

Shire of Manjimup

Annual Financial Report

2016/2017

SHIRE OF
MANJIMUP

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SHIRE OF MANJIMUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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

Statement by Chief Executive Officer

The attached financial report of the Shire of Manjimup being the annual financial report and supporting notes and other information for the financial year ended 30th June 2017 are in my opinion properly drawn up to present the financial position of the Shire of Manjimup at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation on the 31st day of October 2017



Andrew Campbell
CHIEF EXECUTIVE OFFICER

Statement of Comprehensive Income by Program

	Notes	2016/2017 ACTUAL \$	2016/2017 REV BUDGET \$	2015/2016 ACTUAL \$
Revenues				
Governance		996,854	465,544	1,199,588
General Purpose Funding		12,952,264	11,504,178	9,806,653
Law, Order & Public Safety		897,248	1,309,858	545,819
Health		70,028	47,354	62,156
Education & Welfare		1,483,299	1,456,501	1,486,675
Housing		115,139	104,880	47,456
Community Amenities		1,982,722	1,883,870	2,086,493
Recreation & Culture		945,949	871,596	911,609
Transport		3,529,331	2,249,371	2,501,202
Economic Services		203,904	117,750	115,067
Other Property & Services		331,694	374,166	512,878
		23,508,431	20,385,068	19,275,595
Expenses				
Governance		(2,967,971)	(2,823,545)	(2,858,867)
General Purpose Funding		(29,399)	(30,000)	(51,134)
Law, Order & Public Safety		(1,466,167)	(1,541,392)	(1,649,980)
Health		(338,552)	(347,864)	(343,962)
Education & Welfare		(1,558,085)	(1,596,646)	(1,670,825)
Housing		(1,128)	(2,046,024)	35,653
Community Amenities		(2,675,567)	(2,586,349)	(2,450,851)
Recreation & Culture		(5,378,797)	(5,429,961)	(5,439,892)
Transport		(13,991,926)	(10,659,926)	(14,045,993)
Economic Services		(2,863,544)	(3,919,399)	(3,370,180)
Other Property & Services		(451,668)	(418,776)	(652,904)
		(31,722,805)	(31,399,882)	(32,498,935)
Non Operating Grants, Subsidies and Contributions				
Law, Order & Public Safety		328,943	858,665	159,892
Education & Welfare		522,140	2,994,876	101,907
Community Amenities		(2,772)	24,793	2,772
Recreation & Culture		740,475	5,855,200	55,077
Transport		3,886,741	5,001,717	25,288,156
		5,475,527	14,735,251	25,607,804
Profit on Asset Disposal				
Governance		-	4,760	130,569
Law, Order & Public Safety		-	-	15,000
Education & Welfare		10,593	6,238	-
Recreation & Culture		-	5,497	-
Other Property & Services		17,237	169,823	145,381
	13	27,830	186,318	290,950
Loss on Asset Disposal				
Governance		(105,191)	-	(1,171)
Law, Order & Public Safety		-	-	(1,824)
Community Amenities		(7,863)	(5,585)	-
Recreation & Culture		(30)	-	(173)
Economic Services		(34,162)	-	-
Other Property & Services		(15,556)	(11,236)	(26,358)
	13	(162,803)	(16,821)	(29,526)
Net Result				
		(2,873,819)	3,889,934	12,645,887
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	3,854,436	-	(33,883,719)
Total Other Comprehensive Income				
		3,854,436	-	(33,883,719)
TOTAL COMPREHENSIVE INCOME				
		980,617	3,889,934	(21,237,832)

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

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2017

	Notes	2016/2017 Actual \$	2016/2017 Rev Budget \$	2015/2016 Actual \$
Revenue				
General Purpose Funding		4,252,320	2,811,433	1,511,683
Governance		996,854	470,304	1,330,157
Law, Order & Public Safety		1,226,191	2,168,523	720,711
Health		70,028	47,354	62,156
Education & Welfare		2,016,032	4,457,615	1,588,582
Housing		115,139	104,880	47,456
Community Amenities		1,979,950	1,908,663	2,089,265
Recreation & Culture		1,686,424	6,732,293	966,686
Transport		7,416,072	7,251,088	27,789,358
Economic Services		203,904	117,750	115,067
Other Property & Services		348,931	543,989	658,259
		20,311,842	26,613,892	36,879,380
Expenditure				
General Purpose Funding		(29,399)	(30,000)	(51,134)
Governance		(3,073,162)	(2,823,545)	(2,860,038)
Law, Order & Public Safety		(1,466,167)	(1,541,392)	(1,651,804)
Health		(338,552)	(347,864)	(343,962)
Education & Welfare		(1,558,085)	(1,596,646)	(1,670,825)
Housing		(1,128)	(2,046,024)	35,653
Community Amenities		(2,683,430)	(2,591,934)	(2,450,851)
Recreation & Culture		(5,378,827)	(5,429,961)	(5,440,065)
Transport		(13,991,926)	(10,659,926)	(14,045,993)
Economic Services		(2,897,706)	(3,919,399)	(3,370,180)
Other Property & Services		(467,224)	(430,012)	(679,262)
		(31,885,607)	(31,416,703)	(32,528,461)
Net Result Excluding Rates		(11,573,765)	(4,802,811)	4,350,917
Adjustments for Cash Budget Requirements				
<i>Non-cash expenditure and income</i>				
Net Loss on Sale of Assets	13	134,973	(169,497)	(261,424)
Depreciation on Assets	25	9,529,229	9,103,101	12,077,233
Leave Provisions to Reserves		37,974	193,664	72,637
Other		48,513	10,000	(177,901)
Net Non-Cash Expenditure and Revenue		9,750,689	9,137,267	11,710,545
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(819,340)	(4,461,830)	(1,527,285)
Purchase Infrastructure Assets		(9,571,570)	(36,991,720)	(4,685,559)
Purchase Plant & Machinery		(756,782)	(1,432,869)	(597,587)
Purchase Motor Vehicles		(480,676)	(482,521)	(339,388)
Purchase Furniture & Equipment		(63,171)	(166,068)	(109,154)
Proceeds from Disposal of Assets	13	312,552	425,218	536,327
Repayment of Loan Principal	23g	(480,399)	(549,094)	(454,460)
Proceeds from New Debentures	23g	1,533,000	1,492,000	631,159
Payment of SS Loans to Groups	23c	(150,000)	(200,000)	-
Self-supporting Loan Principal Income	23c	37,612	85,624	63,477
Unexpended Loan Funds Brought Forward	23f	(72,793)	174,587	152,793
Transfers to Reserves	12e	(10,272,241)	(1,207,500)	(6,831,843)
Transfers from Reserves	12e	5,591,940	5,774,401	4,237,916
Restricted Cash		879,115	1,249,500	2,136,472
Net Cash from Investing Activities		(14,312,753)	(36,290,272)	(6,787,132)
Estimated Surplus/(Deficit) July 1 B/Fwd	15d	23,273,750	23,263,071	5,704,451
Estimated (Surplus)/Deficit June 30 C/Fwd	15d	(15,837,866)		(23,273,750)
AMOUNT REQUIRED TO BE RAISED FROM RATES	15e	(8,699,944)	(8,692,745)	(8,294,970)

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

Statement of Comprehensive Income by Nature or Type

		2016/2017 ACTUAL \$	2016/2017 REV BUDGET \$	2015/2016 ACTUAL \$
Revenues				
	Notes			
Rates	15e	8,826,863	8,832,201	8,418,861
Operating Grants, Subsidies and Contributions		9,941,825	7,259,312	6,158,738
Fees & Charges	17	2,903,738	2,853,296	2,914,892
Interest Earnings	24	587,875	276,236	348,413
Other Revenue		1,268,527	1,164,023	1,544,251
		23,528,829	20,385,068	19,385,156
Expenses				
Employee Costs		(9,671,787)	(9,674,818)	(8,978,493)
Materials & Contracts		(7,036,482)	(10,403,397)	(8,998,256)
Utilities		(719,224)	(668,059)	(703,018)
Depreciation on Non-Current Assets	25	(9,529,229)	(9,103,101)	(12,077,233)
Interest Expenses		(259,110)	(296,728)	(293,464)
Insurance Expenses		(726,710)	(678,631)	(684,249)
Other Expenditure		(3,800,661)	(575,148)	(873,783)
		(31,743,203)	(31,399,882)	(32,608,495)
sub-total		(8,214,374)	(11,014,814)	(13,223,340)
Non Operating Grants, Subsidies and Contributions		5,475,527	14,735,251	25,607,804
Profit on Asset Disposal	13	27,830	186,318	290,950
Loss of Asset Disposal	13	(162,803)	(16,821)	(29,526)
		5,340,554	14,904,748	25,869,228
Net Result		(2,873,819)	3,889,934	12,645,887
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	3,854,436	-	(33,883,719)
Total Other Comprehensive Income		3,854,436	-	(33,883,719)
TOTAL COMPREHENSIVE INCOME		980,617	3,889,934	(21,237,832)

