion and re-occupancy of the site is almost completed with only a very small amount of items outstanding. This represents a great development for this Shire.

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8. Lady Shenton

The restoration of the Lady Shenton continues with ablutions being installed and completion is expected during 2011. This has been a great boon for the Shire.

9. Lake Ballard.

The development of this significant site has been established and the planning has been concluded with the viewing platform constructed. The further development of ablutions and visitor information bay were completed under the auspice of the Department of Environment and Conservation.

Proposed initiatives to Commence or Continue into the next Year.

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

Restoration of Historic Buildings

1. Truck Bay Assembly Area
2. War Memorial and Garden of Remembrance
3. Menzies Indigenous Interpretive Trail

SHIRE OF MENZIES

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Menzies being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Menzies at 30th June 2011 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 on the

AK

day of

September

2011



Peter Crawford
Chief Executive Officer

SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Menzies being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Menzies at 30th June 2011 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 on the day of 2011

Peter Crawford
Chief Executive Officer

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	1,853,488	1,715,656	1,780,767
Operating Grants, Subsidies and Contributions	28	1,872,448	2,391,000	2,483,299
Fees and Charges	27	177,485	102,020	604,543
Interest Earnings	2(a)	179,146	159,500	173,879
Other Revenue		<u>2,772</u>	<u>7,520</u>	<u>209,593</u>
		4,085,339	4,375,696	5,252,081
EXPENSES				
Employee Costs		(1,020,737)	(2,366,973)	(1,323,523)
Materials and Contracts		(1,955,253)	(880,312)	(2,336,617)
Utility Charges		(95,252)	(74,000)	(72,441)
Depreciation on Non-Current Assets	2(a)	(2,012,401)	(1,412,561)	(1,948,795)
Interest Expenses	2(a)	(6,667)	(6,667)	(3,124)
Insurance Expenses		(104,534)	(118,325)	(66,259)
Other Expenditure		<u>(571,856)</u>	<u>(408,396)</u>	<u>(426,406)</u>
		<u>(5,766,700)</u>	<u>(5,267,234)</u>	<u>(6,177,165)</u>
		(1,681,361)	(891,538)	(925,084)
Non-Operating Grants, Subsidies and Contributions	28	1,648,041	595,592	591,606
Profit on Asset Disposals	20	71,656	0	0
Loss on Asset Disposal	20	<u>(41,378)</u>	<u>(5,000)</u>	<u>(2,276)</u>
NET RESULT		(3,042)	(300,946)	(335,754)
Other Comprehensive Income				
Changes on revaluation of non-current assets		0	0	292,000
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>292,000</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(3,042)</u></u>	<u><u>(300,946)</u></u>	<u><u>(43,754)</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 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		6,074	600	115,219
General Purpose Funding		3,596,906	3,342,656	3,937,449
Law, Order, Public Safety		35,778	18,160	15,307
Health		1,918	12,600	285
Education and Welfare		30,599	80,800	12,031
Housing		28,459	10,640	31,123
Community Amenities		7,628	5,000	4,258
Recreation and Culture		36,965	2,540	1,267
Transport		1,354	502,000	1,019,383
Economic Services		176,985	232,000	61,421
Other Property and Services		162,673	163,700	54,337
	2 (a)	<u>4,085,339</u>	<u>4,370,696</u>	<u>5,252,080</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(158,047)	(239,136)	(217,330)
General Purpose Funding		(610,390)	(390,103)	(455,384)
Law, Order, Public Safety		(47,164)	(140,929)	(73,563)
Health		(14,990)	(34,517)	(23,398)
Education and Welfare		(40,000)	(50,000)	(21,617)
Housing		(36,149)	0	0
Community Amenities		(280,283)	(60,000)	(149,449)
Recreation & Culture		(363,208)	(337,702)	(329,494)
Transport		(2,770,540)	(2,680,250)	(3,731,533)
Economic Services		(897,733)	(1,314,920)	(1,152,154)
Other Property and Services		(541,529)	(8,010)	(20,118)
	2 (a)	<u>(5,760,033)</u>	<u>(5,255,567)</u>	<u>(6,174,040)</u>
FINANCE COSTS				
Education and Welfare		(6,667)	(6,667)	(3,124)
	2 (a)	<u>(6,667)</u>	<u>(6,667)</u>	<u>(3,124)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
General Purpose Funding		565,917	0	67,206
Housing		0	0	25,000
Community Amenities		0	0	36,332
Recreation & Culture		80,000	237,000	82
Transport		641,669	358,592	298,121
Economic Services		360,455	0	164,865
		<u>1,648,041</u>	<u>595,592</u>	<u>591,606</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Transport		29,343	(5,000)	0
Economic Service		(1,309)	0	0
Other Property and Services		2,244	0	(2,276)
		<u>30,278</u>	<u>(5,000)</u>	<u>(2,276)</u>
NET RESULT		<u>(3,042)</u>	<u>(300,946)</u>	<u>(335,754)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets		0	0	292,000
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>292,000</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(3,042)</u></u>	<u><u>(300,946)</u></u>	<u><u>(43,754)</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 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,910,500	3,850,687
Trade and Other Receivables	4	842,139	1,235,559
Inventories	5	<u>73,712</u>	<u>46,562</u>
TOTAL CURRENT ASSETS		<u>4,826,351</u>	<u>5,132,808</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	4,523,032	4,236,815
Infrastructure	7	<u>67,326,138</u>	<u>67,975,558</u>
TOTAL NON-CURRENT ASSETS		<u>71,849,170</u>	<u>72,212,373</u>
TOTAL ASSETS		<u>76,675,521</u>	<u>77,345,181</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	202,857	833,552
Long Term Borrowings	9	28,563	26,926
Provisions	10	<u>47,645</u>	<u>50,774</u>
TOTAL CURRENT LIABILITIES		<u>279,065</u>	<u>911,252</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	62,440	91,003
Provisions	10	<u>12,535</u>	<u>18,403</u>
TOTAL NON-CURRENT LIABILITIES		<u>74,975</u>	<u>109,406</u>
TOTAL LIABILITIES		<u>354,040</u>	<u>1,020,658</u>
NET ASSETS		<u>76,321,481</u>	<u>76,324,523</u>
EQUITY			
Retained Surplus		9,448,710	9,571,732
Reserves - Cash Backed	11	2,393,223	2,273,243
Reserves - Asset Revaluation	12	<u>64,479,548</u>	<u>64,479,548</u>
TOTAL EQUITY		<u>76,321,481</u>	<u>76,324,523</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 2011**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	9,767,682	2,413,047	64,187,548	76,368,277
Net Result	(335,754)	0	0	(335,754)
Total Other Comprehensive Income	0	0	292,000	292,000
Reserve Transfers	139,804	(139,804)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	9,571,732	2,273,243	64,479,548	76,324,523
Net Result	(3,042)	0	0	(3,042)
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(119,980)	119,980	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2011	<u>9,448,710</u>	<u>2,393,223</u>	<u>64,479,548</u>	<u>76,321,481</u>

