

# Shire of Manjimup

Annual Financial Report

2017/2018



SHIRE OF  
MANJIMUP

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**SHIRE OF MANJIMUP**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

**Statement by Chief Executive Officer**

The attached financial report of the Shire of Manjimup for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Manjimup at the 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the *Australian Accounting Standards*.

Signed on the <sup>1<sup>st</sup></sup> day of November 2018



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**Andrew Campbell**  
**CHIEF EXECUTIVE OFFICER**

## Statement of Comprehensive Income by Program

	Notes	2017/2018 ACTUAL \$	2017/2018 REV BUDGET \$	2016/2017 ACTUAL \$
<b>Revenues</b>				
Governance		1,474,546	1,380,130	996,854
General Purpose Funding		11,908,141	10,506,646	12,952,264
Law, Order & Public Safety		465,336	454,222	897,248
Health		66,786	63,880	70,028
Education & Welfare		1,847,286	1,592,857	1,483,299
Housing		91,327	96,100	115,139
Community Amenities		1,958,343	1,935,796	1,982,722
Recreation & Culture		773,076	853,741	945,949
Transport		1,570,887	899,012	3,529,331
Economic Services		101,810	114,750	203,904
Other Property & Services		210,184	374,244	331,694
		<b>20,467,721</b>	<b>18,271,378</b>	<b>23,508,431</b>
<b>Expenses</b>				
Governance		(2,850,718)	(3,067,931)	(2,967,971)
General Purpose Funding		(147,012)	(120,000)	(29,399)
Law, Order & Public Safety		(1,471,854)	(1,546,468)	(1,466,167)
Health		(286,231)	(351,445)	(338,552)
Education & Welfare		(1,718,976)	(1,717,367)	(1,558,085)
Housing		27,064	(2,071,634)	(1,128)
Community Amenities		(2,601,762)	(2,687,670)	(2,675,567)
Recreation & Culture		(5,854,549)	(5,520,489)	(5,378,797)
Transport		(9,987,391)	(10,460,042)	(13,991,926)
Economic Services		(2,471,566)	(3,065,293)	(2,863,544)
Other Property & Services		(609,344)	(587,453)	(451,668)
		<b>(27,972,341)</b>	<b>(31,195,792)</b>	<b>(31,722,805)</b>
<b>Non Operating Grants, Subsidies and Contributions</b>				
Governance		2,645	12,674	-
Law, Order & Public Safety		514,265	778,473	328,943
Education & Welfare		2,216,481	2,686,191	522,140
Community Amenities		-	-	(2,772)
Recreation & Culture		1,275,763	4,070,740	740,475
Transport		3,811,580	4,026,555	3,886,741
		<b>7,820,735</b>	<b>11,574,633</b>	<b>5,475,527</b>
<b>Profit on Asset Disposal</b>				
Governance		1,796	-	-
Law, Order & Public Safety		153,693	4,195	-
Education & Welfare		73	-	10,593
Recreation & Culture		90	-	-
Economic Services		18	-	-
Other Property & Services		82,282	86,400	17,237
	13	<b>237,952</b>	<b>90,595</b>	<b>27,830</b>
<b>Loss on Asset Disposal</b>				
Governance		(43,447)	(2,484)	(105,191)
Law, Order & Public Safety		(504)	-	-
Health		(368)	(5,116)	-
Education & Welfare		(22,154)	-	-
Community Amenities		-	(1,332)	(7,863)
Recreation & Culture		(3,905)	-	(30)
Economic Services		(125)	(5,983)	(34,162)
Other Property & Services		(9,479)	(35,195)	(15,556)
	13	<b>(79,982)</b>	<b>(50,110)</b>	<b>(162,802)</b>
<b>Net Result</b>		<b>474,084</b>	<b>(1,309,296)</b>	<b>(2,873,819)</b>
<b>Other Comprehensive Income:</b>				
Change in revaluation of Non-current assets	12c	(25,720,768)	-	3,854,436
<b>Total Other Comprehensive Income</b>		<b>(25,720,768)</b>	<b>-</b>	<b>3,854,436</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(25,246,683)</b>	<b>(1,309,296)</b>	<b>980,617</b>