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

Statement of Financial Position	Notes	ACTUAL	ACTUAL		
		2016/2017	2015/2016		
		\$	\$		
Current Assets					
Cash and cash equivalents	2	30,507,482	31,642,816		
Trade and other receivables	3a	1,627,080	1,004,480		
Inventories	4	66,412	68,387		
Other assets	5,6	923,456	768,899		
Tax Assets	7	162,902	143,225		
Total Current Assets		33,287,334	33,627,808		
Non-Current Assets					
Other receivables	3b	438,121	195,613		
Property, plant & equipment	8	57,371,439	52,109,175		
Infrastructure	9	261,264,018	260,957,062		
Total Non-Current Assets		319,073,578	313,261,850		
TOTAL ASSETS		352,360,913	346,889,659		
Current Liabilities					
Trade and other payables	10a	4,560,449	1,424,289		
Provisions	10b	1,476,272	1,167,172		
Current Portion of Long Term Borrowings	11a	583,293	549,094		
Total Current Liabilities		6,620,016	3,140,556		
Non-Current Liabilities					
Long term borrowings	11b	4,986,988	3,968,586		
Provisions	10c	394,280	401,505		
Total Non-Current Liabilities		5,381,268	4,370,091		
TOTAL LIABILITIES		12,001,283	7,510,646		
NET ASSETS		340,359,633	339,379,016		
Equity					
Accumulated losses		(15,899,062)	(8,344,943)		
Reserves - Cash Backed	2,12	11,934,828	7,254,527		
Reserves - Asset Revaluation	12c	344,323,866	340,469,430		
TOTAL EQUITY		340,359,633	339,379,016		
		Asset			
		Accumulated	Reserves Cash		
		Losses	Backed		
			Revaluation		
			Reserves		
			Total Equity		
		\$	\$		
Statement of Changes in Equity	Notes	\$	\$	\$	\$
Balance as at 1 July 2015		(18,396,904)	4,660,601	374,353,149	360,616,848
Comprehensive Income					
Net Result		12,645,887	-	-	12,645,887
Change on Revaluation of Non-Current Assets	12c	-	-	(33,883,719)	(33,883,719)
Total Comprehensive Income		12,645,887	-	(33,883,719)	(21,237,832)
Transfers from/(to) Reserves	12e	(2,593,926)	2,593,926	-	-
Balance as at 30 June 2016		(8,344,943)	7,254,527	340,469,430	339,379,016
Comprehensive Income					
Net Result		(2,873,819)	-	-	(2,873,819)
Change on Revaluation of Non-Current Assets	12c	-	-	3,854,436	3,854,436
Total Comprehensive Income		(2,873,819)	-	3,854,436	980,617
Transfers from/(to) Reserves	12e	(4,680,300)	4,680,300	-	-
Balance as at 30 June 2017		(15,899,062)	11,934,828	344,323,866	340,359,633

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

Statement of Cash Flows	Notes	2016/2017 ACTUAL \$	2015/2016 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		8,806,419	8,286,947
Operating Grants, Subsidies and Contributions		9,445,916	5,655,927
Fees & Charges		2,818,772	2,925,276
Interest Earnings		587,392	362,492
Other Revenue		1,337,096	1,481,064
		22,995,595	18,711,706
Payments			
Employee Costs		(9,619,063)	(8,821,713)
Materials & Contracts		(7,193,352)	(9,262,220)
Utilities		(723,108)	(702,398)
Interest Expenses		(248,837)	(293,531)
Insurance Expenses		(726,710)	(684,249)
Other Expenditure		(673,391)	(960,338)
		(19,184,461)	(20,724,449)
Net Cash used in Operating Activities		3,811,135	(2,012,742)
Cash Flows from Investing Activities			
Purchase of Buildings		(5,863,675)	(1,517,308)
Purchase Infrastructure Assets		(6,257,176)	(4,649,646)
Purchase Plant & Equipment		2,062,216	(1,111,888)
Purchase Furniture & Equipment		(779,189)	(109,535)
Purchase Tools		(1,131)	-
Purchase Land		(544,542)	79,431
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		5,325,756	25,777,863
Bonds and deposits		3,109	(27,996)
Proceeds from Sale of Plant & Equipment	13	312,552	536,327
Net Cash used in Investing Activities		(5,742,080)	18,977,248
Cash Flows from Financing Activities			
Proceeds from New Debentures	23g	1,533,000	631,159
Proceeds from Self Supporting Loans	23c	46,662	63,477
New Self Supporting Loan Issues		(303,653)	(171,752)
Repayment of Debentures	23g	(480,398)	(454,460)
Net Cash used in Financing Activities		795,611	68,424
Net Increase in Cash Held / (Decrease)		(1,135,334)	17,032,930
Cash at Beginning of year		31,642,816	14,609,886
Cash and Cash Equivalents at End of the Year	2	30,507,482	31,642,816
NET MOVEMENT OF CASH HELD		(1,135,334)	17,032,930

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

Statement of Cash Flows	Notes	2016/2017 ACTUAL \$	2015/2016 ACTUAL \$
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a) **Reconciliation of Cash**

For the purpose 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:

Cash does not include any Trust Accounts	2	30,507,482	31,642,816
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b) **Reconciliation of Net Cash Provided by Operating Activities to Net Result**

Net Result		(2,873,819)	12,645,887
Depreciation		9,529,229	12,077,233
Net profit-Loss on disposal of assets		134,973	(261,424)
Movement in rate debtors		(20,444)	(131,914)
Movement in sundry debtors		(587,675)	106,237
Movement in inventory		1,975	5,725
Movement in prepayments		(86,204)	1,134
Movement in accrued income		(68,352)	(494,390)
Movement in income in advance		(6,532)	16,678
Movement in employee hours bank		(25,417)	11,513
Movement in Restricted Cash		3,000,000	
Movement in grants in advance		-	-
Movement in trade creditors		(9,563)	(250,002)
Movement in accrued expenses		(122,273)	33,511
Movement in accrued salary & wages		26,142	80,834
Movement in accrued employee deductions		345	(280)
Movement in provision for PAYG		(47,963)	(13,874)
Movement in accrued interest expense		10,273	(67)
Movement in provision for leave		99,709	79,914
Movement provision for doubtful debts		202,166	(5,650)
Movement in GST		(19,677)	(135,944)
Capital Grants		(5,324,472)	(25,690,748)
Capital Community Contributions		(1,284)	(87,114)
Net Cash from Operating Activities		3,811,135	(2,012,742)

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

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 statements are general purpose financial report which has been prepared in accordance Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless states otherwise. Except for cash flow and rate setting information, the report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 14 to these financial statements.

c) Goods & Services Tax

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.

d) Cash and Cash Equivalents

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

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

e) Trade and Other Receivables

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

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

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

(f) Inventories

General

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

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

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

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

g) **Fixed Assets**

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years. In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116. Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Land Under Roads

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

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

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

h) **Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that 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 percentages are:

Land	0%	Roads - Seals	3.7%
Buildings	2% - 4%	Roads - Pavement	1.27%
Plant and Equipment	5% - 40%	Footpaths	1.7%
Light Vehicles	15%	Drainage	2%
Furniture and Equipment	13% - 27%	Bridges	1.67%
		Other Infrastructure	4 - 5%

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$500.00 is not capitalised. Rather, it is recorded on a portable asset inventory listing."

i) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing

the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

j) Investments and Other Financial Assets

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

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

k) Impairment

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

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

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

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

(i) Buildings

Buildings are recognised at their fair value.

An independent assessment of fair value was undertaken in June 2017.

Buildings acquired after this date have been recognised at cost.

(ii) Plant and equipment

In accordance with the provisions of AASB 136 relating to not for profit entities, the future economic benefits of plant and equipment are not primarily dependent on the plant and equipment's ability to generate net cash inflows and if deprived of the plant and equipment, the Shire would replace its future economic benefits.

Accordingly, value in use is the depreciated replacement cost or the depreciated original cost.

In considering the depreciated replacement cost, a review of the fixed asset register for plant and equipment indicated items were recognised at their depreciated original cost. Original cost tends to be lower than replacement cost.

(iii) Furniture and equipment

In accordance with the provisions of AASB 136 relating to not for profit entities, the future economic benefits of furniture and equipment are not primarily dependent on the furniture and equipment's ability to generate net cash inflows and if deprived of the furniture and equipment, the Shire would replace its future economic benefits.

Accordingly, value in use is the depreciated replacement cost or the depreciated original cost.

In considering the depreciated replacement cost, a review of the fixed asset register for furniture and equipment indicated items were recognised at their depreciated original cost and that many items have been fully depreciated.

Whilst market value on items such as desks, computers etc may in some instances be lower than the written down values, the original cost tends to remain at or lower than the current replacement cost.

It was further noted that group 3 includes the Claude Hotchin art collection which is likely to have appreciated in value rather than depreciated.

(iv) Tools

In accordance with the provisions of AASB 136 relating to not for profit entities, the future economic benefits of tools are not primarily dependent on the tools ability to generate net cash inflows and if deprived of the tools, the Shire would replace its future economic benefits.

Accordingly, value in use is the lower of the depreciated replacement cost or the depreciated original cost.

Given that the total written down value of this asset class is not material, the depreciated original cost has been applied without any consideration of the likely replacement cost.

(v) Land

Land is recognised at fair value.

An independent assessment of fair value was undertaken in June 2017. Land acquired after this date has been recognised at cost.

(vi) Infrastructure

Infrastructure has been recognised at fair value.

An independent valuation was undertaken in 2015/2016 for all Infrastructure Assets. As a result of this revaluation adjustments were posted through the accounts ending 30 June 2016.

l) Trade and Other Payables

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

m) Employee Entitlements

The provisions for employee benefits 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)

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

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

(ii) Long Service Leave (Long Term Benefits)

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

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

(iii) Superannuation & Workers Compensation

Council currently accrues superannuation at 9.5% and workers compensation at 3% of the total provision for Long Service Leave.

n) Provisions

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

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

o) 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 or land held for resale where it is held as non-current based on Council's intentions to release for sale.

p) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

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 capitalized as part of the cost of the particular asset.

q) Leases

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

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

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

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

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

r) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and these conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 29. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

s) Superannuation Fund

Normal

The Municipality contributes to the Local Government Superannuation Scheme to match contributions to the fund made by employees. Provision has been made for contribution for those employees who satisfy contribution requirements.