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 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,853,488	2,141,797	1,580,619
Operating Grants, Subsidies and Contributions		2,265,868	2,716,421	2,316,218
Fees and Charges		177,485	106,929	604,543
Interest Earnings		179,146	159,500	173,879
Goods and Services Tax		370,747	250,000	217,204
Other Revenue		<u>2,772</u>	<u>181,802</u>	<u>209,593</u>
		4,849,506	5,556,449	5,102,056
Payments				
Employee Costs		(1,029,734)	(2,366,973)	(1,328,247)
Materials and Contracts		(2,671,223)	(1,620,762)	(1,961,564)
Utility Charges		(95,252)	(74,000)	(72,441)
Insurance Expenses		(104,534)	(118,325)	(66,259)
Interest expenses		(6,667)	(6,667)	(4,150)
Goods and Services Tax		(311,227)	(250,000)	(487,674)
Other Expenditure		<u>(571,856)</u>	<u>(408,396)</u>	<u>(130,857)</u>
		(4,790,493)	(4,845,123)	(4,051,192)
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>59,013</u>	<u>711,326</u>	<u>1,050,864</u>
Cash Flows from Investing Activities				
Payments for Works in progress		0	0	(617,826)
Payments for Development of Land Held for Resale		(1,395)	0	0
Payments for Purchase of Property, Plant & Equipment		(909,550)	(1,725,000)	(754,795)
Payments for Construction of Infrastructure		(881,201)	(3,645,374)	(968,364)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,648,041	2,419,295	591,606
Proceeds from Sale of Assets		<u>171,831</u>	<u>75,000</u>	<u>33,636</u>
Net Cash Provided By (Used In) Investing Activities		27,726	(2,876,079)	(1,715,743)
Cash Flows from Financing Activities				
Repayment of Debentures		<u>(26,926)</u>	<u>(26,926)</u>	<u>(25,382)</u>
Net Cash Provided By (Used In) Financing Activities		(26,926)	(26,926)	(25,382)
Net Increase (Decrease) in Cash Held				
Cash at Beginning of Year		59,813	(2,191,679)	(690,261)
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,910,500</u></u>	<u><u>1,631,038</u></u>	<u><u>3,850,687</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 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		6,074	600
General Purpose Funding		2,309,335	1,627,000
Law, Order, Public Safety		35,778	18,160
Health		1,918	12,600
Education and Welfare		30,599	80,800
Housing		28,459	10,640
Community Amenities		7,628	5,000
Recreation and Culture		116,965	239,540
Transport		712,435	865,592
Economic Services		537,440	232,000
Other Property and Services		164,916	163,700
		<u>3,951,547</u>	<u>3,255,632</u>
EXPENSES			
Governance		(158,047)	(239,136)
General Purpose Funding		(610,390)	(390,103)
Law, Order, Public Safety		(47,164)	(140,929)
Health		(14,990)	(34,517)
Education and Welfare		(40,000)	(56,667)
Housing		(42,816)	0
Community Amenities		(280,283)	(60,000)
Recreation & Culture		(363,208)	(337,702)
Transport		(2,810,609)	(2,690,250)
Economic Services		(899,042)	(1,314,920)
Other Property and Services		(541,529)	(8,010)
		<u>(5,808,078)</u>	<u>(5,272,234)</u>
Net Operating Result Excluding Rates		(1,856,531)	(2,016,602)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	20	(30,278)	5,000
Movement in Employee Benefit Provisions		(8,997)	0
Depreciation and Amortisation on Assets	2a	2,012,401	1,412,561
Capital Expenditure and Revenue			
Purchase Land Held for Resale	6a	(1,395)	0
Purchase Land and Buildings	6a	(481,116)	(1,603,000)
Purchase Infrastructure Assets - Roads	7a	(740,881)	(2,938,374)
Purchase Infrastructure Assets - Other	7a	(140,320)	(707,000)
Purchase Plant and Equipment	6a	(405,709)	(102,000)
Purchase Furniture and Equipment	6a	(22,725)	(20,000)
Proceeds from Disposal of Assets	20	171,831	75,000
Repayment of Debentures	21	(26,926)	(26,926)
Transfers to Reserves (Restricted Assets)	11	(119,980)	(70,000)
Transfers from Reserves (Restricted Assets)	11	0	703,658
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,026,014	3,572,027
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,228,876	0
Amount Required to be Raised from Rates	22	<u>(1,853,488)</u>	<u>(1,715,656)</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 2011