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 2018

	Notes	2017/2018 Actual \$	2017/2018 Rev Budget \$	2016/2017 Actual \$
<b>Revenue</b>				
General Purpose Funding		2,883,027	1,439,180	4,252,320
Governance		1,478,987	1,392,804	996,854
Law, Order & Public Safety		1,133,294	1,236,890	1,226,191
Health		66,786	63,880	70,028
Education & Welfare		4,063,840	4,279,048	2,016,032
Housing		91,327	96,100	115,139
Community Amenities		1,958,343	1,935,796	1,979,950
Recreation & Culture		2,048,929	4,924,481	1,686,424
Transport		5,382,467	4,925,567	7,416,072
Economic Services		101,828	114,750	203,904
Other Property & Services		292,466	460,644	348,931
		<b>19,501,293</b>	<b>20,869,140</b>	<b>20,311,844</b>
<b>Expenditure</b>				
General Purpose Funding		(147,012)	(120,000)	(29,399)
Governance		(2,894,165)	(3,070,415)	(3,073,162)
Law, Order & Public Safety		(1,472,358)	(1,546,468)	(1,466,167)
Health		(286,599)	(356,561)	(338,552)
Education & Welfare		(1,741,130)	(1,717,367)	(1,558,085)
Housing		27,064	(2,071,634)	(1,128)
Community Amenities		(2,601,762)	(2,689,002)	(2,683,430)
Recreation & Culture		(5,858,454)	(5,520,489)	(5,378,827)
Transport		(9,987,391)	(10,460,042)	(13,991,926)
Economic Services		(2,471,691)	(3,071,276)	(2,897,706)
Other Property & Services		(618,823)	(622,648)	(467,224)
		<b>(28,052,323)</b>	<b>(31,245,902)</b>	<b>(31,885,607)</b>
<b>Net Result Excluding Rates</b>		<b>(8,551,030)</b>	<b>(10,376,762)</b>	<b>(11,573,765)</b>
<b>Adjustments for Cash Budget Requirements</b>				
<i>Non-cash expenditure and income</i>				
Net Loss on Sale of Assets	13	(157,970)	(40,485)	134,973
Depreciation on Assets	25	9,499,287	9,618,824	9,529,229
Leave Provisions to Reserves		144,265	208,119	37,974
Other		35,347	10,000	48,513
<b>Net Non-Cash Expenditure and Revenue</b>		<b>9,520,929</b>	<b>9,796,458</b>	<b>9,750,689</b>
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(3,372,652)	(3,874,693)	(819,340)
Purchase Infrastructure Assets		(13,522,870)	(27,510,006)	(9,571,570)
Purchase Plant & Machinery		(931,057)	(1,258,593)	(756,782)
Purchase Motor Vehicles		(328,917)	(347,000)	(480,676)
Purchase Furniture & Equipment		(134,058)	(615,238)	(63,171)
Proceeds from Disposal of Assets	13	512,253	471,000	312,552
Repayment of Loan Principal	23g	(760,911)	(599,880)	(480,399)
Proceeds from New Debentures	23g	289,400	289,400	1,533,000
Payment of SS Loans to Groups	23c	(140,000)	(140,000)	(150,000)
Self-supporting Loan Principal Income	23c	291,065	130,032	37,612
Unexpended Loan Funds Brought Forward	23f	(147,457)	247,380	(72,793)
Transfers to Reserves	12e	(6,718,807)	(1,364,683)	(10,272,241)
Transfers from Reserves	12e	9,705,490	10,247,254	5,591,940
Restricted Cash		-	-	879,115
<b>Net Cash from Investing Activities</b>		<b>(15,258,521)</b>	<b>(24,325,027)</b>	<b>(14,312,753)</b>
<b>Estimated Surplus/(Deficit) July 1 B/Fwd</b>	15d	<b>15,837,866</b>	<b>15,837,866</b>	<b>23,273,750</b>
<b>Estimated (Surplus)/Deficit June 30 C/Fwd</b>	15d	<b>(10,574,358)</b>		<b>(15,837,866)</b>
<b>AMOUNT REQUIRED TO BE RAISED FROM RATES</b>	15e	<b>(9,025,114)</b>	<b>(9,067,466)</b>	<b>(8,699,944)</b>

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

## Statement of Comprehensive Income by Nature or Type

		2017/2018 ACTUAL \$	2017/2018 REV BUDGET \$	2016/2017 ACTUAL \$
<b>Revenues</b>	<b>Notes</b>			
Rates	15e	9,153,643	9,195,513	8,826,863
Operating Grants, Subsidies and Contributions		6,618,311	4,576,641	9,941,825
Fees & Charges	17	3,167,975	3,035,006	2,903,738
Interest Earnings	24	492,717	282,050	587,875
Other Revenue		1,080,596	1,182,168	1,268,527
		<b>20,513,242</b>	<b>18,271,378</b>	<b>23,528,829</b>
<b>Expenses</b>				
Employee Costs		(9,987,811)	(9,947,706)	(9,671,787)
Materials & Contracts		(5,873,412)	(9,411,085)	(7,036,482)
Utilities		(761,745)	(751,423)	(719,224)
Depreciation on Non-Current Assets	25	(9,499,287)	(9,618,824)	(9,529,229)
Interest Expenses		(275,813)	(275,153)	(259,110)
Insurance Expenses		(551,400)	(617,280)	(726,710)
Other Expenditure		(1,068,395)	(574,321)	(3,800,661)
		<b>(28,017,863)</b>	<b>(31,195,792)</b>	<b>(31,743,203)</b>
<b>sub-total</b>		<b>(7,504,621)</b>	<b>(12,924,414)</b>	<b>(8,214,374)</b>
Non Operating Grants, Subsidies and Contributions		7,820,735	11,574,633	5,475,527
Profit on Asset Disposal	13	237,952	90,595	27,830
Loss of Asset Disposal	13	(79,982)	(50,110)	(162,803)
		<b>7,978,704</b>	<b>11,615,118</b>	<b>5,340,554</b>
<b>Net Result</b>		<b>474,084</b>	<b>(1,309,296)</b>	<b>(2,873,819)</b>
<b>Other Comprehensive Income:</b>				
Change in revaluation of Non-current assets	12c	(25,720,768)	-	3,854,436
<b>Total Other Comprehensive Income</b>		<b>(25,720,768)</b>	<b>-</b>	<b>3,854,436</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(25,246,683)</b>	<b>(1,309,296)</b>	<b>980,617</b>