Occupational

The Municipality contributes to the Occupational Superannuation fund managed by National Mutual and currently contributes at the rate of 9.5%, in accordance with the Superannuation Guarantee Legislation. Provision has been made in this budget for contributions for all employees over the minimum threshold.

t) Joint Venture

The Council does not have any joint venture Interests.

u) Rounding off Figures

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

v) Comparative Information

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

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

w) Budget Comparative Figures

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and ASSB 2014-8)	December 2014	1 January 2018	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 Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Leases will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

[AASB10, 124 & 1049]

2. <u>CASH AND CASH EQUIVALENTS</u>	2016/2017 ACTUAL \$	2015/2016 ACTUAL \$
Cash at Bank	18,292,218	23,137,738
Cash at Bank - Restricted	279,385	1,249,500
Cash Floats / Tills	1,051	1,051
Reserve Funds (Note 12 (a))	11,934,828	7,254,527
	30,507,482	31,642,816

The following restrictions have been imposed by regulations or other externally imposed requirements.

Reserve Funds	11,934,828	7,254,527
Loan Funds Carried Forward (Note 23(f))	247,380	174,587
	12,182,208	7,429,114

NON-COUNCIL CONTROLLED FUNDS

At 30 June 2017 the Shire of Manjimup held funds totalling \$16,013,265 with WA Treasury Corporation relating to Royalties for Regions projects. The \$16,013,265 held will be reduced to \$13,013,265 after \$3,000,000 in funding is returned to the State Government for the Town Revitalisation project. Project balances held at 30 June 2017 by WA Treasury are \$1,377,247 Ag Expansion project, \$12,569,385 Town Revitalisation Project and \$2,066,633 Manjimup Ag Expansion Project. Following the return in funding to the State Government the balance of funds held for the Town Revitalisation Project will be \$9,569,385. Funds held by WA Treasury are in a non-council controlled account as required in the Financial Assistance Agreements, these accounts require joint signatures of both Council and the Department of Primary Industries and Regional Development to withdraw funds as milestones are met.

3. TRADE AND OTHER RECEIVABLES

a) <u>Current</u>		
Infringement Debtors	4,350	6,120
Rate Debtors	654,063	646,959
Self-Supporting Loan Debtors	113,445	85,624
Sundry Debtors	855,222	265,777
	1,627,080	1,004,480

b) <u>Non-Current</u>		
Rate Debtors	138,519	125,179
Bonds- Housing	260	260
Sporting Bodies - Loans	299,342	70,174
	438,121	195,613

4. INVENTORIES

Bitumen Products	596	596
Fuel (valued at cost)	21,695	21,695
Other - Guide Posts etc	41,918	43,893
Manjimup Aqua Centre	2,203	2,203
	66,412	68,387

5. PREPAYMENTS

Materials & Contracts	111,229	28,430
Subscriptions	4,446	1,041
	115,675	29,471

6. ACCRUED INCOME

Interest on Self-Supporting Loans	3,334	2,849
Accrued Income Debtors	804,446	736,578
	807,780	739,427

7. TAX ASSETS

<u>Current</u>		
Goods & Services Tax	162,902	143,225
	162,902	143,225

	2016/2017 ACTUAL \$	2015/2016 ACTUAL \$
8. PROPERTY, PLANT & EQUIPMENT		
a) Assets classified by Function/Activity		
General Administration	6,628,094	5,719,622
Law, Order & Public Safety	3,748,629	3,538,188
Health	63,870	71,014
Welfare	2,372,503	2,260,054
Housing	1,031,936	945,204
Community Amenities	1,287,854	1,139,662
Recreation & Culture	41,467,424	37,910,743
Transport	261,102,008	260,850,305
Economic Services	650,562	626,999
Other Property & Services	3,194	4,445
	318,356,072	313,066,237
b) Assets classified by Type		
Land (At Fair Value)	3,013,500	2,403,500
Buildings (At Fair Value)	85,107,100	83,112,243
less Accumulated Depreciation	(37,781,425)	(39,909,770)
	50,339,174	45,605,972
Plant & Equipment (At Fair Value)	14,524,953	14,046,838
less Accumulated Depreciation	(8,553,997)	(7,928,893)
	5,970,957	6,117,945
Furniture & Equipment (At Fair Value)	2,653,707	1,899,970
less Accumulated Depreciation	(1,592,399)	(1,514,712)
	1,061,308	385,258
SUB TOTAL Property, Plant & Equipment	57,371,439	52,109,175
Infrastructure Assets (At Fair Value)	440,259,693	433,391,130
less Accumulated Depreciation	(178,995,675)	(172,434,068)
	261,264,018	260,957,062
NET BOOK VALUE	318,635,457	313,066,237

Movements in Carrying Amounts

Movement in 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	Leased Plant & Equipment	Total
Balance at the beginning of the year	45,605,972	385,258	6,117,945	-	52,109,175
Reclassification	-	-	-	-	-
Additions	2,747,846	779,392	1,295,738	-	4,822,976
Disposals	(134,162)	(202)	(313,162)	-	(447,525)
Revaluation increments/(decrements)	3,854,436	-	-	-	3,854,436
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(1,734,918)	(103,140)	(1,129,564)	-	(2,967,622)
Carrying amount at the end of year	50,339,175	1,061,307	5,970,957	-	57,371,439

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2017 by independent valuers.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in an overall increase of \$3,854,436 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2016 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs). The revaluation resulted in an overall increase of \$587,870 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment:

The Shire's Furniture and Equipment was revalued at 30 June 2016 by management valuation, it was determined that the current written down value of furniture and equipment is equivalent to the fair value at 30 June 2016 (Level 3 inputs).

9. INFRASTRUCTURE	2016/2017	2015/2016
	ACTUAL	ACTUAL
	\$	\$
Roads - at Fair Value	337,962,359	333,170,000
Less Accumulated Depreciation	(136,649,000)	(132,238,000)
	<u>201,313,359</u>	<u>200,932,000</u>
Footpaths - at Fair Value	4,389,683	3,209,000
Less Accumulated Depreciation	(1,355,000)	(1,300,000)
	<u>3,034,683</u>	<u>1,909,000</u>
Drainage - at Fair Value	30,364,846	30,036,000
Less Accumulated Depreciation	(14,528,000)	(13,941,000)
	<u>15,836,846</u>	<u>16,095,000</u>
Bridges - at Fair Value	49,523,100	49,523,100
Less Accumulated Depreciation	(17,644,872)	(16,839,038)
	<u>31,878,228</u>	<u>32,684,062</u>
Refuse Sites & Waste Transfer Stations - at Fair Value	882,357	830,750
Less Accumulated Depreciation	(470,516)	(433,050)
	<u>411,840</u>	<u>397,700</u>
Carparks - at Fair Value	2,961,897	2,793,000
Less Accumulated Depreciation	(1,138,000)	(1,089,000)
	<u>1,823,897</u>	<u>1,704,000</u>
Cemeteries - at Fair Value	433,240	431,160
Less Accumulated Depreciation	(263,960)	(246,460)
	<u>169,280</u>	<u>184,700</u>
Airfield & Runways - at Fair Value	5,172,240	5,172,240
Less Accumulated Depreciation	(2,310,917)	(2,125,040)
	<u>2,861,323</u>	<u>3,047,200</u>
Parks & Ovals - at Fair Value	8,569,972	8,225,880
Less Accumulated Depreciation	(4,635,410)	(4,222,480)
	<u>3,934,562</u>	<u>4,003,400</u>
	<u>261,264,018</u>	<u>260,957,062</u>

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Bridges	Others	Total
Balance at the beginning of the year	200,932,000	1,909,000	16,095,000	32,684,062	9,337,000	260,957,062
Reclassification	-	-	-	-	-	-
Additions	4,792,359	1,180,683	328,846	-	566,675	6,868,563
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(4,411,000)	(55,000)	(587,000)	(805,834)	(702,774)	(6,561,607)
Carrying amount at the end of year	<u>201,313,359</u>	<u>3,034,683</u>	<u>15,836,846</u>	<u>31,878,228</u>	<u>9,200,902</u>	<u>261,264,018</u>

Infrastructure

The Shire's Infrastructure assets was revalued at 30 June 2016 by independent valuation contractors. ARRB Group Ltd revalued Roads, Footpaths, Carparks and Drainage with Intergral Valuations Pty Ltd revaluing Bridges and Other Infrastructure. The valuations were to have regard for their current replacement cost, condition assessment (Level 3 inputs in the fair value hierarchy), residual values and remaining estimated useful life. The revaluation resulted in an overall decrease of \$37,222,614 in the net value of the Shire's Infrastructure assets. All of this increase was debited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

10. TRADE AND OTHER PAYABLES

	2016/2017	2015/2016
	ACTUAL	ACTUAL
	\$	\$
a) <u>Creditors - Current</u>		
Creditors	989,046	638,490
Accrued Employee deductions	1,656	49,274
Accrued Expenses	218,341	392,692
Accrued Interest on Loans	58,164	47,891
Accrued Salaries and Wages	106,976	80,834
Bonds & Deposits	16,207	13,099
Income in Advance	60,000	66,532
Restricted Cash	3,000,000	-
Hours Bank	110,060	135,477
Unearned Revenue	-	-
	4,560,449	1,424,289

As at the 30 June 2017 Shire Officers were made aware of the State Governments intention to reduce funding to the Manjimup Town Centre Revitalisation Stage 2 by \$3,000,000. As this was a known event the \$3,000,000 has been expensed in the 2016/17 financial year with a liability raised above under Restricted Cash. Funds will be returned to the State Government in late 2017.

