



Budget 2021-22

Un-Controlled document

SHIRE OF MENZIES

BUDGET

FOR THE YEAR ENDED 30 JUNE 2022

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	3,556,470	3,512,251	3,562,400
Operating grants, subsidies and contributions	10(a)	1,646,099	3,097,120	1,515,687
Fees and charges	9	207,265	219,972	192,830
Interest earnings	13(a)	112,500	129,495	211,640
Other revenue	13(b)	35,135	14,980	23,050
		5,557,469	6,973,818	5,505,607
Expenses				
Employee costs		(2,374,097)	(1,764,057)	(2,020,866)
Materials and contracts		(1,516,338)	(1,942,058)	(2,307,568)
Utility charges		(88,150)	(79,833)	(80,588)
Depreciation on non-current assets	5	(2,032,027)	(2,119,220)	(2,225,431)
Interest expenses	13(d)	(112)	0	0
Insurance expenses		(135,382)	(150,908)	(129,692)
Other expenditure		(422,601)	(371,360)	(580,435)
		(6,568,707)	(6,427,436)	(7,344,580)
Subtotal		(1,011,238)	546,382	(1,838,973)
Non-operating grants, subsidies and contributions	10(b)	3,485,806	1,454,744	2,241,861
Loss on asset disposals	4(b)	(2,140)	0	0
		3,483,666	1,454,744	2,241,861
Net result		2,472,428	2,001,126	402,888
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		2,472,428	2,001,126	402,888

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

SHIRE OF MENZIES

FOR THE YEAR ENDED 30 JUNE 2022

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Menzies controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

2020/21 ACTUAL BALANCES

Balances shown in this budget as 2020/21 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2021 no new accounting policies are to be adopted and no new policies are expected to impact the annual budget.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
Revenue	1,9,10(a),13(a),13(b)	\$	\$	\$
Governance		0	24,285	100
General purpose funding		5,054,856	6,414,825	4,974,022
Law, order, public safety		14,650	18,289	11,462
Health		300	0	300
Housing		37,880	50,459	65,700
Community amenities		25,885	17,277	25,630
Recreation and culture		700	0	800
Transport		182,613	182,985	198,034
Economic services		212,150	223,623	207,359
Other property and services		28,435	42,075	22,200
		5,557,469	6,973,818	5,505,607
Expenses excluding finance costs	4(a),5,13(c)(e)(f)			
Governance		(1,018,987)	(970,213)	(746,054)
General purpose funding		(412,189)	(305,802)	(421,679)
Law, order, public safety		(135,187)	(102,992)	(75,511)
Health		(42,592)	(32,074)	(46,337)
Housing		(204,818)	(161,651)	(270,951)
Community amenities		(375,724)	(292,916)	(326,485)
Recreation and culture		(854,772)	(780,382)	(767,059)
Transport		(2,259,243)	(2,640,868)	(2,820,848)
Economic services		(1,262,109)	(887,773)	(1,258,356)
Other property and services		(2,974)	(252,765)	(611,300)
		(6,568,595)	(6,427,436)	(7,344,580)
Finance costs	7,6(a),13(d)			
Other property and services		(112)	0	0
		(112)	0	0
Subtotal		(1,011,238)	546,382	(1,838,973)
Non-operating grants, subsidies and contributions	10(b)	3,485,806	1,454,744	2,241,861
(Loss) on disposal of assets	4(b)	(2,140)	0	0
		3,483,666	1,454,744	2,241,861
Net result		2,472,428	2,001,126	402,888
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		2,472,428	2,001,126	402,888

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

SHIRE OF MENZIES

FOR THE YEAR ENDED 30 JUNE 2022

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

GOVERNANCE

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

Includes the members of Council and the administrative support available to the Council for the provision of the governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Shire services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

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

LAW, ORDER, PUBLIC SAFETY

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

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

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

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

HOUSING

To provide and maintain housing.

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

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collections services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

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

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

TRANSPORT

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

Construction and maintenance of roads, grids, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting and the maintenance of the Shire's airstrips.

ECONOMIC SERVICES

To help promote the Shire and its economic well being.

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

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overheads operating accounts.