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

Statement of Financial Position		Notes	ACTUAL	ACTUAL		
			2017/2018	2016/2017		
			\$	\$		
<b>Current Assets</b>						
Cash and cash equivalents	2		23,299,525	30,507,482		
Trade and other receivables	3a		1,122,278	1,627,080		
Inventories	4		78,121	66,412		
Other assets	5,6		417,611	923,456		
Tax Assets	7		31,353	162,902		
<b>Total Current Assets</b>			<b>24,948,889</b>	<b>33,287,334</b>		
<b>Non-Current Assets</b>						
Other receivables	3b		334,951	438,121		
Property, plant & equipment	8		60,316,774	57,371,439		
Infrastructure	9		241,033,900	261,264,018		
<b>Total Non-Current Assets</b>			<b>301,685,625</b>	<b>319,073,578</b>		
<b>TOTAL ASSETS</b>			<b>326,634,514</b>	<b>352,360,914</b>		
<b>Current Liabilities</b>						
Trade and other payables	10a		4,343,712	4,560,449		
Provisions	10b		1,614,292	1,476,272		
Current Portion of Long Term Borrowings	11a		540,857	583,293		
<b>Total Current Liabilities</b>			<b>6,498,862</b>	<b>6,620,015</b>		
<b>Non-Current Liabilities</b>						
Long term borrowings	11b		4,557,911	4,986,988		
Provisions	10c		464,796	394,280		
<b>Total Non-Current Liabilities</b>			<b>5,022,707</b>	<b>5,381,268</b>		
<b>TOTAL LIABILITIES</b>			<b>11,521,568</b>	<b>12,001,282</b>		
<b>NET ASSETS</b>			<b>315,112,949</b>	<b>340,359,633</b>		
<b>Equity</b>						
Accumulated losses			(12,438,295)	(15,899,062)		
Reserves - Cash Backed	2,12		8,948,145	11,934,828		
Reserves - Asset Revaluation	12c		318,603,098	344,323,866		
<b>TOTAL EQUITY</b>			<b>315,112,949</b>	<b>340,359,633</b>		
<b>Statement of Changes in Equity</b>		Notes	<b>Accumulated Losses</b>	<b>Reserves Cash Backed</b>	<b>Asset Revaluation Reserves</b>	<b>Total Equity</b>
			\$	\$	\$	\$
Balance as at 1 July 2016			(8,344,943)	7,254,527	340,469,430	339,739,016
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	-	-
<b>Balance as at 30 June 2017</b>			<b>(15,899,062)</b>	<b>11,934,828</b>	<b>344,323,866</b>	<b>340,359,633</b>
Comprehensive Income						
Net Result			474,084	-	-	474,084
Change on Revaluation of Non-Current Assets		12c	-	-	-	-
Total Comprehensive Income			474,084	-	-	474,084
Transfers from/(to) Reserves		12e	2,986,683	(2,986,683)	(25,720,768)	(25,720,768)
<b>Balance as at 30 June 2018</b>			<b>(12,438,295)</b>	<b>8,948,145</b>	<b>318,603,098</b>	<b>315,112,949</b>

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

Statement of Cash Flows	Notes	2017/2018 ACTUAL \$	2016/2017 ACTUAL \$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates		9,031,971	8,806,419
Operating Grants, Subsidies and Contributions		7,751,778	9,445,916
Fees & Charges		3,232,794	2,818,772
Interest Earnings		494,441	587,392
Other Revenue		1,088,667	1,337,096
		<b>21,599,652</b>	<b>22,995,595</b>
<b>Payments</b>			
Employee Costs		(9,773,600)	(9,619,063)
Materials & Contracts		(5,751,167)	(7,193,352)
Utilities		(788,827)	(723,108)
Interest Expenses		(281,885)	(248,837)
Insurance Expenses		(551,547)	(726,710)
Other Expenditure		(900,745)	(673,391)
		<b>(18,047,771)</b>	<b>(19,184,461)</b>
<b>Net Cash used in Operating Activities</b>		<b>3,551,880</b>	<b>3,811,135</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Buildings		(4,494,582)	(5,863,675)
Purchase Infrastructure Assets		(12,631,990)	(6,257,176)
Purchase Plant & Equipment		(1,203,475)	2,062,216
Purchase Furniture & Equipment		(233,227)	(779,189)
Purchase Tools		0	(1,131)
Purchase Land		(143,288)	(544,542)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		7,674,226	5,325,756
Bonds and deposits		80,695	3,109
Proceeds from Sale of Plant & Equipment	13	512,253	312,552
<b>Net Cash used in Investing Activities</b>		<b>(10,439,387)</b>	<b>(5,742,080)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from New Debentures	23g	289,400	1,533,000
Proceeds from Self Supporting Loans	23c	291,063	46,662
New Self Supporting Loan Issues	23c	(140,000)	(303,653)
Repayment of Debentures	23g	(760,911)	(480,398)
<b>Net Cash used in Financing Activities</b>		<b>(320,449)</b>	<b>795,611</b>
<b>Net Increase in Cash Held / (Decrease)</b>		<b>(7,207,957)</b>	<b>(1,135,334)</b>
Cash at Beginning of year		30,507,482	31,642,816
Cash and Cash Equivalents at End of the Year	2	23,299,525	30,507,482
<b>NET MOVEMENT OF CASH HELD</b>		<b>(7,207,957)</b>	<b>(1,135,334)</b>