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.

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 the 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

In accordance with recommended practice, 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.

(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

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

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

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 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.

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

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 2011

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 are separately and 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 rates 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 - Floodways	6%
Infrastructure - Other	2%
Infrastructure - Grids	4%

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

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

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 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

Council do not have a capitalisation threshold policy but all items of a minor nature are 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 (ie 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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
- (b) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(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 the statement of comprehensive income.

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(k) Trade and Other Payables

Trade 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.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; 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.

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

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

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

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

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

(p) 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.

(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 operation for the current reporting period.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(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 resale where it is held as non-current based on 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.

(u) Comparative Figures

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

(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 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 2011.

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

	Title and Topic	Issued	Applicable (*)	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 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	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.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) 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).
(vi) 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.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) 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, 139, 1023 & 1038 and Interpretations 10 & 12]	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).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	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 2009– 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

(*) 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 2011**

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 became mandatory and which were applicable to its operations.

These new and revised standards were:

- AASB 2009 - 5
- AASB 2009 - 8
- AASB 2009 - 10
- AASB 2009 - 13
- AASB 2010 - 1
- AASB 2010 - 3

Interpretation 19

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 2011

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

	2011	2010	
	\$	\$	
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	20,790	14,877	
- Other Services	0	2,140	
Depreciation			
Buildings	154,530	147,364	
Furniture and Equipment	16,437	14,807	
Plant and Equipment	310,813	286,139	
Infrastructure - Roads	1,495,517	1,480,692	
Infrastructure - other	35,104	19,793	
	<u>2,012,401</u>	<u>1,948,795</u>	
Interest Expenses (Finance Costs)			
Other Financing Expenses	0	298	
Debentures (<i>refer Note 21(a)</i>)	6,667	2,826	
	<u>6,667</u>	<u>3,124</u>	
Rental Charges			
- Operating Leases	10,225	0	
	<u>10,225</u>	<u>0</u>	
(ii) Crediting as Revenue:	2011	2011	2010
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	119,637	119,500	129,397
- Other Funds	59,509	40,000	44,482
Other Interest Revenue (<i>refer note 26</i>)	0	0	0
	<u>179,146</u>	<u>159,500</u>	<u>173,879</u>

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

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 orientated programs which it has established.

GOVERNANCE

The reporting of income and expenditure relating to administration, support and operations for Council members and certain Executive and other staff.

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 & 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 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 1-Jul-09 \$</u>	<u>Received (+) 2009/10 \$</u>	<u>Expended (#) 2009/10 \$</u>	<u>Closing Balance (*) 30-Jun-10 \$</u>	<u>Received (+) 2010/11 \$</u>	<u>Expended (#) 2010/11 \$</u>	<u>Closing Balance 30-Jun-11 \$</u>
Anzac Grant	Anzac Memorial	10,000	0	0	10,000	0	0	10,000
Town Oval Establishment		41,210	0	(41,210)	0	0	0	0
Lake Ballard		43,777	0	(43,777)	0	0	0	0
Office for Crime Prevention	Capacity Building Officer	10,000	10,000	(10,000)	10,000	0	(10,000)	0
GEDC	Main St Upgrade	0	500,000	0	500,000	0	(61,471)	438,529
WALGA	Capacity Building	0	0	0	0	24,750	(11,665)	13,085
Total		<u>104,987</u>	<u>510,000</u>	<u>(94,987)</u>	<u>520,000</u>	<u>24,750</u>	<u>(83,136)</u>	<u>461,614</u>

Notes:

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

(+) - 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.