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,556,470	3,714,296	3,562,400
Operating grants, subsidies and contributions		1,646,099	3,120,571	1,515,687
Fees and charges		207,265	219,972	192,830
Interest received		112,500	129,495	211,640
Goods and services tax received		0	86,122	0
Other revenue		35,135	14,980	23,050
		5,557,469	7,285,436	5,505,607
Payments				
Employee costs		(2,374,097)	(1,722,303)	(2,020,866)
Materials and contracts		(1,516,339)	(1,860,305)	(2,307,568)
Utility charges		(88,150)	(79,833)	(80,588)
Interest expenses		(112)	(0)	0
Insurance paid		(135,382)	(150,908)	(129,692)
Other expenditure		(422,601)	(371,360)	(580,435)
		(4,536,680)	(4,184,710)	(5,119,149)
Net cash provided by (used in) operating activities	3	1,020,789	3,100,726	386,458
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(5,376,900)	(887,098)	(2,084,500)
Payments for construction of infrastructure	4(a)	(7,796,267)	(718,180)	(4,091,000)
Non-operating grants, subsidies and contributions	10(b)	3,485,806	1,454,744	2,241,861
Net cash provided by (used in) investing activities		(9,662,361)	(150,534)	(3,933,639)
Net increase (decrease) in cash held		(8,643,935)	2,950,192	(3,547,181)
Cash at beginning of year		15,842,760	12,901,851	12,703,555
Cash and cash equivalents at the end of the year	3	7,198,825	15,852,043	9,156,374

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2(a)	3,418,114	1,357,349	811,748
		3,418,114	1,357,349	811,748
Revenue from operating activities (excluding rates)				
Governance		0	24,285	100
General purpose funding		1,498,386	2,902,574	1,411,622
Law, order, public safety		14,650	18,289	11,462
Health		300	0	300
Housing		37,880	50,459	65,700
Community amenities		25,885	17,277	25,630
Recreation and culture		700	0	800
Transport		182,613	182,985	198,034
Economic services		212,150	223,623	207,359
Other property and services		28,435	42,075	22,200
		2,000,999	3,461,567	1,943,207
Expenditure from operating activities				
Governance		(1,018,987)	(970,213)	(746,054)
General purpose funding		(412,189)	(305,802)	(421,679)
Law, order, public safety		(135,187)	(102,992)	(75,511)
Health		(42,592)	(32,074)	(46,337)
Housing		(204,818)	(161,651)	(270,951)
Community amenities		(375,724)	(292,916)	(326,485)
Recreation and culture		(854,772)	(780,382)	(767,059)
Transport		(2,261,383)	(2,640,868)	(2,820,848)
Economic services		(1,262,109)	(887,773)	(1,258,356)
Other property and services		(3,086)	(252,765)	(611,300)
		(6,570,847)	(6,427,436)	(7,344,580)
Non-cash amounts excluded from operating activities	2(b)	2,034,167	2,119,220	2,225,431
Amount attributable to operating activities		882,433	510,700	(2,364,194)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,485,806	1,454,744	2,241,861
Payments for property, plant and equipment	4(a)	(5,376,900)	(887,098)	(2,084,500)
Payments for construction of infrastructure	4(a)	(7,796,267)	(718,180)	(4,091,000)
		(9,662,361)	(150,534)	(3,933,639)
Amount attributable to investing activities		(9,662,361)	(150,534)	(3,933,639)
FINANCING ACTIVITIES				
Principal elements of finance lease payments	7	(2,363)	0	0
Transfers to cash backed reserves (restricted assets)	8(a)	(610,000)	(1,204,306)	(100,000)
Transfers from cash backed reserves (restricted assets)	8(a)	5,835,821	758,359	2,835,433
Amount attributable to financing activities		5,223,458	(445,947)	2,735,433
Budgeted deficiency before imposition of general rates		(3,556,470)	(85,781)	(3,562,400)
Estimated amount to be raised from general rates	1	3,556,470	3,512,251	3,562,400
Net current assets at end of financial year - surplus/(deficit)	2(a)	0	3,426,470	0