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



Statement of Cash Flows	Notes	2017/2018 ACTUAL \$	2016/2017 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	23,299,525	30,507,482
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b) Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net Result		(474,084)	(2,873,819)
Depreciation		(9,499,287)	9,529,229
Net profit-Loss on disposal of assets		157,970	134,973
Movement in rate debtors		121,672	(20,444)
Movement in sundry debtors		(578,581)	(587,675)
Movement in inventory		11,709	1,975
Movement in prepayments		(22,851)	(86,204)
Movement in accrued income		(482,992)	(68,352)
Movement in income in advance		-	(6,532)
Movement in employee hours bank		(11,071)	(25,417)
Movement in Restricted Cash		-	3,000,000
Movement in grants in advance		-	-
Movement in trade creditors		(60,473)	(9,563)
Movement in accrued expenses		(27,202)	(122,273)
Movement in accrued salary & wages		(27,147)	26,142
Movement in accrued employee deductions		245	345
Movement in provision for PAYG		-	(47,963)
Movement in accrued interest expense		6,072	10,273
Movement in provision for leave		(173,190)	99,709
Movement provision for doubtful debts		(35,347)	202,166
Movement in GST		(131,550)	(19,677)
Capital Grants		7,703,887	(5,324,472)
Capital Community Contributions		(29,661)	(1,284)
<b>Net Cash from Operating Activities</b>		<b>(3,551,880)</b>	<b>3,811,135</b>

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.

(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.

(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.

A combination of independent and management valuation was undertaken in 2017/2018 for all Infrastructure Assets. As a result of this revaluation adjustments were posted through the accounts ending 30 June 2018.

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:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(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"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services</li> </ul> <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 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) | AASB 2016-7 Amendments to Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities  | 1 January 2017 |

	2017/2018 ACTUAL	2016/2017 ACTUAL
	\$	\$
<b>2. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	14,133,549	18,292,218
Cash at Bank - Restricted	216,880	279,385
Cash Floats / Tills	951	1,051
Reserve Funds (Note 12 (a))	8,948,145	11,934,828
	<b>23,299,525</b>	<b>30,507,482</b>
The following restrictions have been imposed by regulations or other externally imposed requirements.		
Reserve Funds	8,948,145	11,934,828
Loan Funds Carried Forward (Note 23(f))	394,837	247,380
	<b>9,342,982</b>	<b>12,182,208</b>
<b>NON-COUNCIL CONTROLLED FUNDS</b>		
At 30 June 2018 the Shire of Manjimup held funds totalling \$7,257,772.86 with WA Treasury Corporation relating to Royalties for Regions projects. Project balances held at 30 June 2018 by WA Treasury are \$437,820.53 Ag Expansion project, \$5,724,901.55 Town Revitalisation Project and \$1,095,050.78 Affordable Seniors Housing Project. The Shire of Manjimup held at the 30 June 2018 \$3,000,000 of funds requiring to be paid back to the State Government for the Town Revitalisation Project, this money was invoiced and paid on 5 July 2018. 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.		
On the 8 November 2017 the Shire of Manjimup and ARC Infrastructure Pty Ltd opened an escrow account held at Westpac Banking Corporation for \$500,000. The funds were required to be set aside as part of the Town Centre Revitalisation Stage 2, in particular, related to the removal of rail infrastructure within the townsite of Manjimup. The funds are to be used should there be a requirement to reinstate the rail infrastructure within the Shire of Manjimup lease term with ARC Infrastructure Pty Ltd (expiry 17 June 2049). The \$500,000 is deemed not to be an asset of the Shire of Manjimup and as such does not appear in the annual financial accounts.		
<b>3. TRADE AND OTHER RECEIVABLES</b>		
a) <u>Current</u>		
Infringement Debtors	7,150	4,350
Rate Debtors	750,358	654,063
Self-Supporting Loan Debtors	90,929	113,445
Sundry Debtors	273,841	855,222
	<b>1,122,278</b>	<b>1,627,080</b>
b) <u>Non-Current</u>		
Rate Debtors	163,896	138,519
Bonds- Housing	260	260
Sporting Bodies - Loans	170,795	299,342
	<b>334,951</b>	<b>438,121</b>
<b>4. INVENTORIES</b>		
Bitumen Products	9,595	596
Fuel (valued at cost)	41,831	21,695
Other - Guide Posts etc	24,492	41,918
Manjimup Aqua Centre	2,203	2,203
	<b>78,121</b>	<b>66,412</b>
<b>5. PREPAYMENTS</b>		
Materials & Contracts	90,936	111,229
Subscriptions	1,888	4,446
	<b>92,824</b>	<b>115,675</b>
<b>6. ACCRUED INCOME</b>		
Interest on Self-Supporting Loans	1,907	3,334
Accrued Income Debtors	322,880	804,446
	<b>324,787</b>	<b>807,780</b>
<b>7. TAX ASSETS</b>		
<u>Current</u>		
Goods & Services Tax	31,353	162,902
	<b>31,353</b>	<b>162,902</b>