(#) - 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 2011

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,055,663	1,057,444
Restricted	<u>2,854,837</u>	<u>2,793,243</u>
	<u><u>3,910,500</u></u>	<u><u>3,850,687</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	148,163	140,735
Plant Reserve	328,100	311,651
Building Reserve	456,790	433,890
Road Reserve	342,187	325,032
Main Street Reserve	709,870	674,282
Staff Amenities	168,092	159,665
TV Reserve	7,886	7,491
Caravan Park Reserve	81,309	77,233
Bitumen Resealing Reserve	119,399	113,413
Rates Future Claims Reserve	31,427	29,851
Niagara Dam Reserve	0	0
Housing Maintenance Reserve	0	0
Alternative Power Reserve	0	0
Unspent Grants	<u>461,614</u>	<u>520,000</u>
	<u><u>2,854,837</u></u>	<u><u>2,793,243</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	429,617	426,538
Sundry Debtors	1,240,365	806,695
GST Receivable	0	304,944
Provision for Doubtful Debts	<u>(827,843)</u>	<u>(302,618)</u>
	<u><u>842,139</u></u>	<u><u>1,235,559</u></u>
5. INVENTORIES		
Current		
Materials	59,087	43,559
Distillate	13,230	3,003
Land Held for Resale - Cost		
Cost of Acquisition	<u>1,395</u>	<u>0</u>
	<u><u>73,712</u></u>	<u><u>46,562</u></u>

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

	2011	2010
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land at Management Valuation 2010	292,000	292,000
Land and Buildings - Cost	4,387,048	3,242,124
Less Accumulated Depreciation	<u>(1,161,545)</u>	<u>(1,007,015)</u>
	3,517,503	2,527,109
Furniture and Equipment - Cost	225,532	202,807
Less Accumulated Depreciation	<u>(167,940)</u>	<u>(151,503)</u>
	57,592	51,304
Plant and Equipment - Cost	2,770,757	2,786,392
Less Accumulated Depreciation	<u>(1,822,820)</u>	<u>(1,794,596)</u>
	947,937	991,796
Tools	848	848
Less Accumulated Amortisation	<u>(848)</u>	<u>(848)</u>
	0	0
Work in Progress	<u>0</u>	<u>666,606</u>
(Buildings - Caravan Park and Lady Shenton)	0	666,606
	<u>4,523,032</u>	<u>4,236,815</u>

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

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.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Work in Progress \$	Total \$
Balance as at July 1 2010	2,527,109	51,304	991,796	666,606	4,236,815
Additions	481,116	22,725	405,709	0	909,550
(Disposals)	(2,798)	0	(138,755)	0	(141,553)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	(154,530)	(16,437)	(310,813)	0	(481,780)
Transfers	666,606	0	0	(666,606)	0
Balance as at 30 June 2011	<u>3,517,503</u>	<u>57,592</u>	<u>947,937</u>	<u>0</u>	<u>4,523,032</u>

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2009	73,750,723	73,750,723
Roads - Cost	1,025,114	284,233
Less Accumulated Depreciation	<u>(9,062,413)</u>	<u>(7,566,896)</u>
	65,713,424	66,468,060
Other Infrastructure - Cost	1,717,040	1,576,720
Less Accumulated Depreciation	<u>(104,326)</u>	<u>(69,222)</u>
	1,612,714	1,507,498
	<u>67,326,138</u>	<u>67,975,558</u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Other	Total
	\$	Infrastructure	\$
	<u> </u>	<u> </u>	<u> </u>
Balance as at 1 July 2010	66,468,060	1,507,498	67,975,558
Additions	740,881	140,320	881,201
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	(1,495,517)	(35,104)	(1,530,621)
			0
Balance as at 30 June 2011	<u>65,713,424</u>	<u>1,612,714</u>	<u>67,326,138</u>