Provisions

b) <u>Provisions - Current</u>		
Provision for Annual Leave	620,957	559,105
Provision for Long Service Leave	526,314	492,719
Provision for Workers Compensation	30,866	28,480
Provision for Superannuation	89,396	80,295
Provision for Doubtful Debts	12,885	6,573
Provision for Rates Debtors	195,854	-
Provision for Salary Sacrifice Retirement	-	-
	1,476,272	1,167,172
Creditors & Provisions - Current	6,036,722	2,591,461

c) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	394,280	401,505
	394,280	401,505

	Provision for	Provision for
	Annual Leave	Long Service
		Leave
<u>Reconciliation of provisions</u>		
Opening Balance at 1 July 2016	559,105	894,224
Additional provision	597,960	157,013
Amounts used	(536,108)	(130,643)
Used amount reserved	-	-
Increase is the discounted amount arising because of time and the effect of any change in the discounted rate	-	-
Balance 30 June 2016	620,957	920,594

11. Borrowings

a) <u>Current</u>		
Council Loans	469,848	463,470
Self-Supporting Loans	113,445	85,624
	583,293	549,094
b) <u>Non-Current</u>		
Council Loans	4,687,646	3,744,759
Self-Supporting Loans	299,342	223,827
	4,986,988	3,968,586
TOTAL Borrowings	5,570,281	4,517,681

Additional detail on borrowings is provided in Note 23.

12. **RESERVES - CASH BACKED**

In accordance with Regulation 38, details of movement in Reserve accounts are disclosed as follows;

(a) Reserve Account Revenue/Expenses:

ACCOUNT TITLE	Rev Budget 2016/2017 \$	Actual 2016/2017 \$	Actual 2015/2016 \$
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Airfield Construction & Maintenance Reserve

To be applied upon recommendations from the Airfield Committee.

Opening Balance	75,924	75,924	53,168
Interest Earned	2,174	227	732
Transfer to Reserve	20,000	23,441	22,544
Transfer from Reserve	-	-	(520)
Closing Balance	98,098	99,591	75,924

AquaCentre Building Reserve

Monies for programmed replacement of the AquaCentre building, in particular the Hoecker inflated roof component of the building.

Opening Balance	43,590	43,590	24,290
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(2,300)	-	(700)
Closing Balance	61,290	63,590	43,590

AquaCentre Plant Reserve

Monies for the replacement of the AquaCentre plant and equipment, in particular the pumps, heat pumps and airconditioning plant.

Opening Balance	42,110	42,110	27,110
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	15,000
Transfer from Reserve	-	-	-
Closing Balance	62,110	62,110	42,110

Arts and Culture Reserve

To foster and support the community at the local level by including the delivery of a diverse range of art and cultural opportunities, an increased awareness of artistic and cultural opportunities, the development of identified infrastructure to support the arts, and skill development and education in respect of the arts.

Opening Balance	16,774	16,774	11,774
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	-	-	-
Closing Balance	21,774	21,774	16,774

Bridge Reserve

For the construction and maintenance of bridges within the Shire, and for the possible development of a bridge crew to attend to work inside and outside the Shire boundaries.

Opening Balance	283,584	283,584	283,584
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	283,584	283,584	283,584

Building Asset Management Reserve

For the construction, maintenance, replacement or substantial repair of buildings and associated

Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	3,863	-
Transfer from Reserve	-	-	-
Closing Balance	-	3,863	-

<u>ACCOUNT TITLE</u>	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Community Bus Reserve</u>			
Monies not used during the year, set aside for future maintenance on the bus.			
Opening Balance	1,370	1,370	1,370
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	1,370	1,370	1,370
<u>Construction & Resource Research Reserve</u>			
Monies set aside to assist in resourcing materials for construction.			
Opening Balance	491,539	491,539	447,115
Interest Earned	-	-	-
Transfer to Reserve	70,000	23,475	52,126
Transfer from Reserve	(43,002)	(5,031)	(7,702)
Closing Balance	518,537	509,983	491,539
<u>Future Car park Reserve - Manjimup</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	14,300	14,300	14,300
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	-	-	-
Closing Balance	19,300	14,300	14,300
<u>Grants in Advance Reserve</u>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	1,163,745	1,163,745	1,489,881
Interest Earned	-	-	-
Transfer to Reserve	-	1,234,667	420,579
Transfer from Reserve	(1,149,200)	(596,607)	(746,716)
Closing Balance	14,545	1,801,805	1,163,745
<u>HACC Annual & Long Service Leave Reserve</u>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	108,883	108,883	111,820
Interest Earned	2,355	298	1,180
Transfer to Reserve	17,770	21,323	-
Transfer from Reserve	-	-	(4,117)
Closing Balance	129,008	130,504	108,883
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	308,274	308,274	241,116
Interest Earned	6,995	830	2,754
Transfer to Reserve	61,340	88,313	71,451
Transfer from Reserve	(30,211)	(30,190)	(7,048)
Closing Balance	346,398	367,228	308,274
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	15,612	15,612	10,612
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(10,000)	-	-
Closing Balance	10,612	20,612	15,612

<u>ACCOUNT TITLE</u>	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Heritage Trail Reserve</u>			
funds set aside to promote our unique heritage for residents and visitors.			
Opening Balance	-	10,000	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	10,000
Transfer from Reserve	-	-	-
Closing Balance	15,000	25,000	10,000
<u>ICT Hardware Replacement Reserve</u>			
Funding set aside for the purpose of ICT asset replacement, including desktops, laptops, servers and the hardware required to deliver ICT services to the Shire of Manjimup			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	21,850	21,850	21,850
Transfer from Reserve	(21,850)	(21,850)	(21,850)
Closing Balance	-	-	-
<u>Land Resumption Reserve</u>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	90,897	90,897	90,897
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(31,000)	(4,228)	-
Closing Balance	59,897	86,669	90,897
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	4,546	4,546	4,497
Interest Earned	91	12	49
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	4,637	4,558	4,546
<u>Occupational Health & Safety Reserve</u>			
for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety			
Opening Balance	15,000	15,000	12,000
Interest Earned	-	-	-
Transfer to Reserve	3,000	3,000	3,000
Transfer from Reserve	-	-	-
Closing Balance	18,000	18,000	15,000
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	367,496	367,496	294,705
Interest Earned	-	-	-
Transfer to Reserve	679,000	456,920	656,403
Transfer from Reserve	(961,200)	(686,857)	(583,611)
Closing Balance	85,296	137,560	367,496
<u>Recreation Floor Reserve</u>			
Set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities			
Opening Balance	-	-	28,105
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	38,395
Transfer from Reserve	(7,500)	(7,500)	(66,500)
Closing Balance	7,500	7,500	-

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2016/2017</u>	<u>Actual 2016/2017</u>	<u>Actual 2015/2016</u>
RESERVES - CASH BACKED Cont...	\$	\$	\$
Recreation Ground Equipment Reserve			
For the funding of any recreational sportsground equipment failure or breakdown.			
Opening Balance	12,930	12,930	7,930
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(11,000)	(10,000)	-
Closing Balance	6,930	7,930	12,930
Revaluation Reserve			
For the funding of future revaluation cycles, for GRV valuations and Building revaluations.			
Opening Balance	73,000	73,000	36,500
Interest Earned	-	-	-
Transfer to Reserve	36,500	36,500	36,500
Transfer from Reserve	-	-	-
Closing Balance	109,500	109,500	73,000
Self Insurance Fund			
Funding to meet costs of excess and/or insurance claims which may be below the excess level.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	(15,000)	(15,000)	(15,000)
Closing Balance	-	-	-
Staff Annual & Long Serve Leave Reserve			
Funding for employee entitlements for Annual and Long Service Leave.			
Opening Balance	450,615	450,615	450,615
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	450,615	450,615	450,615
Strategic Asset Development Reserve			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	13,128	13,128	19,965
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	(6,837)
Closing Balance	13,128	13,128	13,128
SuperTown - Food Council Project			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	664,564	664,564	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	2,348,410
Transfer from Reserve	(664,564)	(664,564)	(1,683,846)
Closing Balance	-	-	664,564
SuperTown - Townsite Expansion Project			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	1,971,191	1,971,191	-
Interest Earned	-	-	-
Transfer to Reserve	-	8,000,000	2,855,054
Transfer from Reserve	(1,971,191)	(3,001,695)	(883,863)
Closing Balance	-	6,969,496	1,971,191
Telecommunications Reserve			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	6,000	6,000	6,000
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	6,000	6,000	6,000

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2016/2017</u>	<u>Actual 2016/2017</u>	<u>Actual 2015/2016</u>
	\$	\$	\$
<u>RESERVES - CASH BACKED Cont...</u>			
<u>Timber Park Playground Major Repair Reserve</u>			
To set aside funds for future major repairs required at the Timber Park Adventure Playground.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	-
Transfer from Reserve	-	-	-
Closing Balance	15,000	15,000	-
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	25,624	25,624	14,558
Interest Earned	-	-	-
Transfer to Reserve	65,000	65,000	65,000
Transfer from Reserve	(89,700)	(52,958)	(53,934)
Closing Balance	924	37,666	25,624
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	854,907	854,907	861,368
Interest Earned	-	-	-
Transfer to Reserve	62,690	138,145	132,445
Transfer from Reserve	(674,683)	(399,918)	(138,905)
Closing Balance	242,914	593,133	854,907
<u>Workers Compensation Premium Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	128,924	128,924	117,319
Interest Earned	-	-	-
Transfer to Reserve	39,377	39,377	28,372
Transfer from Reserve	(92,000)	(95,542)	(16,767)
Closing Balance	76,301	72,759	128,924
<u>TOTAL RESERVES - CASH BACKED</u>	2,678,270	11,934,828	7,254,527

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2016/2017 financial year.

(c) **RESERVES - ASSET REVALUATION**

Land & Buildings were revalued by external consultants in the 2016/2017 financial year.

	2016/2017 ACTUAL \$	2015/2016 ACTUAL \$
Plant & Equipment		
Opening Balance	798,087	210,217
Revaluation	0	587,870
	798,087	798,087
Land		
Opening Balance	1,376,780	1,949,120
Revaluation	64,457	(572,340)
	1,441,237	1,376,780
Buildings		
Opening Balance	48,478,583	45,155,218
Revaluation	3,789,979	3,323,365
	52,268,562	48,478,583
Infrastructure		
Opening Balance	289,815,982	327,038,596
Revaluation	0	(37,222,614)
	289,815,982	289,815,982
TOTAL		
Opening Balance	340,469,430	374,353,150
Total Revaluation	3,854,436	(33,883,719)
	344,323,866	340,469,430

d) **When Council anticipates to Utilise Funds held in Reserve**

Ongoing Reserves - fund utilisation determined yearly at budget deliberations.

e) **Transfers to and from Reserve Accounts**

Following is a list of transfers to/from reserve accounts (excluding Asset Revaluation reserve) which have not been included in the operating statement, but have been included in the rate setting statement for the year.