	2017/2018 ACTUAL \$	2016/2017 ACTUAL \$
<b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>		
a) Assets classified by Function/Activity		
General Administration	6,578,798	6,628,094
Law, Order & Public Safety	4,238,725	3,748,629
Health	93,270	63,870
Welfare	5,795,852	2,372,503
Housing	991,979	1,031,936
Community Amenities	1,477,759	1,287,854
Recreation & Culture	43,298,201	41,467,424
Transport	238,035,865	261,102,008
Economic Services	814,250	650,562
Other Property & Services	25,976	3,194
	<b>301,350,674</b>	<b>318,356,073</b>
b) Assets classified by Type		
Land (At Fair Value)	3,156,788	3,013,500
Buildings (At Fair Value)	89,202,865	85,107,100
less Accumulated Depreciation	(39,054,712)	(37,781,425)
	<b>53,304,941</b>	<b>50,339,174</b>
Plant & Equipment (At Fair Value)	14,439,889	14,524,953
less Accumulated Depreciation	(8,641,529)	(8,553,997)
	<b>5,798,361</b>	<b>5,970,957</b>
Furniture & Equipment (At Fair Value)	2,422,822	2,653,707
less Accumulated Depreciation	(1,209,350)	(1,592,399)
	<b>1,213,472</b>	<b>1,061,308</b>
<b>SUB TOTAL Property, Plant &amp; Equipment</b>	<b>60,316,774</b>	<b>57,371,439</b>
Infrastructure Assets (At Fair Value)	430,883,897	440,259,693
less Accumulated Depreciation	(189,849,997)	(178,995,675)
	<b>241,033,900</b>	<b>261,264,018</b>
<b>NET BOOK VALUE</b>	<b>301,350,674</b>	<b>318,635,457</b>

#### 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	50,339,174	1,061,308	5,970,957	-	57,371,439
Reclassification	-	(10,733)	(119,066)	-	(129,799)
Additions	5,764,253	254,022	1,253,304	-	7,271,579
Disposals	(61,250)	(10,062)	(282,971)	-	(354,283)
Revaluation increments/(decrements)	(1,063,678)	-	-	-	(1,063,678)
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(1,673,559)	(81,063)	(1,023,863)	-	(2,778,485)
Carrying amount at the end of year	<b>53,304,941</b>	<b>1,213,472</b>	<b>5,798,361</b>	-	<b>60,316,774</b>

#### 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).

**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. <b>INFRASTRUCTURE</b>	2017/2018	2016/2017
	ACTUAL \$	ACTUAL \$
Roads - at Fair Value	324,159,974	337,962,359
Less Accumulated Depreciation	(144,272,966)	(136,649,000)
	<u>179,887,008</u>	<u>201,313,359</u>
Footpaths - at Fair Value	3,208,981	4,389,683
Less Accumulated Depreciation	(1,373,160)	(1,355,000)
	<u>1,835,821</u>	<u>3,034,683</u>
Drainage - at Fair Value	30,044,917	30,364,846
Less Accumulated Depreciation	(15,111,749)	(14,528,000)
	<u>14,933,168</u>	<u>15,836,846</u>
Bridges - at Fair Value	52,492,700	49,523,100
Less Accumulated Depreciation	(20,480,700)	(17,644,872)
	<u>32,012,000</u>	<u>31,878,228</u>
Refuse Sites & Waste Transfer Stations - at Fair Value	994,630	882,357
Less Accumulated Depreciation	(487,230)	(470,516)
	<u>507,400</u>	<u>411,840</u>
Carparks - at Fair Value	2,793,285	2,961,897
Less Accumulated Depreciation	(1,185,182)	(1,138,000)
	<u>1,608,103</u>	<u>1,823,897</u>
Cemeteries - at Fair Value	466,230	433,240
Less Accumulated Depreciation	(261,730)	(263,960)
	<u>204,500</u>	<u>169,280</u>
Airfield & Runways - at Fair Value	5,715,790	5,172,240
Less Accumulated Depreciation	(2,270,990)	(2,310,917)
	<u>3,444,800</u>	<u>2,861,323</u>
Parks & Ovals - at Fair Value	11,007,390	8,569,972
Less Accumulated Depreciation	(4,406,290)	(4,635,410)
	<u>6,601,100</u>	<u>3,934,562</u>
	<b><u>241,033,900</u></b>	<b><u>261,264,018</u></b>