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

	2011	2010
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Trade Creditors	47,160	737,388
Fund for Rate Assessments in Credit	76,261	76,261
GST Payable	59,920	0
FESA Levy Liability	0	19,129
Other Payables	19,516	774
	<u>202,857</u>	<u>833,552</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	28,563	26,926
	<u>28,563</u>	<u>26,926</u>
Non-Current		
Secured by Floating Charge		
Debentures	62,440	91,003
	<u>62,440</u>	<u>91,003</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	40,742	50,774
Provision for Long Service Leave	6,903	0
	<u>47,645</u>	<u>50,774</u>
Non-Current		
Provision for Long Service Leave	12,535	18,403
	<u>12,535</u>	<u>18,403</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	140,735	140,206	134,463
Amount Set Aside / Transfer to Reserve	7,428	0	6,272
Amount Used / Transfer from Reserve	0	0	0
	<u>148,163</u>	<u>140,206</u>	<u>140,735</u>
(b) Plant Reserve			
Opening Balance	311,651	310,479	538,884
Amount Set Aside / Transfer to Reserve	16,449	0	22,767
Amount Used / Transfer from Reserve	0	(33,658)	(250,000)
	<u>328,100</u>	<u>276,821</u>	<u>311,651</u>
(c) Building Reserve			
Opening Balance	433,890	432,258	414,551
Amount Set Aside / Transfer to Reserve	22,900	0	19,339
Amount Used / Transfer from Reserve	0	0	0
	<u>456,790</u>	<u>432,258</u>	<u>433,890</u>
(d) TV Reserve			
Opening Balance	7,491	7,463	7,158
Amount Set Aside / Transfer to Reserve	395	0	333
Amount Used / Transfer from Reserve	0	0	0
	<u>7,886</u>	<u>7,463</u>	<u>7,491</u>
(e) Road Reserve			
Opening Balance	325,032	323,810	310,545
Amount Set Aside / Transfer to Reserve	17,155	0	14,487
Amount Used / Transfer from Reserve	0	0	0
	<u>342,187</u>	<u>323,810</u>	<u>325,032</u>
(f) Main Street Reserve			
Opening Balance	674,282	671,748	644,229
Amount Set Aside / Transfer to Reserve	35,588	0	30,053
Amount Used / Transfer from Reserve	0	(670,000)	0
	<u>709,870</u>	<u>1,748</u>	<u>674,282</u>
(g) Staff Amenities Reserve			
Opening Balance	159,665	159,065	152,549
Amount Set Aside / Transfer to Reserve	8,427	0	7,116
Amount Used / Transfer from Reserve	0	0	0
	<u>168,092</u>	<u>159,065</u>	<u>159,665</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (continued)			
(h) Caravan Park Reserve			
Opening Balance	77,233	76,941	73,790
Amount Set Aside / Transfer to Reserve	4,076	0	3,443
Amount Used / Transfer from Reserve	0	0	0
	<u>81,309</u>	<u>76,941</u>	<u>77,233</u>
(i) Rates Future Claims Reserve			
Opening Balance	29,851	29,739	28,521
Amount Set Aside / Transfer to Reserve	1,576	0	1,330
Amount Used / Transfer from Reserve	0	0	0
	<u>31,427</u>	<u>29,739</u>	<u>29,851</u>
(j) Bitumen Reseal Reserve			
Opening Balance	113,413	112,987	108,357
Amount Set Aside / Transfer to Reserve	5,986	0	5,056
Amount Used / Transfer from Reserve	0	0	0
	<u>119,399</u>	<u>112,987</u>	<u>113,413</u>
(k) Niagara Dam Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>10,000</u>	<u>0</u>
(l) Housing Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	50,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>50,000</u>	<u>0</u>
(m) Alternative Power Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	10,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>10,000</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u><u>2,393,223</u></u>	<u><u>1,631,038</u></u>	<u><u>2,273,243</u></u>

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

11. RESERVES - CASH BACKED (continued)

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

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 ad 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.

None of the above reserves are expected to be used within a set period as further transfers to the reserve accounts are expected before funds are utilised.

The Rates Future Claims Reserve will be maintained until there are any claims made against Rate book credits.

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

12. RESERVES - ASSET REVALUATION	2011	2010
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	292,000	0
Revaluation Increment	0	292,000
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 2011

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:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>3,910,500</u>	<u>1,631,038</u>	<u>3,850,687</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	(3,042)	(300,946)	(43,754)
Depreciation	2,012,401	1,412,561	1,948,795
Revaluation of Land	0	0	(292,000)
Provision for Doubtful debts	525,225	0	300,000
(Profit)/Loss on Sale of Asset	(30,278)	5,000	2,276
(Increase)/Decrease in Receivables	(131,805)	930,753	(637,699)
(Increase)/Decrease in Inventories	(25,755)	22,462	(24,100)
Increase/(Decrease) in Payables	(630,695)	(762,912)	383,494
Increase/(Decrease) in Employee Provisions	(8,997)	0	5,458
Grants/Contributions for the Development of Assets	<u>(1,648,041)</u>	<u>(595,592)</u>	<u>(591,606)</u>
Net Cash from Operating Activities	<u>59,013</u>	<u>711,326</u>	<u>1,050,864</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	20,000		25,000
Credit Card Balance at Balance Date	<u>(5,025)</u>		<u>(3,798)</u>
Total Amount of Credit Unused	<u>14,975</u>		<u>21,202</u>
Loan Facilities			
Loan Facilities - Current	28,563		26,926
Loan Facilities - Non-Current	<u>62,440</u>		<u>91,003</u>
Total Facilities in Use at Balance Date	<u>91,003</u>		<u>117,929</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 2011

14. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 June 2011.

15. CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments	2011	2010
	\$	\$
Contracted for:		
- capital expenditure projects	626,142	0
Payable:		
- not later than one year	626,142	0

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

16. JOINT VENTURE

There were no joint ventures with other entities in 2010/11.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	2,128	0
Law, Order, Public Safety	88,215	44,804
Education and Welfare	0	390,738
Housing	1,096,382	1,172,301
Community Amenities	33,815	35,800
Recreation and Culture	445,447	480,347
Transport	67,982,746	67,273,009
Economic Services	1,676,329	1,015,241
Other Property and Services	1,176,584	1,230,281
Unallocated	4,608,445	5,702,660
	<u>77,110,091</u>	<u>77,345,181</u>

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

	2011	2010	2009
18. FINANCIAL RATIOS			
Current Ratio	7.065	2.719	6.191
Untied Cash to Unpaid Trade Creditors Ratio	9.859	1.434	5.742
Debt Ratio	0.005	0.013	0.009
Debt Service Ratio	0.008	0.005	0.006
Gross Debt to Revenue Ratio	0.022	0.021	0.023
Gross Debt to Economically Realisable Assets Ratio	0.019	0.013	0.017
Rate Coverage Ratio	0.320	0.290	0.212
Outstanding Rates Ratio	0.188	0.204	0.169

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 2011

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-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Housing Bonds	0	3,800	0	3,800
	<u>0</u>			<u>3,800</u>

20. DISPOSALS OF ASSETS - 2010/11 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						
Fuso Crew Cab Truck Rego 004MN	71,284	0	40,000	0	(31,284)	0
Road Construction Plant Depot vehicle	0	50,000	0	45,000	0	(5,000)
Komatsu Loader 180	0	30,000	0	30,000	0	0
Mitsubishi Truck	0	0	35,000	0	35,000	0
Plant Trailer - Roadwest	44,260	0	35,475	0	(8,785)	0
Caravan 1	0	0	4,092	0	4,092	0
Caravan 2	0	0	15,160	0	15,160	0
Economic Services						
Sale of Suiter St lots 666/667	0	0	15,160	0	15,160	0
	2,798	0	1,489	0	(1,309)	0
Other Property & Services						
CEO Vehicle	23,211	0	25,455	0	2,244	0
	<u>141,553</u>	<u>80,000</u>	<u>171,831</u>	<u>75,000</u>	<u>30,278</u>	<u>(5,000)</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 17 Teachers Units	117,929	0	26,926	26,926	91,003	91,003	6,667	6,667
	117,929	0	26,926	26,926	91,003	91,003	6,667	6,667

Loan repayments were financed by general purpose revenue.

(b) New Debentures - 2010/11

No new debentures were drawn down in 2010/11.

(c) Unspent Debentures

There were no unspent debenture funds at 30 June 2011.

(d) Overdraft

No overdraft facility was held or utilised in 2010/11.

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

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV Vacant	0.0614	3	13,208	1,011	0	0	1,011	444	0	0	444
GRV Residential	0.0614	22	102,440	6,224	1,127	0	7,351	6,290	0	0	6,290
GRV Commercial	0.0614	4	80,808	4,962	0	0	4,962	4,962	0	0	4,962
UV Pastoral/Kookynie	0.0212	19	1,131,424	18,186	0	0	18,186	23,986	0	0	23,986
UV Mining	0.1235	810	13,520,767	1,669,815	45,160	0	1,714,975	1,669,815	(10,441)	0	1,659,374
Sub-Totals		858	14,848,647	1,700,198	46,287	0	1,746,485	1,705,497	(10,441)	0	1,695,056
Minimum Rates	Minimum \$										
GRV Vacant	200	105	16,670	21,000	0	0	21,000	21,000	0	0	21,000
GRV Residential	200	8	9,341	1,600	0	0	1,600	1,600	0	0	1,600
GRV Commercial	200	1	2,125	400	0	0	400	400	0	0	400
UV Pastoral	200	8	31,300	1,600	0	0	1,600	1,600	0	0	1,600
UV Kookynie	200	29	26,275	5,800	0	0	5,800	5,800	0	0	5,800
UV Mining	200	485	441,227	115,200	0	0	115,200	115,200	0	0	115,200
Sub-Totals		636	526,938	145,600	0	0	145,600	145,600	0	0	145,600
Write off Rates							1,892,085				1,840,656
							0				(50,000)
							1,892,085				1,790,656
Discounts (refer note 25)							(38,597)				(75,000)
Totals							1,853,488				1,715,656

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

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

No specified area rates were imposed in the 2010/11 financial year.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

No service charges were levied in the 2010/11 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	38,597	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.