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	3,418,114	1,357,349	811,748
		3,418,114	1,357,349	811,748
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	10(a)	1,646,099	3,097,120	1,515,687
Fees and charges	9	207,265	219,972	192,830
Interest earnings	13(a)	112,500	129,495	211,640
Other revenue	13(b)	35,135	14,980	23,050
		2,000,999	3,461,567	1,943,207
Expenditure from operating activities				
Employee costs		(2,374,097)	(1,764,057)	(2,020,866)
Materials and contracts		(1,516,338)	(1,942,058)	(2,307,568)
Utility charges		(88,150)	(79,833)	(80,588)
Depreciation on non-current assets	5	(2,032,027)	(2,119,220)	(2,225,431)
Insurance expenses		(135,382)	(150,908)	(129,692)
Other expenditure		(422,601)	(371,360)	(580,435)
		(6,570,847)	(6,427,436)	(7,344,580)
Non-cash amounts excluded from operating activities	2(b)	2,034,167	2,119,220	2,225,431
Amount attributable to operating activities		882,433	510,700	(2,364,194)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	10(b)	3,485,806	1,454,744	2,241,861
Payments for property, plant and equipment	4(a)	(5,376,900)	(887,098)	(2,084,500)
Payments for construction of infrastructure	4(a)	(7,796,267)	(718,180)	(4,091,000)
Amount attributable to investing activities		(9,662,361)	(150,534)	(3,933,639)
Amount attributable to investing activities		(9,662,361)	(150,534)	(3,933,639)
FINANCING ACTIVITIES				
Transfers to cash backed reserves (restricted assets)	8(a)	(610,000)	(1,204,306)	(100,000)
Transfers from cash backed reserves (restricted assets)	8(a)	5,835,821	758,359	2,835,433
Amount attributable to financing activities		5,223,458	(445,947)	2,735,433
Budgeted deficiency before general rates		(3,556,470)	(85,781)	(3,562,400)
Estimated amount to be raised from general rates	1(a)	3,556,470	3,512,251	3,562,400
Net current assets at end of financial year - surplus/(deficit)	2	0	3,426,470	0

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

SHIRE OF MENZIES
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FOR THE YEAR ENDED 30 JUNE 2022

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SHIRE OF MENZIES
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022
 1. RATES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budgeted rate revenue	2021/22 Budgeted interim rates	2021/22 Budgeted back rates	2021/22 Budgeted total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV Vacant	0.08640	4	20,956	1,811			1,811	1,501	1,811
GRV General	0.08620	32	2,500,428	215,537			215,537	215,537	214,694
Unimproved valuations									
UV Mining Lease	0.16550	230	15,652,482	2,590,486			2,590,486	2,554,352	2,611,176
UV Exploration Lease	0.15000	334	3,244,695	486,704			486,704	475,822	467,552
UV Prospecting	0.14770	211	510,594	75,415			75,415	74,757	63,039
UV Pastoral	0.08290	23	826,983	68,557			56,592	68,557	67,750
UV Other	0.08290	63	307,900	25,525			25,525	25,525	24,978
Sub-Totals		897	23,064,038	3,464,035	0	0	3,452,070	3,416,051	3,451,000
	Minimum								
Minimum payment									
	\$								
Gross rental valuations									
GRV Vacant	200	198	40,769	39,600			39,600	40,000	40,000
GRV General	200	8	5,537	1,600			1,600	1,600	2,200
Unimproved valuations									
UV Mining Lease	200	55	41,119	11,000			11,000	10,800	12,000
UV Exploration Lease	200	164	129,365	32,800			32,800	28,200	37,400
UV Prospecting	200	92	50,421	18,400			18,400	14,600	17,800
UV Pastoral	200	4	4,638	800			800	800	1,400
UV Other	200	1	100	200			200	200	600
Sub-Totals		522	271,949	104,400	0	0	104,400	96,200	111,400
		1,419	23,335,987	3,568,435	0	0	3,556,470	3,512,251	3,562,400
Total amount raised from general rates							3,556,470	3,512,251	3,562,400

All land (other than exempt land) in the Shire of Menzies is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Menzies.