**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	201,313,359	3,034,683	15,836,846	31,878,228	9,200,902	261,264,018
Reclassification	-	-	-	-	129,799	129,799
Additions	6,757,741	718,478	23,314	716,795	2,801,647	11,017,974
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	(23,678,011)	(1,842,441)	(335,521)	222,810	976,072	(24,657,090)
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(4,506,081)	(74,899)	(591,471)	(805,834)	(742,517)	(6,720,802)
Carrying amount at the end of year	<b><u>179,887,008</u></b>	<b><u>1,835,821</u></b>	<b><u>14,933,168</u></b>	<b><u>32,012,000</u></b>	<b><u>12,365,903</u></b>	<b><u>241,033,900</u></b>

**Infrastructure**

The Shire's Infrastructure assets was revalued at 30 June 2018 by a combination of independent valuation contractors and an internal management valuation. An internal management valuation reviewed Roads, Footpaths, Carparks and Drainage. To assist in the revaluation of these subclasses of infrastructure assets, condition assessment support was supplied by ARRB Group Ltd. AssetVal Pty Ltd revalued the subclasses of Bridges and Other Infrastructure. The valuations were to have regard for their current replacement cost, condition assessment (Level 3), residual values and remaining estimated useful life. The revaluation process determined an overall decrease of \$24,657,090 for the Infrastructure asset class.

10. **TRADE AND OTHER PAYABLES**

	2017/2018 ACTUAL \$	2016/2017 ACTUAL \$
a) <u>Creditors - Current</u>		
Creditors	393,718	989,046
Accrued Employee deductions	1,411	1,656
Accrued Expenses	484,335	218,341
Accrued Interest on Loans	52,092	58,164
Accrued Salaries and Wages	134,123	106,976
Bonds & Deposits	96,902	16,207
Income in Advance	60,000	60,000
Restricted Cash	3,000,000	3,000,000
Hours Bank	121,131	110,060
Unearned Revenue	-	-
	<b>4,343,712</b>	<b>4,560,449</b>

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 were returned to the State Government on 5 July 2018.

**Provisions**

b) <u>Provisions - Current</u>		
Provision for Annual Leave	649,958	620,957
Provision for Long Service Leave	588,985	526,314
Provision for Workers Compensation	33,165	30,866
Provision for Superannuation	98,098	89,396
Provision for Doubtful Debts	19,046	12,885
Provision for Rates Debtors	225,040	195,854
Provision for Salary Sacrifice Retirement	-	-
	<b>1,614,292</b>	<b>1,476,272</b>

**Creditors & Provisions - Current**

<b>5,958,004</b>	<b>6,036,722</b>
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c) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	464,796	394,280
	<b>464,796</b>	<b>394,280</b>

	Provision for Annual Leave	Provision for Long Service Leave
<u>Reconciliation of provisions</u>		
Opening Balance at 1 July 2017	620,957	920,594
Additional provision	592,899	243,812
Amounts used	(563,898)	(110,625)
Used amount reserved	-	-
Increase is the discounted amount arising because of time and the effect of any change in the discounted rate	-	-
<b>Balance 30 June 2018</b>	<b>649,958</b>	<b>1,053,781</b>

11. **Borrowings**

a) <u>Current</u>		
Council Loans	449,928	469,848
Self-Supporting Loans	90,929	113,445
	<b>540,857</b>	<b>583,293</b>
b) <u>Non-Current</u>		
Council Loans	4,387,116	4,687,646
Self-Supporting Loans	170,795	299,342
	<b>4,557,911</b>	<b>4,986,988</b>
<b>TOTAL Borrowings</b>	<b>5,098,768</b>	<b>5,570,281</b>

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:

<u>ACCOUNT TITLE</u>	<u>Rev Budget</u> <u>2017/2018</u> \$	<u>Actual</u> <u>2017/2018</u> \$	<u>Actual</u> <u>2016/2017</u> \$
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### Airfield Construction & Maintenance Reserve

To be applied upon recommendations from the Airfield Committee.

Opening Balance	99,591	99,591	75,924
Interest Earned	2,192	1,363	227
Transfer to Reserve	20,000	20,000	23,441
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>121,783</b>	<b>120,955</b>	<b>99,591</b>

### AquaCentre Building Reserve

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

Opening Balance	63,590	63,590	43,590
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(12,300)	(2,312)	-
<b>Closing Balance</b>	<b>71,290</b>	<b>81,278</b>	<b>63,590</b>

### AquaCentre Plant Reserve

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

Opening Balance	62,110	62,110	42,110
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>82,110</b>	<b>82,110</b>	<b>62,110</b>

### 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	21,774	21,774	16,774
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>26,774</b>	<b>26,774</b>	<b>21,774</b>

### 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	-	-	-
<b>Closing Balance</b>	<b>283,584</b>	<b>283,584</b>	<b>283,584</b>

### Building Asset Management Reserve

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

Opening Balance	3,863	3,863	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	3,863
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>3,863</b>	<b>3,863</b>	<b>3,863</b>