	2016/2017 Rev Budget \$	2016/2017 Actual \$	2015/2016 Actual \$
Transfers to Reserve Accounts (including interest)	1,207,500	10,272,241	6,831,843
Transfers from Reserve Accounts	(5,774,401)	(5,591,940)	(4,237,916)
Net Transfers to/(from) Reserve Accounts	(4,566,901)	4,680,300	2,593,926

13. DISPOSAL OF ASSETS

In accordance with Regulation 36, the following is disclosed.

Asset Description & Reference	Net Book Value	Rev Budget	Sale Price	Rev Budget	(Profit)/Loss	Rev Budget
	\$	\$	\$	\$	\$	\$
Furniture & Equipment	202	-	-	-	202	-
Motor Vehicles						
Profit on Sale	45,005	148,268	60,121	166,218	(15,116)	(17,950)
Loss on Sale	203,592	103,821	175,761	87,000	27,832	16,821
	248,597	252,089	235,882	253,218	12,715	(1,129)
Plant & Equipment	64,565	3,632	76,670	172,000	(12,105)	(168,368)
Infrastructure	-	-	-	-	-	-
Buildings	34,162	-	-	-	34,162	-
Land	100,000	-	-	-	100,000	-
TOTAL	447,525	255,722	312,552	425,218	134,973	(169,497)

14. TRUST FUND INFORMATION

In accordance with Regulation 37, details of movement through trust accounts is disclosed as follows:

Class	2015/2016	2016/2017	2016/2017	2016/2017
Purpose	C/Fwd	Received	Paid	C/Fwd
	\$	\$	\$	\$
<u>General</u>				
Building Bonds (Cat 3)	1,500	1,700	3,200	-
Construction Bonds (Cat 4)	40,437	31,452	42,881	29,008
Development Bonds (Cat 5)	27,816	2,004	5,000	24,820
Hall Hire Bonds (Cat 6)	770	3,070	3,320	520
Kerb Bonds (Cat 7)	17,910	-	5,000	12,910
Miscellaneous Bonds (Cat 8)	43,118	1,980	14,163	30,936
Southern Forests Tourism Group Bond (Cat 10)	8,280	5,800	4,600	9,480
Public Open Space (Cat 11)	47,900	-	-	47,900
Community Bus Bonds (Cat 13)	1,050	3,500	3,150	1,400
	188,782	49,507	81,315	156,975

15. RATING INFORMATION

Rating information in accordance with Regulation 39 is disclosed as follows;

a) Objects of and Reasons for each Differential Rate

The exceptions to the minimum rate are both the CALM Dam and Grazing lease being \$50 and \$100 respectively.

b) Specified Area Rates

There were no proposals to raise any Specified Area Rates for the financial year ending 30 June 2017.

c)

Statement of Rating Information - Rate Yield - 2016/2017 Budget

	Rateable		Rate Yield	No.	Minimum Yield	TOTAL
	Value	Rate in \$				
	\$		\$		\$	\$
General Rate - GRV						
Residential	50,145,996	9.3190	4,673,105	1,628	1,403,336	6,076,441
Adjust for Minimums	10,119,077		(942,997)			(942,997)
Adjust for Phase In	-		-			-
General Rate - UV						
Rural	506,245,471	0.69711	3,529,088	218	187,916	3,717,004
Adjust for Minimums	17,071,471		(119,007)			(119,007)
CALM Dam	5,800	0.69711	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	800	0.69711	-	2	200	200
Adjust for Concessions	-		-	-		(51,203)
Adjust for Waivers	-		-	-		(2,842)
	583,588,615		7,140,188	1,851	1,591,602	8,677,745
Ex-Gratia/Non-Rateable						
Interim Rates 16/17	-		-	-	-	15,000
	-		-	-	-	15,000
TOTAL RATES LEVIED	583,588,615		7,140,188	1,851	1,591,602	8,692,745

d) Surplus / Deficit brought forward

	1 July 2016 Surplus/(Deficit) Brought Forward	30 June 2017 Surplus/(Deficit) Carried Forward
Surplus / (Deficit) 1 July 2015 Brought Forward	23,273,750	15,837,866
Comprises		
Cash Unrestricted	23,138,789	18,293,269
Cash Restricted	8,504,027	12,214,213
Rates - Current	646,959	654,063
Sundry Debtor	357,521	973,017
Other Receivables	768,899	923,456
GST Receivable	143,225	162,902
Inventories	68,387	66,412
Less		
Reserves - Restricted Cash	(7,254,527)	(11,934,828)
SuperTown - Restricted Cash (WATC)	(1,249,500)	(279,385)
Unexpended Loan Funds	(174,587)	(247,380)
Creditors	(638,490)	(989,046)
Accrued Employee deductions	(49,274)	(1,656)
Accrued Expenses	(392,692)	(218,341)
Accrued Interest on Loans	(47,891)	(58,164)
Accrued Salaries and Wages	-	-
Bonds & Deposits	(13,099)	(16,207)
Income In Advance	(66,532)	(60,000)
Funding Payable	-	-
Hours bank	(135,477)	(110,060)
Restricted Cash	-	(3,000,000)
Unearned Revenue	-	-
Current Provisions	(1,167,172)	(1,476,272)
Add Back Liabilities funded by Reserves	559,498	581,119
Adjustment for unfunded provision increases	275,685	360,752
Surplus / (Deficit)	23,273,750	15,837,866

e)

General Purpose Income

	2016/2017 REV BUDGET	2016/2017 ACTUAL	Valuations	2015/2016 ACTUAL
RATES	\$	\$	\$	\$
General Rate				
GRV Rate in \$0.09319	3,730,109	3,730,109	40,026,919	3,527,418
UV Rate in \$0.006971	3,410,081	3,410,081	489,174,000	3,253,514
Minimum Rate				
GRV @ \$825	1,403,336	1,403,336	10,119,077	1,351,350
UV @ \$825	187,916	187,916	17,071,471	181,500
CALM Leases @ \$50	150	150	5,800	150
CALM Leases @ \$100	200	200	800	200
Interim Rate				
GRV Rate in \$0.08918	15,000	14,585	450,043	25,138
UV Rate in \$0.006803	-	9,901	1,696,786	9,895
TOTAL RATES LEVIED	8,746,791	8,756,275	558,544,896	8,349,165
Discounts Allowed	-	-		-
Waived Rates	(2,842)	(5,129)		(5,692)
Concessions Sporting Clubs	(51,203)	(51,203)		(48,502)
Rates Written Off	-	-		-
Sub Total NET RATES	8,692,745	8,699,944		8,294,970
Ex-Gratia Rates				
Other Rate Charges				
Windy Harbour Lease Fees	139,456	126,919		123,891
NET RATES	8,832,201	8,826,863	-	8,418,861
Waste Collection Fees	1,392,126	1,387,888		1,356,684
Late Payment Penalties	45,000	80,562		75,542
Instalment Interest	26,000	29,462		27,693
Rates Written Off	-	-		-
TOTAL NET RATES	10,295,327	10,324,776	-	9,878,780
GENERAL PURPOSE INCOME				
Net Rates (<i>excluding rubbish/Windy Harbour Lease fees/Rates Written Off</i>)	8,763,745	8,809,968		8,398,205
Administration Fees	31,000	34,742		33,183
Property Information Fees	27,000	28,011		28,152
General Purpose Grant				
General Grants (Untied)	2,682,433	4,079,541		1,347,111
TOTAL GENERAL PURPOSE INCOME	11,504,178	12,952,264		9,806,653

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2017.

17. FEES & CHARGES

In accordance with Regulation 41, fees and charges imposed by Council, whether under the Local Government Act 1995 or any other written law, are summarised by program as follows:

Function/Activity	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
	\$	\$	\$
Governance/General Administration	61,500	71,099	68,898
Law, Order & Public Safety	27,580	44,637	44,543
Health	41,000	65,864	57,288
Welfare	312,650	335,424	289,120
Housing	43,780	23,429	35,056
Community Amenities	1,795,626	1,914,415	1,844,245
Recreation & Culture	486,320	360,190	486,319
Transport	4,590	4,546	12,193
Economic Services	80,250	81,597	77,230
Other Property & Services	-	2,538	-
TOTAL	2,853,296	2,903,738	2,914,892

There were no amendments made to fees or charges during the financial year.

18. DISCOUNT OR INCENTIVE FOR EARLY PAYMENT OF RATES

In accordance with Regulation 42, the following information is disclosed.

(a) Discount

The 2016/2017 budget did not provide a discount for early payment of rates.

Item	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
	\$	\$	\$
Early Payment Discount	-	-	-

(b) Waiver or Concession

Each waiver or concession, should any be required to be addressed, shall be reported to Council on an individual basis pursuant to Section 6.12 Local Government Act 1995.

Item	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
	\$	\$	\$
Penalty Interest	-	-	-
Rates - Rubbish	-	-	-
Hire Fees	-	-	-
Waiver - Rates	2,842	5,129	5,692
Concessions - Sporting Groups	51,203	51,203	48,502
TOTAL	54,045	56,332	54,194

The concession for Sporting Groups is in accordance with Council's rating policy which seeks to defray the imposition of rates on the non licensed premise component (estimated 75%). This concession is available to those not for profit Sporting Groups with a licensed area and the cost to Council is \$51,203 in 2016/2017.

(c) Incentive

Council offered no incentive prizes for early payment of Rates for 2016/2017.