The general rates detailed for the 2021/22 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

1. RATES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	24/09/2021	0	0.0%	7.0%
Option three				
First instalment	24/09/2021	0	0.0%	7.0%
Second instalment	26/11/2021	10	5.5%	7.0%
Third instalment	28/01/2022	10	5.5%	7.0%
Fourth instalment	1/04/2022	10	5.5%	7.0%

	2021/22 Budget revenue	2020/21 Actual revenue	2020/21 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,500	5,280	5,500
Instalment plan interest earned	5,500	5,569	5,500
Unpaid rates and service charge interest earned	67,000	57,768	91,140
	78,000	68,616	102,140

1. RATES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
GRV Vacant	Vacant lots within the townsite of Menzies	The majority of the properties rates GRV are vacant lots. The minimum of \$200 has been set for these vacant lots. This represents a contribution to the community of \$3.85 per week, which although below expectation is considered fair to encourage owners of vacant blocks in town to retain ownership and not hand the blocks back into the Shire.	The reason for differentially rating this category is to meet the criteria of the Local Government Act 1995, which does not allow for a minimum rate exceeding \$200 per lot where the number of lots which attract the minimum rate is greater than 50% of the properties in the category (being GRV).
UV Mining, Exploration and Prospecting Leases	Mining tenements	Mining, Exploration and Prospecting Leases are rated differentially to reflect the nature of the lease. Prospecting leases attract a lower minimum and rate in the dollar (RID) to acknowledge that these leases are not, for the most part, income producing.	As per previous years, the differential rate for the UV Pastoral and Other has been set taking into account issues of rating equity including capacity to pay, The Pastoral and Other sector are increasingly taking opportunities afforded to them to diversify, and it is believed that the capacity to pay.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
All properties charged a minimum payment.	Properties with a value below a designated threshold will attract a minimum charge.	The setting of minimum rates within rating categories is an important method of ensuring that all properties contribute an equitable rate amount.	A minimum rate for UV Mining, Exploration and Prospecting categories has been set lower than other rating categories to reflect the Shire's goal to encourage mining in the district.

1. RATES (CONTINUED)

Hide (e) **Specified Area Rate**
The Shire did not raise specified area rates for the year ended 30th June 2022.

Hide (e) **Service Charges**
The Shire did not raise service charges for the year ended 30th June 2022.

(e) **Waivers or concessions**
The Shire does not anticipate any waivers or concessions for the year ended 30th June 2022.

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

2. NET CURRENT ASSETS

		2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
Note		\$	\$	\$
(a) Composition of estimated net current assets				
Current assets				
	Cash and cash equivalents- unrestricted	122,545	3,540,659	55,720
	Cash and cash equivalents - restricted	7,076,280	12,302,101	9,100,654
	Receivables	361,465	361,465	668,014
	Inventories	18,101	18,101	12,916
		7,578,391	16,222,326	9,837,304
Less: current liabilities				
	Trade and other payables	(502,110)	(502,110)	(736,650)
	Lease liabilities	(1,622)	(3,985)	
	Employee provisions	(197,107)	(197,107)	(129,659)
		(700,839)	(703,202)	(866,309)
Net current assets				
		6,877,552	15,519,124	8,970,995
	Less: Total adjustments to net current assets	(6,877,552)	(12,101,010)	(8,970,995)
	Net current assets used in the Rate Setting Statement	0	3,418,114	0

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the Local Government Act 1995 the following amounts have been excluded as provided by Local Government (Financial Management) Regulation 32 which will not fund the budgeted expenditure.

(b) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

		2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
Note		\$	\$	\$
Adjustments to operating activities				
	Add: Depreciation on assets	2,032,027	2,119,220	2,225,431
Non cash amounts excluded from operating activities				
		2,034,167	2,119,220	2,225,431

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

		2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
Note		\$	\$	\$
Adjustments to net current assets				
	Less: Cash - restricted reserves	(7,076,280)	(12,302,101)	(9,100,654)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of lease liabilities	1,622	3,985	0
	- Current portion of employee benefit provisions held in reserve	197,106	197,106	129,659
	Total adjustments to net current assets	(6,877,552)	(12,101,010)	(8,970,995)

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

2 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

PREPAID RATES

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

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.