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2017/2018</u>	<u>Actual 2017/2018</u>	<u>Actual 2016/2017</u>
<b><u>RESERVES - CASH BACKED Cont...</u></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Community Bus Reserve</u></b>			
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	-	-	-
<b>Closing Balance</b>	<b>1,370</b>	<b>1,370</b>	<b>1,370</b>
<b><u>Construction &amp; Resource Research Reserve</u></b>			
Monies set aside to assist in resourcing materials for construction.			
Opening Balance	509,983	509,983	491,539
Interest Earned	-	-	-
Transfer to Reserve	70,000	2,100	23,475
Transfer from Reserve	(37,971)	(11,879)	(5,031)
<b>Closing Balance</b>	<b>542,012</b>	<b>500,205</b>	<b>509,983</b>
<b><u>Future Car park Reserve - Manjimup</u></b>			
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	-	-	-
<b>Closing Balance</b>	<b>19,300</b>	<b>14,300</b>	<b>14,300</b>
<b><u>Grants in Advance Reserve</u></b>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	1,801,805	1,801,805	1,163,745
Interest Earned	-	-	-
Transfer to Reserve	-	1,512,459	1,234,667
Transfer from Reserve	(1,723,414)	(1,594,945)	(596,607)
<b>Closing Balance</b>	<b>78,391</b>	<b>1,719,319</b>	<b>1,801,805</b>
<b><u>HACC Annual &amp; Long Service Leave Reserve</u></b>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	130,504	130,504	108,883
Interest Earned	2,788	1,498	298
Transfer to Reserve	17,770	2,676	21,323
Transfer from Reserve	-	(14,801)	-
<b>Closing Balance</b>	<b>151,062</b>	<b>119,877</b>	<b>130,504</b>
<b><u>HACC Asset Replacement Reserve</u></b>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	367,228	367,228	308,274
Interest Earned	7,958	4,485	830
Transfer to Reserve	60,229	48,484	88,313
Transfer from Reserve	(144,000)	(136,897)	(30,190)
<b>Closing Balance</b>	<b>291,415</b>	<b>283,300</b>	<b>367,228</b>
<b><u>Heritage Reserve</u></b>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	20,612	20,612	15,612
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(10,000)	(1,800)	-
<b>Closing Balance</b>	<b>15,612</b>	<b>23,812</b>	<b>20,612</b>



<u>ACCOUNT TITLE</u>	<u>Rev Budget 2017/2018</u>	<u>Actual 2017/2018</u>	<u>Actual 2016/2017</u>
<b><u>RESERVES - CASH BACKED Cont...</u></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Heritage Trail Reserve</u></b>			
funds set aside to promote our unique heritage for residents and visitors.			
Opening Balance	25,000	25,000	10,000
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>40,000</b>	<b>40,000</b>	<b>25,000</b>
<b><u>ICT Hardware Replacement Reserve</u></b>			
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)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Land Resumption Reserve</u></b>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	86,669	86,669	90,897
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(26,772)	(11,073)	(4,228)
<b>Closing Balance</b>	<b>59,897</b>	<b>75,596</b>	<b>86,669</b>
<b><u>Northcliffe Town Hall Reserve</u></b>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	4,558	4,558	4,546
Interest Earned	91	54	12
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>4,649</b>	<b>4,613</b>	<b>4,558</b>
<b><u>Occupational Health &amp; Safety Reserve</u></b>			
for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety			
Opening Balance	18,000	18,000	15,000
Interest Earned	-	-	-
Transfer to Reserve	3,000	3,000	3,000
Transfer from Reserve	-	-	-
<b>Closing Balance</b>	<b>21,000</b>	<b>21,000</b>	<b>18,000</b>
<b><u>Plant &amp; Equipment Replacement Reserve</u></b>			
To offset costs associated with new plant purchases.			
Opening Balance	137,560	137,560	367,496
Interest Earned	-	-	-
Transfer to Reserve	801,000	688,200	456,920
Transfer from Reserve	(770,000)	(263,667)	(686,857)
<b>Closing Balance</b>	<b>168,560</b>	<b>562,092</b>	<b>137,560</b>
<b><u>Recreation Floor Reserve</u></b>			
Set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities			
Opening Balance	7,500	7,500	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	-	-	(7,500)
<b>Closing Balance</b>	<b>22,500</b>	<b>22,500</b>	<b>7,500</b>