19. **LATE PAYMENT INTEREST**

In accordance with Regulation 43, the following information is disclosed.

(a) **Interest on Rates**

During the financial year, interest applied to late payment of rates, including rubbish rates and waste disposal rates. Such interest rate was set at 9%, and applied to general and rubbish rates. Interest is applied 35 days from the date of issue of notice.

Item	Rev Budget 2016/2017 \$	Actual 2016/2017 \$	Actual 2015/2016 \$
Interest on Rates	45,000	80,575	75,542
TOTAL Interest on Rates	45,000	80,575	75,542

(b) **Interest on Other Monies**

Interest under Section 6.13 Local Government Act 1995 was not applied to any other class of debtor for the 2016/2017 financial year. There was no amount budgeted for 2015/2016.

(c) **Instalment Option - Rates**

The option to pay rates by four equal instalments pursuant to Section 6.45 Local Government Act 1995 is granted to ratepayers for general rates only. The following is a schedule of instalment due dates:

First Instalment	16 September 2016
Second Instalment	18 November 2016
Third Instalment	20 January 2017
Fourth & Final Instalment	24 March 2017

(d) **Interest Rate for Instalments**

The rate of interest applicable to payments by instalments pursuant to Section 6.45(3) Local Government Act 1995 is **4.5%**, to be applied to the second, third and fourth instalments.

Item	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
Interest on Instalments	26,000	29,462	27,693
TOTAL Interest for Instalments	26,000	29,462	27,693

(e) **Administration Charge for Instalment Option**

An administration charge was applied at the rate of **\$24.75** per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
Administration Charge on Instalments	26,000	32,900	30,576
TOTAL Charges for Instalments	26,000	32,900	30,576

20. **FEES, EXPENSES & ALLOWANCES (Council Members & President)**

In accordance with Regulation 44, the following schedule sets out fees payable to Councillors, Shire President and Deputy President for the financial year.

Nature of Fee, Expense or Allowance	Rev Budget 2016/2017	Actual 2016/2017	Actual 2015/2016
Attendance Fees – Shire President	16,352	16,352	16,110
Attendance Fees – Councillors	119,090	117,135	122,881
Local Government Allowance – President & Deputy	23,504	23,570	23,156
Travelling/Accommodation Allowance	23,000	17,231	20,959
Telecommunications Allowance	22,000	21,700	22,847
TOTAL	203,946	195,988	205,953

21. TRADING UNDERTAKINGS

In accordance with Regulation 45, the Shire of Manjimup did not enter into any Trading Undertakings for the year ended 30 June 2017.

22. MAJOR LAND UNDERTAKINGS

In accordance with Regulations 46 and 47, the Shire of Manjimup did not enter into any Major Land Undertakings for the year ended 30 June 2017.

23. BORROWINGS

The following information is disclosed in accordance with Regulation 48.

(a) Overdraft Borrowings

No amount of overdraft is brought forward from 2015/2016, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2017.

Mortgage over Council Income

Shire of Manjimup has provided security for loans as listed in Note 23(g) by way of "general funds" only as stated in section 6.21 of the Local Government Act.

(b) Loans to be Re-Financed - Section 6.20 Local Government Act 1995

There were no loans that required re-financing in the 2016/2017 Financial Year.

(c) Self Supporting Loans

The following repayments were made from sources other than rates.

Loan #	Balance 30 June 2016	New Borrowings	Interest 30 June 2017	Principal 30 June 2017	Annual Liability 30 June 2017	Balance 30 June 2017	Interest Accrual 30 June 2017
	\$	\$	\$	\$	\$	\$	\$
170	9,050	-	451	9,050	9,501	0	0
217	238,696	-	9,992	29,887	39,879	208,809	1,947
218	61,707	-	2,583	7,726	10,309	53,981	503
222	0	150,000	0	0	0	150,000	885
TOTAL	309,452	150,000	13,026	46,662	59,690	412,789	3,335

(d) Existing Borrowings - Other Purpose

There was no proposal to apply all or part of existing borrowings to any other purpose.

Shire of Manjimup
For the Year ended 30th June 2017

(e) Exercise to Borrow - Section 6.20 Local Government Act 1995

Purpose of Loan Borrowing	Rev Budget 2016/2017	Actual 2016/2017	Financier	Nature of Loan	Repayment Term	Interest Rate
Medical Professionals Housing – Driveway and Fitout	91,000	91,000	WATC	Principal / Interest	5 years	2.97%
Purchase Brockman St (TCR)	450,000	450,000	WATC	Principal / Interest	20 years	4.02%
Freehold Land Acquisition (TCR)	842,000	842,000	WATC	Principal / Interest	20 years	4.02%
Self Supporting Loan - Dunreath Cottages Inc	200,000	150,000	WATC	Principal / Interest	2 years	2.17%
TOTAL	1,583,000	1,533,000				

(f) Unspent Loan Funds Brought Forward

Purpose	Year Borrowed	B/Forward 1 July 2016	New Borrowings 2016/2017	Expended 2016/2017	C/Forward 30 June 2017
Townscape – Northcliffe	2003/04	2,694	-	-	2,694
2 way Glenoran	2005/06	334	-	-	334
Repeater upgrade Mt Burnside	2005/06	10,000	-	-	10,000
Walpole Aged Accommodation	2008/09	1,925	-	-	1,925
Walpole Town Hall Access	2008/09	1,253	-	-	1,253
Manjimup Volunteer Resource Centre	2011/12	4,728	-	-	4,728
FESA – Walpole SES Building	2012/13	153,653	-	153,653	-
Freehold Land Acquisition (TCR)	2016/17	0	842,000	615,554	226,446
TOTAL		174,587	842,000	769,207	247,380

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2016, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2017

(g) Loan Interest and Capital 2016/2017 Budget

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-16	Loans negotiated	Total interest 30-Jun-17	Reduction of principal 30-Jun-17	Total repayments 30-Jun-17	Principal liability 30-Jun-17
SHIRE LOANS											
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$20,995		\$1,093	\$20,996	\$22,089	0
173	WATC	\$200,000	20	Roads	6.92%	\$26,097		\$1,493	\$17,100	\$18,593	8,998
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$54,009		\$2,881	\$35,431	\$38,311	18,578
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$233,790		\$14,628	\$29,903	\$44,531	203,887
198	WATC	\$135,000	15	Westrail	5.85%	\$25,400		\$1,286	\$12,334	\$13,620	13,066
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$11,295		\$662	\$3,529	\$4,191	7,766
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$172,586		\$10,777	\$17,062	\$27,839	155,524
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$45,060		\$2,616	\$10,263	\$12,879	34,797
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$638,012		\$37,086	\$55,456	\$92,543	582,556
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$755,951		\$44,305	\$61,153	\$105,458	694,798
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$112,670		\$6,384	\$22,530	\$28,914	90,140
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$422,723		\$26,027	\$31,448	\$57,475	391,274
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$56,825		\$3,521	\$27,431	\$30,952	29,394
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$277,621		\$18,481	\$13,915	\$32,397	263,706
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$353,908		\$23,559	\$17,739	\$41,299	336,169
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$215,968		\$9,549	\$9,491	\$19,040	206,477
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$167,279		\$7,129	\$20,945	\$28,073	146,334
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$514,885		\$21,033	\$17,640	\$38,673	497,245
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$103,153		\$3,428	\$9,369	\$12,797	93,784
221	TBA	\$91,000	5	MPA - Driveway and Fitout	2.97%	\$0	\$91,000	\$1,356	\$8,506	\$9,862	82,494
223	TBA	\$450,000	20	Brockman St (RGC)	4.07%	\$0	\$450,000	\$9,158	\$7,394	\$16,552	442,606
224	TBA	\$842,000	20	Freehold Land Acquisition (RGC)	4.07%	\$0	\$842,000	\$17,135	\$13,834	\$30,969	828,166
Total Shire Loans						\$4,208,229	\$1,383,000	\$263,586	\$463,470	\$727,057	\$5,127,759
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$9,050		\$451	\$9,050	\$9,501	0
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$238,696		\$10,172	\$29,887	\$40,059	208,809
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$61,707		\$2,583	\$7,726	\$10,309	53,981
222	WATC	\$150,000	5	Dunreath Cottages Inc	4.00%	\$0	\$200,000	\$4,427	\$38,962	\$43,389	161,038
Total Self Supporting Loans (Clubs)						\$309,452	\$200,000	\$17,632	\$85,624	\$103,258	423,827
Total all loans						\$4,517,681	\$1,583,000	\$281,218	\$549,094	\$830,315	5,551,585