An allowance is made to write off uncollectable rates.

26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	0.00%		0	0
Interest on Instalments Plan	0.00%		0	0
Charges on Instalment Plan		7	2,877	900
			2,877	900

Ratepayers had the option of paying rates in four equal instalments, due on 15th October 2010, 15th December 2010, 15th February 2011 and 15th April 2011. Administration charges applied for the final three instalments.

No interest was charged on overdue rates.

27. FEES & CHARGES	2011 \$	2010 \$
Governance	2,384	9,729
General Purpose Funding	2,877	1,320
Law, Order, Public Safety	11,778	107
Health	1,918	285
Education and Welfare	30,599	12,031
Housing	21,051	29,347
Community Amenities	7,628	4,258
Recreation and Culture	19,398	1,267
Transport	0	500,000
Economic Services	64,322	35,226
Other Property and Services	15,530	10,973
	<u>177,485</u>	<u>604,543</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 2011

28. GRANT REVENUE

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

	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,872,448	2,483,299
Non-Operating Grants, Subsidies and Contributions	1,648,041	591,606
	<u>3,520,489</u>	<u>3,074,905</u>
By Program:		
Governance	227	13,038
General Purpose Funding	2,131,351	1,968,528
Law, Order, Public Safety	24,000	15,200
Housing	7,408	26,776
Community Amenities	0	36,332
Recreation and Culture	96,667	82
Transport	673,343	817,504
Economic Services	472,724	189,606
Other Property and Services	114,769	7,839
	<u>3,520,489</u>	<u>3,074,905</u>

29. ELECTED MEMBERS REMUNERATION

2011	2011	2010
\$	Budget	\$
	\$	

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

Meeting Fees	24,592	20,000	7,242
President's Allowance	10,300	12,000	3,334
Deputy President's Allowance	2,458	3,000	606
Travelling Expenses	15,305	15,000	12,835
Telecommunications Allowance	9,486	5,800	0
	<u>62,141</u>	<u>55,800</u>	<u>24,017</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	<u>15</u>	<u>15</u>

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

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2010/11 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

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

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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,910,500	3,850,687	3,910,500	3,850,687
Receivables	842,139	1,235,559	842,139	1,235,559
	<u>4,752,639</u>	<u>5,086,246</u>	<u>4,752,639</u>	<u>5,086,246</u>
Financial Liabilities				
Payables	202,857	833,552	202,857	833,552
Borrowings	91,003	117,929	85,415	110,190
	<u>293,860</u>	<u>951,481</u>	<u>288,272</u>	<u>943,742</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 2011

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.

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

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

Another risk associated with cash and investments 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 purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

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

- Equity	3,787	44,072
- Statement of Comprehensive Income	3,787	44,072

Notes:

(*) 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 2011

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. 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:

	2011	2010
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	0.00%	0.61%
- Overdue	100.00%	99.39%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	202,857	0	0	202,857	202,857
Borrowings	<u>33,592</u>	<u>65,734</u>	<u>0</u>	<u>99,326</u>	<u>91,003</u>
	<u><u>236,449</u></u>	<u><u>65,734</u></u>	<u><u>0</u></u>	<u><u>302,183</u></u>	<u><u>293,860</u></u>
<u>2010</u>					
Payables	833,552	0	0	833,552	833,552
Borrowings	<u>33,592</u>	<u>132,918</u>	<u>0</u>	<u>166,510</u>	<u>117,929</u>
	<u><u>867,144</u></u>	<u><u>132,918</u></u>	<u><u>0</u></u>	<u><u>1,000,062</u></u>	<u><u>951,481</u></u>

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

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.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2011</u>								
Borrowings								
Fixed Rate								
Debentures	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%		
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	117,929	0	0	117,929	5.99%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	5.99%	0.00%	0.00%		



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

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Liability limited by a scheme approved under Professional Standards Legislation

8 November 2012

Mr Peter Crawford
Shire of Menzies
PO Box 4
MENZIES WA 6436

Dear Peter,

EXPLANATIONS REQUESTED REGARDING THE 2011 AUDIT REPORT AND AMENDED AUDIT REPORT

I refer to your letter dated 16 October 2012 regarding clarification of the breaches noted on our audit report for the year ended 30 June 2011.

Whilst going through these breaches we noted that two (2) of the breaches were erroneously narrated on the audit report being:

1. **F&M Reg 34(5)** (Audit report erroneously stated **F&G Reg 34(5)**)
2. **F&M Regs 34(1)(d) & (2)(b)** (Audit report erroneously stated F&M Reg 6.4(2))

Due to this we have issued a new audit report, as enclosed.