Superannuation

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

LAND HELD FOR RESALE

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

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

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

TRADE AND OTHER RECEIVABLES

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Note	2021/22 Budget	2020/21 Actual	2020/21 Budget
Cash at bank and on hand		\$ 7,198,825	\$ 15,842,760	\$ 9,156,374
Total cash and cash equivalents		7,198,825	15,842,760	9,156,374
Held as				
- Unrestricted cash and cash equivalents		122,545	3,540,659	55,720
- Restricted cash and cash equivalents		7,076,280	12,302,101	9,100,654
		7,198,825	15,842,760	9,156,374
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		7,076,280	12,302,101	9,100,654
		7,076,280	12,302,101	9,100,654
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Reserves - cash/financial asset backed	8	7,076,280	12,302,101	9,100,654
		7,076,280	12,302,101	9,100,654
Reconciliation of net cash provided by operating activities to net result				
Net result		2,472,428	2,001,126	402,888
Depreciation	5	2,032,027	2,119,220	2,225,431
(Increase)/decrease in receivables		0	311,618	0
(Increase)/decrease in inventories		0	(4,478)	0
Increase/(decrease) in payables		0	139,129	0
Non-operating grants, subsidies and contributions		(3,485,806)	(1,454,744)	(2,241,861)
Net cash from operating activities		1,020,789	3,111,871	386,458

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments 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 in Note 2 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program									2021/22 Budget total	2020/21 Actual total	2020/21 Budget total
	Governance	Law, order, public safety	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised				758,900				100,000		858,900	429,099	1,940,500
Buildings - specialised	0	0	349,000	1,000,000	0	310,000	300,000	2,149,000	150,000	4,258,000	400,305	0
Plant and equipment	10,000	70,000	0	0	0	0	180,000	0	0	260,000	57,694	144,000
	10,000	70,000	349,000	1,758,900	0	310,000	480,000	2,249,000	150,000	5,376,900	887,098	2,084,500
<i>Infrastructure</i>												
Infrastructure - roads	0	0	0	0	0	0	5,590,189	0	0	5,590,189	671,052	2,772,000
Infrastructure - footpaths	0	0	0	0	0	0	50,000	0	0	50,000	36,113	200,000
Infrastructure - other	0	0	0	0	50,000	700,000	180,000	1,000,000	0	1,930,000	10,333	1,119,000
Infrastructure - Parks and Ovals	0	0	0	0	0	226,078	0	0	0	226,078	682	
	0	0	0	0	50,000	926,078	5,820,189	1,000,000	0	7,796,267	718,180	4,091,000
Total acquisitions	10,000	70,000	349,000	1,758,900	50,000	1,236,078	6,300,189	3,249,000	150,000	13,173,167	1,605,278	6,175,500

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

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

4. FIXED ASSETS

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss	2020/21 Actual Net Book Value	2020/21 Actual Sale Proceeds	2020/21 Actual Profit	2020/21 Actual Loss	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	27,140	25,000	0	(2,140)	0	0	0	0	0	0	0	0
	27,140	25,000	0	(2,140)	0	0	0	0	0	0	0	0
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	27,140	25,000	0	(2,140)	0	0	0	0	0	0	0	0
	27,140	25,000	0	(2,140)	0	0	0	0	0	0	0	0

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document:

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

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

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

2021/22 Budget	2020/21 Actual	2020/21 Budget
\$	\$	\$
0	0	15,451
4,502	4,502	4,805
92,650	92,649	119,611
13,625	11,375	12,745
100,551	100,551	105,165
1,196,387	1,196,387	1,180,050
158,524	158,524	154,054
465,788	555,232	633,550
2,032,027	2,119,220	2,225,431
95,309	99,399	121,194
257,259	268,298	270,614
10,740	11,201	15,907
388,856	405,542	517,059
1,099,128	1,146,291	1,131,261
20,719	21,608	7,670
152,624	159,173	154,933
7,391	7,708	6,793
2,032,027	2,119,220	2,225,431

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - footpaths
Infrastructure - other
Infrastructure - parks and ovals

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Buildings - non-specialised	20 to 50 years
Buildings - specialised	20 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - roads	Not depreciated
Infrastructure - footpaths	20 years
Infrastructure - other	80 years
Infrastructure - parks and ovals	30 to 75 years

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

The Shire has not budgeted to have any borrowings for the year ended 30th June 2022 and did not have or budget to have any borrowings for the year ended 30th June 2021

(b) New borrowings - 2021/22

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2022

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2021 nor is it expected to have unspent borrowing funds as at 30th June 2022.