(g) Loan Interest and Capital Actuals to 30 June 2017

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-16	Loans negotiated	Total interest 30-Jun-17	Reduction of principal to 30-Jun-17	Total repayments 30-Jun-17	Principal liability 30-Jun-17	Interest accrual at 30-Jun-17
SHIRE LOANS												
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$20,995		\$1,093	\$20,996	\$22,089	0	\$0
173	WATC	\$200,000	20	Roads	6.92%	\$26,097		\$1,493	\$17,100	\$18,593	8,998	\$106
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$54,009		\$2,881	\$35,431	\$38,311	18,578	\$437
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$233,790		\$14,628	\$29,903	\$44,531	203,887	\$4,875
198	WATC	\$135,000	15	Westrail	5.85%	\$25,400		\$1,286	\$12,334	\$13,620	13,066	\$127
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$11,295		\$662	\$3,529	\$4,191	7,766	\$72
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$172,586		\$10,777	\$17,062	\$27,839	155,524	\$1,461
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$45,060		\$2,616	\$10,263	\$12,879	34,797	\$576
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$638,012		\$37,086	\$55,456	\$92,543	582,556	\$4,373
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$755,951		\$44,305	\$61,153	\$105,458	694,798	\$5,194
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$112,670		\$6,384	\$22,530	\$28,914	90,140	\$672
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$422,723		\$26,027	\$31,448	\$57,475	391,274	\$7,057
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$56,825		\$3,521	\$27,431	\$30,952	29,394	\$528
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$277,621		\$18,481	\$13,915	\$32,397	263,706	\$1,214
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$353,908		\$23,559	\$17,739	\$41,299	336,169	\$1,548
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$215,968		\$9,549	\$9,491	\$19,040	206,477	\$202
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$167,279		\$7,003	\$20,945	\$27,947	146,334	\$1,365
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$514,885		\$21,033	\$17,640	\$38,673	497,245	\$8,885
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$103,153		\$3,428	\$9,369	\$12,797	93,784	\$1,383
221	WATC	\$91,000	5	MPA - Driveway and Fitout	2.97%	\$0	\$91,000	\$0	\$0	\$0	91,000	\$643
223	WATC	\$450,000	20	Brockman St (RGC)	4.02%	\$0	\$450,000	\$0	\$0	\$0	450,000	\$4,916
224	WATC	\$842,000	20	Freehold Land Acquisition (RGC)	4.02%	\$0	\$842,000	\$0	\$0	\$0	842,000	\$9,198
Total Shire Loans						\$4,208,229	\$1,383,000	\$235,812	\$433,736	\$669,549	\$5,157,493	\$54,830
SELF SUPPORTING LOANS (CLUBS)												
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$9,050		\$451	\$9,050	\$9,501	0	\$0
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$238,696		\$9,992	\$29,887	\$39,879	208,809	\$1,947
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$61,707		\$2,583	\$7,726	\$10,309	53,981	\$503
222	WATC	\$150,000	2	Dunreath Cottages Inc	2.17%	\$0	\$150,000	\$0	\$0	\$0	150,000	\$885
Total Self Supporting Loans (Clubs)						\$309,452	\$150,000	\$13,026	\$46,662	\$59,690	412,789	\$3,335
Total all loans						\$4,517,681	\$1,533,000	\$248,837	\$480,398	\$729,238	5,570,281	\$58,164

24. INVESTMENTS

In accordance with Regulation 49, investment interest by type is disclosed as follows:

	2016/2017 Rev Budget	2016/2017 Actual	2015/2016 Actual
	\$	\$	\$
<u>Reserve</u>			
Airfield Reserve	2,174	227	732
AquaCentre Building Reserve	-	-	-
AquaCentre Plant Reserve	-	-	-
Bridge Reserve	-	-	-
Centenary Celebration Reserve	-	-	-
Community Bus Reserve	-	-	-
Construction Resource Reserve	-	-	-
Future Carpark Reserve	-	-	-
HACC LSL & AL Reserve	2,355	298	1,180
HACC Asset Replacement Reserve	6,995	830	2,754
Heritage Reserve	-	-	-
Land Resumption	-	-	-
Northcliffe Town Hall Reserve	91	12	49
Plant & Equipment Reserve	-	-	-
Self Insurance Fund	-	-	-
Staff LSL & AL Reserve	-	-	-
Strategic Development Reserve	-	-	-
Waste Management Reserve	-	-	-
Windy Harbour Infrastructure Reserve	-	-	-
Windy Harbour Water Supply Reserve	-	-	-
Heritage Reserve	-	-	-
	11,615	1,366	4,715
<u>Municipal</u>			
General Purpose Interest	97,604	115,689	62,133
Reserve Interest to Operational	85,000	17,837	47,424
TOTAL Investment Interest	182,604	133,526	109,556
Self-Supporting Loan Interest	17,632	12,802	26,816
Interest on Instalments/Penalties	71,000	110,025	103,235
Interest on HACC	5,000	1,127	3,934
Other Interest - Grants	-	330,394	104,871
	93,632	454,349	238,856
TOTAL Operating Interest Earnings	276,236	587,875	348,413

25. DEPRECIATION OF NON-CURRENT ASSETS

	2016/2017 Actual	2015/2016 Actual
	\$	\$
a) Depreciation classified by Function/Activity		
General Administration	231,139	263,941
Law, Order & Public Safety	267,897	447,400
Health	8,341	8,003
Welfare	121,013	134,523
Housing	23,002	45,500
Community Amenities	118,529	93,743
Recreation & Culture	1,854,907	1,970,839
Transport	6,853,060	9,058,922
Economic Services	50,090	47,746
Other Property & Services	1,252	6,614
	9,529,229	12,077,233
b) Depreciation classified by Type		
Furniture & Equipment	103,140	119,429
Infrastructure Assets	6,561,607	8,585,130
Buildings	1,734,918	2,119,703
Plant & Equipment	1,129,564	1,252,971
	9,529,229	12,077,233

26. FINANCIAL INFORMATION BY RATIO

a) **Current Ratio**

<u>Current Assets minus Restricted Assets</u>	8,091,859
Current Liabilities minus Liabilities associated with Restricted Assets	<u>6,038,895</u>
2016/2017 Ratio	1.34
2015/2016 Ratio	0.98
2014/2015 Ratio	2.95

b) **Debt Service Ratio**

<u>Operating Surplus before Depreciation and Interest</u>	1,438,992
Principal and Interest	<u>739,509</u>
2016/2017 Ratio	1.95
2015/2016 Ratio	-0.79
2014/2015 Ratio	9.48

c) **Own Source Revenue Coverage**

<u>Own Source Operating Revenue</u>	14,610,851
Operating Expenses	<u>31,906,006</u>
2016/2017 Ratio	0.46
2015/2016 Ratio	0.44
2014/2015 Ratio	0.47

Adjusted Own Source Revenue Ratio - After the removal of expenditure for grant related activity of \$6,649,033, being expenditure that would not occur if the grant was not received the Own Source Revenue Coverage would be 0.58

d) **Operating Surplus Ratio**

<u>Operating Revenue minus Operating Expense</u>	-8,349,347
Own Source Operating Revenue	<u>14,610,851</u>
2016/2017 Ratio	-0.57
2015/2016 Ratio	-0.91
2014/2015 Ratio	-0.39

e) **Asset Consumption Ratio**

Depreciated Replacement Costs of Depreciable Assets	315,621,957
Current Replacement Costs of Depreciable Assets	<u>542,545,453</u>
2016/2017 Ratio	0.58
2015/2016 Ratio	0.58
2014/2015 Ratio	0.60

f) **Asset Sustainability Ratio**

<u>Capital Renewal and Replacement Expenditure</u>	8,290,431
Depreciation	<u>9,529,229</u>
2016/2017 Ratio	0.87
2015/2016 Ratio	0.36
2014/2015 Ratio	0.49

g) **Asset Renewal Funding Ratio**

<u>NPV of Planned Capital Renewals over 10 years</u>	-
NPV of Required Capital Expenditure over 10 years	<u>-</u>
2016/2017 Ratio	-
2015/2016 Ratio	-
2014/2015 Ratio	0.44

The Shire of Manjimup is currently reviewing all Asset Management plans to better calculate the "Required Capital Expenditure" over the period of the plan.

The value of reimbursements and recoveries included in the operating grants, subsidies and contributions total within the statement of comprehensive income is \$996,018.

27. Contingencies

There have been no Contingent Liabilities indentified or provided for at the 30th June 2017

28. Disclosure of Annual Salaries

In Accordance with Regulation 19(b) of Local Government Act (Administration) Regulations 1996, detailed below is the number of employees entitled to an annual salary of \$100,000 or more. Salary represents the total salary amount prior to any salary sacrificing arrangement or any other deductions

Salary Range	2016/2017	2015/2016
	Actual #	Actual #
\$100,000 - \$109,999	2	4
\$110,000 - \$119,999	4	1
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	-	-
\$160,000 and above	1	1