With regards to the request for further explanation of some of the breaches, please find this on the following table:

Regulation reference	Issue noted
F&G Reg 17(2)(d)	We noted that the public notice for tender number 08/11 was not filed in the tender register.
F&G Regs 11A(3) (a) & (b)	The purchasing policy had not been prepared in accordance with the regulations with respect to the quotation requirements as recorded at items 46 and 47 in the adopted 2010 Compliance Audit Return.
F&M Reg 34(5) (Audit report erroneously stated F&G Reg 34(5))	We noted that there was no adoption of percentage of value for the reporting of material variances in the monthly financial activity statement reports.
F&M Regs 34(1)(d) & (2)(b) (Audit report erroneously stated F&M Reg 6.4(2))	We noted that the monthly financial activity statement report did not include material variances between comparable amounts or any explanation for the material variance.

Please do not hesitate to call us on 9445 9955 if you have any queries in regards to this matter.

Yours faithfully
ANDERSON MUNRO & WYLLIE


CHRIS McLAUGHLIN
Director

Enc.

cc – Vern McKay – Department of Local Government



Anderson Munro & Wyllie

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF MENZIES

Scope

We have audited the financial report of Shire of Menzies for the year ended 30 June 2011. The financial report comprises the Statement by Chief Executive Officer, Income Statement, Balance Sheet, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Menzies. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Menzies.

Independence

Anderson Munro & Wyllie are independent of the Shire of Menzies, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.



Audit Qualifications

Sundry Debtors and Income

Sundry Debtors in the financials total \$1,240,365. We were unable to satisfy ourselves that this accurately represents the value of the debtors at reporting date, as we were not given sufficient appropriate evidence to verify the items making up the balance were accurate, fairly stated, and in the correct period. \$932,093 of this debtors balance related to grant funding receivable, of which \$651,599 had been recognised as income in the current period. We were unable to satisfy ourselves that Grants, Subsidies and Contributions recognised for the year ended 30 June 2011 were accurate and fairly stated for the period.

Provision for rates doubtful debts

The financials contain a provision for doubtful debts of \$827,843. We cannot be satisfied with the value of this provision as it is based on the management's estimate of unrecoverable rates and sundry debtors without any analysis of recoverability of each individual rates and sundry debtor

Qualified Audit Opinion

In our opinion, except for the issues identified in the above audit qualification the financial statements of the Shire of Menzies are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2011 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

- a) S6.2 (1) - the budget was not adopted by 31 August 2010.
- b) FM Reg 33 & 33A – the annual budget was not reviewed by 31 March 2011.
- c) F&G Reg 17(2)(d) – the public notice was not filed for tender in accordance with the regulations.
- d) FM Reg 34(5) – a percentage of value had not been adopted for the reporting of material variances in the monthly financial activity statement reports.
- e) FM Regs 34(1)(d) & (2)(b) – the monthly financial activity statement report did not include material variances between comparable amounts or any explanation for the material variance.
- f) S5.46 (1), (2) & (3) – the delegations register had not been reviewed or updated since 2009.
- g) S5.88 (1)(2) & Admin Reg 28 – a register of financial interests containing records of disclosures made under sections 5.65, 5.70 & 5.71 in the prescribed format was not kept by the CEO.
- h) S5.54 (1),(2) – the annual report was not accepted by absolute majority by 31 December 2010
- i) S5.55 – notice of the annual report was not given in accordance with the Act.
- j) FM Reg 5 – the establishment of efficient systems and procedures has not been established as per the regulation.
- k) S7.3 – the auditor was not appointed by an absolute majority decision by Council.
- l) S2.25 (1)(3) - Council did not grant leave to a member from attending 6 or less ordinary meetings of Council by Council resolution.
- m) Admin Reg 11 – the extent of disclosures were not recorded in the minutes
- n) Admin Reg 12(1) – public notice was not provided for audit committee meetings.
- o) S5.27(2) – the annual general meeting of electors was not held within 56 days of the local government's acceptance of the 2010 annual report.



- p) F&G Reg 14(3)(4) – information was not made available to all prospective tenderers of the criteria for deciding which tender would be accepted.
- q) F&G Reg 18 (4) – tenders were not assessed by means of written evaluation criteria.
- r) F&G Reg 11A(3)(a) & (b) – the purchasing policy had not been prepared in accordance with the regulations with respect to the quotation requirements.

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) Except as detailed above, all necessary information and explanations were obtained by us.
- d) Except as detailed above, all audit procedures were satisfactorily completed in conducting our audit.

Dated the 4th day of September 2012 in Perth, Western Australia

AMW (AUDIT) PTY LTD

Anderson Munro & Wyllie

ANDERSON MUNRO & WYLLIE
Chartered Accountants

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CHRISTOPHER JAMES McLAUGHLIN
Registered Company Auditor