(d) Credit Facilities

Undrawn borrowing facilities credit standby arrangements

Credit card limit

Credit card balance at balance date

Total amount of credit unused

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Credit card limit	25,000	25,000	20,000
Credit card balance at balance date	(1,500)	(6,504)	0
Total amount of credit unused	23,500	18,496	20,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2021/22 Budget New Leases	2021/22 Budget Lease Principal Repayments	Budget Lease Principal outstanding	2021/22 Budget Lease Interest Repayments	Actual Principal	2020/21 Actual New Leases	2020/21 Actual Lease Principal repayments	Actual Lease Principal outstanding	2020/21 Actual Lease Interest repayments
					1 July 2021	\$	\$	\$	\$	1 July 2020	\$	\$	\$	\$
Other property and services														
Smart Board	IE1338	Your Payment Solution	2.10%	1	6,348	0	(2,363)	3,985	(112)	6,348	0		6,348	0
					6,348	0	(2,363)	3,985	(112)	6,348	0	0	6,348	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

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

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

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance	2020/21 Actual Opening Balance	2020/21 Actual Transfer to	2020/21 Actual Transfer (from)	2020/21 Actual Closing Balance	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	206,047	502	0	206,549	205,074	973	0	206,047	204,689	1,724	0	206,413
(b) Building reserve	3,461,990	588,442	(2,055,725)	1,994,707	2,795,090	1,161,328	(494,428)	3,461,990	2,777,045	23,774	(1,098,433)	1,702,386
(c) Plant reserve	1,922,788	4,689	(180,000)	1,747,477	1,946,393	9,235	(32,840)	1,922,788	1,957,365	16,370	(72,000)	1,901,735
(d) Road reserves	2,732,383	6,663	(1,290,000)	1,449,046	2,755,424	13,072	(36,113)	2,732,383	2,752,496	23,183	(600,000)	2,175,679
(e) Main Street reserve	141,120	344	0	141,464	140,456	664	0	141,120	140,192	1,181	0	141,373
(f) Staff Amenities reserve	397,191	969	(398,160)	0	575,563	2,728	(181,100)	397,191	574,565	4,847	(420,000)	159,412
(g) TV reserve	17,974	44	0	18,018	17,889	85	0	17,974	18,712	150	0	18,862
(h) Caravan Park reserve	429,463	1,047	(400,000)	30,510	431,416	2,047	(4,000)	429,463	430,584	3,626	(150,000)	284,210
(i) Bitumen reserve	606,710	1,480	0	608,190	603,847	2,863	0	606,710	603,087	5,079	0	608,166
(j) Rates Creditors reserve	51,386	125	0	51,511	51,144	242	0	51,386	50,875	428	0	51,303
(k) Niagara Dam reserve	1,248,554	3,045	(1,000,000)	251,599	1,252,493	5,939	(9,878)	1,248,554	1,249,909	10,525	(85,000)	1,175,434
(l) Swimming Pool reserve	301,237	735	0	301,972	299,813	1,424	0	301,237	299,625	2,524	0	302,149
(m) Waste Management reserve	59,796	146	0	59,942	59,515	281	0	59,796	59,319	499	0	59,818
(n) Former Post Office reserve	420,392	1,025	(410,000)	11,417	418,407	1,985	0	420,392	417,624	3,517	(410,000)	11,141
(o) Commercial Enterprise reserve	101,688	248	(101,936)	0	101,210	478	0	101,688	100,000	857	0	100,857
(p) Land Purchase reserve	203,382	496	0	203,878	202,420	962	0	203,382	200,000	1,716	0	201,716
	12,302,101	610,000	(5,835,821)	7,076,280	11,856,154	1,204,306	(758,359)	12,302,101	11,836,087	100,000	(2,835,433)	9,100,654

(b) Cash Backed Reserves - Purposes

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

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

9. FEES & CHARGES REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
General purpose funding	10,800	9,763	6,500
Law, order, public safety	150	100	800
Health	300	0	300
Housing	37,880	50,359	65,700
Community amenities	25,885	17,277	25,630
Recreation and culture	500	0	500
Economic services	131,500	141,752	91,300
Other property and services	250	721	2,100
	207,265	219,972	192,830

10. GRANT REVENUE

By Program:

(a) Operating grants, subsidies and contributions

Governance		22,727	
General purpose funding	1,378,986	2,760,020	1,197,422
Law, order, public safety	6,500	10,436	6,522
Housing	0	100	0
Transport	180,613	180,613	196,034
Economic services	80,000	81,870	115,709
Other property and services	0	41,354	0
	1,646,099	3,097,120	1,515,687

(b) Non-operating grants, subsidies and contributions

General purpose funding	1,531,180	489,788	0
Recreation and culture	0	10,328	200,000
Transport	1,954,626	954,628	1,494,406
Economic services	0	0	547,455
	3,485,806	1,454,744	2,241,861
Total grants, subsidies and contributions	5,131,905	4,551,864	3,757,548

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
		22,727	
	1,378,986	2,760,020	1,197,422
	6,500	10,436	6,522
	0	100	0
	180,613	180,613	196,034
	80,000	81,870	115,709
	0	41,354	0
	1,646,099	3,097,120	1,515,687
	1,531,180	489,788	0
	0	10,328	200,000
	1,954,626	954,628	1,494,406
	0	0	547,455
	3,485,806	1,454,744	2,241,861
	5,131,905	4,551,864	3,757,548

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

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled	AASB 1058
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval	AASB 1058
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle	AASB 1058
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs	AASB 1058
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service	AASB 15 AASB 1058
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility	AASB 1058
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event	AASB 1058
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire	AASB 15
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right	AASB 15
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works	AASB 1058
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods	AASB 1058
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled	AASB 15
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed	AASB 15

12. ELECTED MEMBERS REMUNERATION

	2021/22 Budget	2020/21 Actual	2020/21 Budget
Shire President - Cr Greg Dwyer	\$	\$	\$
President's allowance	19,864	19,864	19,864
Meeting attendance fees	19,410	19,410	19,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	3,574	8,969	3,574
	43,948	49,343	43,948
Deputy Shire President - Cr Ian Baird			
Deputy President's allowance	4,966	4,966	4,966
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	3,571	7,174	3,571
	19,047	22,650	19,047
Cr Jill Dwyer			
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	3,571	1,035	3,571
	14,081	11,545	14,081
Cr Justin Lee			
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	3,571	0	3,571
	14,081	10,510	14,081
Cr Keith Mader			
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	3,571	4,817	3,571
	14,081	15,327	14,081
Cr Rohan (Scott) Baird			
Meeting attendance fees	9,410	3,921	9,410
Annual allowance for ICT expenses	1,100	458	1,100
Travel and accommodation expenses	3,571	3,346	3,571
	14,081	7,725	14,081
Cr Vashti Ashwin			
Meeting attendance fees	9,410	7,842	9,410
Annual allowance for ICT expenses	1,100	917	1,100
Travel and accommodation expenses	3,571	0	3,571
	14,081	8,759	14,081
Cr Debbie Hansen			
Meeting attendance fees	0	2,353	0
Annual allowance for ICT expenses	0	275	0
	0	2,628	0
	133,400	128,487	133,400
President's allowance	19,864	19,864	19,864
Deputy President's allowance	4,966	4,966	4,966
Meeting attendance fees	75,870	71,166	75,870
Annual allowance for ICT expenses	7,700	7,150	7,700
Travel and accommodation expenses	25,000	25,341	25,000
	133,400	128,487	133,400

13. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.

(b) Other revenue

Reimbursements and recoveries

The net result includes as expenses

(c) Auditors remuneration

Audit services

(d) Interest expenses (finance costs)

Interest expense on lease liabilities

(e) Write offs

General rate

(f) Low Value lease expenses

Office equipment

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	30,000	56,246	100,000
- Other funds	10,000	9,913	15,000
Other interest revenue (refer note 1b)	72,500	63,336	96,640
	112,500	129,495	211,640
(b) Other revenue			
Reimbursements and recoveries	35,135	14,980	23,050
	35,135	14,980	23,050
(c) Auditors remuneration			
Audit services	46,000	48,000	45,000
	46,000	48,000	45,000
(d) Interest expenses (finance costs)			
Interest expense on lease liabilities	112	0	0
	112	0	0
(e) Write offs			
General rate	201,191	141,216	200,000
	201,191	141,216	200,000
(f) Low Value lease expenses			
Office equipment	4,488	4,488	4,488
	4,488	4,488	4,488

14. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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