29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/16	Received 2016/2017	Expended 2016/2017	Closing Balance 30/6/17
<i>Funds Held in Grants In Advance Reserve</i>		\$			\$
Australian Youth Orchestra	Recreation & Culture	955	-	-	955
CANWA - Print Making Workshop	Recreation & Culture	48	-	-	48
Childrens Book Council - Book Week 2016	Recreation & Culture	-	2,400	-	2,400
Coast West - Central Lookout Stairway	Recreation & Culture	7,800	-	7,660	140
Coast West	Recreation & Culture	-	15,600	-	15,600
Community Contribution - WP Skate Park	Recreation & Culture	3,021	-	-	3,021
CRC "Collocation Building Feasibility"	Recreation & Culture	10,000	-	10,000	-
Curtain University - Tobacco Control	Health	865	-	-	865
Dept of Communities - Volunteer Day	Recreation & Culture	-	400	-	400
Dept Prem & Cab - National Reconciliation Week	Recreation & Culture	-	5,000	-	5,000
DLG - Cat Sterilisation Program	Law & Order	4,343	-	4,700	(357)
DLG - Cattery Fitout	Law & Order	2,297	-	-	2,297
DPAW - Chesapeake/Deeside Rehab	Transport	2,366	-	-	2,366
DSC/WALGA Disabled Access Timber park Hamlet	Recreation & Culture	44,335	-	32,217	12,118
DSS - Broadband for Seniors	Education & Welfare	27	-	-	27
ESL - SES - Equipment \$1200 to \$5000	Law & Order	3,604	-	3,318	286
ESL - SES Operational	Law & Order	2,471	-	-	2,471
ESL Operational BFB Advance Payment	Law & Order	50,720	-	50,720	-
ESL Operational BFB Advance Payment (16/17)	Law & Order	-	29,485	-	29,485
ESL Operational BFB Advance Payment (17/18)	Law & Order	-	35,808	-	35,808
ESL Operational SES Advance Payment	Law & Order	11,725	-	11,725	-
ESL Operational SES Advance Payment (16/17)	Law & Order	-	4,823	-	4,823
ESL Operational SES Advance Payment (17/18)	Law & Order	-	9,830	-	9,830
ESL Small Equipment Grant 16/17	Law & Order	-	8,236	-	8,236
ESL Springfield BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
ESL Yanmah BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
FAG - Special Projects Grant	Transport	-	414,000	-	414,000
FARE - Alcohol Management Project	Health	270	-	-	270
FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip)	Law & Order	198	-	-	198
FESA - SES minor Capital (F&E 92.8543 Furniture)	Law & Order	111	-	-	111
GROW Packages (Excess)	Education & Welfare	-	21,688	-	21,688
HACC - Non Recurrent Grant (Capital)	Education & Welfare	54,787	64,887	44,493	75,181
HACC - Non Recurrent Grant (Operational)	Education & Welfare	10,750	-	10,750	-
HACC - Royalties for Regions	Education & Welfare	-	249,365	-	249,365
Healthways	Education & Welfare	92	-	92	-
Home & Community Care - Wellness Centre	Education & Welfare	597,039	-	127,976	469,063
LGIS - Experience Fund (20054.755.50)	Governance	9,206	-	-	9,206
LGIS - Experience Fund (Staff Training)	Governance	5,400	-	-	5,400
Main Roads WA	Transport	66,124	-	66,124	-
Medicare Local - WB Healthy Communities	Health	5,256	-	3,634	1,622
NRM Grant - Mottram Reserve	Community Amenities	12,578	-	-	12,578
Pemberton Colocation Grant (\$50k)	Recreation & Culture	-	1,822	-	1,822
Pemberton VC (Colocation)	Recreation & Culture	5,000	-	5,000	-
Pool Revitalisation Program	Recreation & Culture	2,443	2,214	2,443	2,214
Regional Investment Plan - Waste	Community Amenities	7,289	-	1,000	8,289
Regional Road Group Grant (180.9270 & 180.9297)	Transport	1,690	133,345	-	135,035
RIO Tinto School Based Trainees	Other Property Services	47,323	43,843	47,323	43,843
Roads to Recovery - Various	Transport	162,514	161,144	154,664	168,994
Seniors Week	Education & Welfare	208	-	208	-
Southern Inland Health Initiative (Wellness)	Education & Welfare	-	12,638	-	12,638
St John of God - Meth Workshop	Health	86	-	-	86
Stay on Your Feet	Education & Welfare	219	-	-	219
SWDC - Manjimup Health Infrastructure (L&B 93.8607)	Health	360	-	-	360
Tourism WA - Dump Point Grant	Recreation & Culture	11,029	-	368	10,661
Volunteer Grant 2016 - DSS	Education & Welfare	3,100	-	3,100	-
Vouchers - Kids Sport	Recreation & Culture	11,092	18,140	11,092	18,140
Total of Grants in Advance Reserve		1,163,745	1,234,668	596,607	1,801,805

Notes:

- (1) Grants / contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) New grants / contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the Contributor
- (3) Grants / contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4)

Reimbursements and Recoveries have been calculated at \$996,018. This figure is contained and calculated from the "Operating Grants, Subsidies and Contributions" from the "Statement of Comprehensive Income by Nature or Type" (page 5), less operating grants from external sources.

30. **MAJOR CAPITAL COMMITMENTS**

	Rev Budget 2016/2017	Actuals 2016/2017	Outstanding 30 June 17	Completion Date
	\$	\$	\$	
Capital Project				
Auto Patcher	380,000	383,825	-	
HACC - Wellness & Lifestyle Centre	3,591,915	323,225	3,268,690	2017/18
Townsite Revitalisation Project Stage 2	30,213,191	5,102,533	25,110,658	2018/19
Giblett St (Pritchard to Ipsen) - reconstruct and reseal	509,617	503,008	6,609	2017/18
Perup Road reconstruct and reseal	435,000	79,321	355,679	2017/18
Walpole Mainstreet	320,973	268,912	52,061	2017/18
Windy Harbour Rd reconstruct and reseal	450,000	458,936	-	
Franklin St reseal	500,000	516,045	-	
	36,400,696	7,635,805	28,793,697	

31. **LEASING COMMITMENTS**

	2016/2017 Actual	2015/2016 Actual
	\$	\$
(a) Finance Lease Commitments		
Nil	-	-
	<u>-</u>	<u>-</u>
(b) Operating Lease Commitments		
Non-cancellable leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	199,581	154,470
- later than one year but not later than five years	313,122	248,193
- later than five years	-	-
	512,703	402,663
	<u><u>512,703</u></u>	<u><u>402,663</u></u>

32. **EMPLOYEE NUMBERS**

	2016/2017 Actual	2015/2016 Actual
	#	#
The number of full-time equivalent Employees at balance date	123	123

33. **ECONOMIC DEPENDENCY**

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed with the Income Statement.

34. **FINANCIAL RISK MANAGEMENT**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimize 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	30,507,482	31,642,816	30,507,482	31,642,816
Receivables	2,065,202	1,200,093	2,065,202	1,200,093
	32,572,684	32,842,909	32,572,684	32,842,909
	<u><u>32,572,684</u></u>	<u><u>32,842,909</u></u>	<u><u>32,572,684</u></u>	<u><u>32,842,909</u></u>
Financial Liabilities				
Payables	4,560,449	1,424,289	4,560,449	1,424,289
Borrowings	5,570,281	4,517,681	5,570,281	4,517,681
	10,130,730	5,941,970	10,130,730	5,941,970
	<u><u>10,130,730</u></u>	<u><u>5,941,970</u></u>	<u><u>10,130,730</u></u>	<u><u>5,941,970</u></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.

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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 investments portfolio with the assistance of independent advisors (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 the 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 investment with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-17	30-Jun-16
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	305,075	316,428
- Statement of Comprehensive Income	305,075	316,428

Notes:

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

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

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major credit risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council managed this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rate by the due date through incentives.

Credit risk on rates and annual charged is minimised by the ability of Council to recover these debts as secured 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 the 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 debtor.

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:

	30-Jun-17	30-Jun-16
Percentage of Rates and Annual Charges		
- Current	52.53%	50.22%
- Overdue	47.47%	49.78%
Percentage of Other Receivables		
- Current	35.51%	59.50%
- Overdue	64.49%	40.50%

34. **FINANCIAL RISK MANAGEMENT (Continued)**

(c) **Payables**

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligation as and when they fall over 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 \$
2017					
Payables	4,560,449	0	0	4,560,449	4,560,449
Borrowings	860,476	3,464,971	3,108,213	7,433,660	5,570,281
	<u>5,420,925</u>	<u>3,464,971</u>	<u>3,108,213</u>	<u>11,994,109</u>	<u>10,130,730</u>
2016					
Payables	1,424,289	0	0	1,424,289	1,424,289
Borrowings	748,410	3,159,014	2,312,549	6,219,973	4,517,682
	<u>2,172,699</u>	<u>3,159,014</u>	<u>2,312,549</u>	<u>7,644,262</u>	<u>5,941,970</u>

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could be 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 the negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2017								
Borrowings								
Fixed Rate								
Debentures	70,034	157,836	34,797	90,140	91,000	5,126,475	5,570,282	5.10%
Weighted Average Effective Interest Rate	6.61%	6.64%	6.45%	6.15%	5.96%	5.63%		
Year Ended 30 June 2016								
Borrowings								
Fixed Rate								
Debentures	30,047	162,330	11,294	45,060	112,670	4,156,281	4,517,682	5.68%
Weighted Average Effective Interest Rate	6.61%	6.64%	6.45%	6.15%	5.96%	5.63%		

(d) **Interest Rate Risk**

Council has no material interest rate risk at balance date on the basis that all loans are fixed interest rated. Accordingly, sensitivity analysis has not been performed on interest rate risk.

35. **Primary Place of Business**

The Shire of Manjimup's primary place of business is located at 37-39 Rose St Manjimup, Western Australia 6258

36. **Subsequent Event**

Nil

37. Related Party Disclosures

Actuals
2016/2017
\$

(a) Subsidiaries

- N/A Shire of Manjimup currently has no subsidiaries to report on.

(b) Key Management Personnel Compensation

Short-term employee benefits	884,832
Post-employment benefits	111,156
Long-term benefits	31,131
Termination Benefits	0
	<u>1,027,119</u>

Fees and allowances paid to Council and President are disclosed in Note 20

(c) Transactions with related parties

Fees and Charges charged to associates	0
Fees and charges charged to entities controlled by key management personnel	0
Infrastructure contributions from entities controlled by key management personnel	0
Employee expenses for close family members of key management personnel	0
Purchase of materials and services from entities controlled by key management personnel	56,342
	<u>56,342</u>

The Shire of Manjimup purchased Landscaping Design Services from Vickie Winfield & Associates Pty Ltd an entity controlled by a close family member of a key management personnel. The purchased services were made at arm's length and were in the normal course of Shire operations. In 2016/17 \$56,342 of consultancy was provided, during this time Councillor Cliff Winfield was a close family member to the Director of Vicki Winfield and Associates.

(d) Outstanding balances

There was \$7,568 outstanding to Vicki Winfield & Associates at the end of the reporting period in relation to transactions with related parties.

(e) Loans and guarantees to/from related parties

The Shire of Manjimup does not make loans to or receive loans from related parties. No guarantees have been provided.

(f) Commitments to/from other related parties

Council has no outstanding commitments to/from other related parties.

38. Audit Fees

	2016/2017	2015/2016
	Actual	Actual
	\$	\$
Audit Fees paid during the year	32,236	37,788



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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MANJIMUP

Opinion

We have audited the accompanying financial report of the Shire of Manjimup which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Manjimup:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Manjimup as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Manjimup;
- (ii) There are 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 noted during the course of our audit;
- (iii) The asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions;
- (iv) The asset renewal funding ratio is not included in the annual financial report, as required by Local Government (Financial Management) Regulations 1996 section 50(1)(c);
- (v) All necessary information and explanations were obtained by us; and
- (vi) All audit procedures were satisfactorily completed during our audit.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

Council is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 6th day of November 2017