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2017/2018</u>	<u>Actual 2017/2018</u>	<u>Actual 2016/2017</u>
<b>RESERVES - CASH BACKED Cont...</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recreation Ground /Facility Improvement Reserve</b>			
For funding the improvement or development of recreation grounds and facilities.of any recreational sportsground equipment failure or breakdown.			
Opening Balance	7,930	7,930	12,930
Interest Earned	-	-	-
Transfer to Reserve	46,000	46,000	5,000
Transfer from Reserve	-	-	(10,000)
<b>Closing Balance</b>	<b>53,930</b>	<b>53,930</b>	<b>7,930</b>
<b>Revaluation Reserve</b>			
For the funding of future revaluation cycles, for GRV valuations and Building revaluations.			
Opening Balance	109,500	109,500	73,000
Interest Earned	-	-	-
Transfer to Reserve	36,500	36,500	36,500
Transfer from Reserve	(90,000)	(117,012)	-
<b>Closing Balance</b>	<b>56,000</b>	<b>28,988</b>	<b>109,500</b>
<b>Self Insurance Fund</b>			
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
Transfer from Reserve	(15,000)	-	(15,000)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Staff Annual &amp; Long Serve Leave Reserve</b>			
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	-	-	-
<b>Closing Balance</b>	<b>450,615</b>	<b>450,615</b>	<b>450,615</b>
<b>Strategic Asset Development Reserve</b>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	13,128	13,128	13,128
Interest Earned	-	-	-
Transfer to Reserve	22,700	22,700	-
Transfer from Reserve	(28,128)	(13,128)	-
<b>Closing Balance</b>	<b>7,700</b>	<b>22,700</b>	<b>13,128</b>
<b>SuperTown - Food Council Project</b>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	-	-	664,564
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	(664,564)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SuperTown - Townsite Expansion Project</b>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	6,969,496	6,969,496	1,971,191
Interest Earned	-	63,383	-
Transfer to Reserve	-	4,000,000	8,000,000
Transfer from Reserve	(6,969,496)	(7,455,219)	(3,001,695)
<b>Closing Balance</b>	<b>-</b>	<b>3,577,660</b>	<b>6,969,496</b>
<b>Telecommunications Reserve</b>			
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	-	-	-
<b>Closing Balance</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2017/2018</u>	<u>Actual 2017/2018</u>	<u>Actual 2016/2017</u>
	\$	\$	\$
<b><u>RESERVES - CASH BACKED Cont...</u></b>			
<b><u>Playground Major Repair Reserve</u></b>			
To set aside funds for future major repairs required for playgrounds within the Shire of Manjimup.			
Opening Balance	15,000	15,000	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	(13,500)	(13,300)	-
<b>Closing Balance</b>	<b>16,500</b>	<b>16,700</b>	<b>15,000</b>
<b><u>Waste Management &amp; Site Development Reserve</u></b>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	37,666	37,666	25,624
Interest Earned	-	-	-
Transfer to Reserve	50,000	61,449	65,000
Transfer from Reserve	(81,593)	(36,298)	(52,958)
<b>Closing Balance</b>	<b>6,073</b>	<b>62,817</b>	<b>37,666</b>
<b><u>Windy Harbour Infrastructure Reserve</u></b>			
For the development of infrastructure within the settlement.			
Opening Balance	593,133	593,133	854,907
Interest Earned	-	-	-
Transfer to Reserve	57,605	57,605	138,145
Transfer from Reserve	(303,230)	(11,309)	(399,918)
<b>Closing Balance</b>	<b>347,508</b>	<b>639,429</b>	<b>593,133</b>
<b><u>Workers Compensation Premium Reserve</u></b>			
For the development of infrastructure within the settlement.			
Opening Balance	72,759	72,759	128,924
Interest Earned	-	-	-
Transfer to Reserve	30,000	30,000	39,377
Transfer from Reserve	-	-	(95,542)
<b>Closing Balance</b>	<b>102,759</b>	<b>102,759</b>	<b>72,759</b>
<b><u>TOTAL RESERVES - CASH BACKED</u></b>	<b>3,052,258</b>	<b>8,948,145</b>	<b>11,934,828</b>

(b) Change of Purpose of Reserve Account

There were 2 changes of Name/Purpose of reserves as per the 2017/2018 budget process, being:

- Recreation Ground Equipment Reserve was changed to Recreation Ground/Facility Improvement Reserve
- Timber Park Playground Major Repair Reserve was changed to Playground Major Repair Reserve (See purpose under each individual reserve above)

(c) **RESERVES - ASSET REVALUATION**

Infrastructure Assets were revalued as a mix using internal staff and external consultants in the 2017/2018 financial year.

	2017/2018 ACTUAL \$	2016/2017 ACTUAL \$
<b>Plant &amp; Equipment</b>		
Opening Balance	798,087	798,087
Revaluation	0	0
	<b>798,087</b>	<b>798,087</b>
<b>Land</b>		
Opening Balance	1,441,237	1,376,780
Revaluation	0	64,457
	<b>1,441,237</b>	<b>1,441,237</b>
<b>Buildings</b>		
Opening Balance	52,268,562	48,478,583
Revaluation	(1,063,678)	3,789,979
	<b>51,204,884</b>	<b>52,268,562</b>
<b>Infrastructure</b>		
Opening Balance	289,815,982	289,815,982
Revaluation	(24,657,090)	0
	<b>265,158,892</b>	<b>289,815,982</b>
<b>TOTAL</b>		
Opening Balance	344,323,866	340,469,430
Total Revaluation	(25,720,768)	3,854,436
	<b>318,603,098</b>	<b>344,323,866</b>

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.

	2017/2018 Rev Budget \$	2017/2018 Actual \$	2016/2017 Actual \$
Transfers to Reserve Accounts (including interest)	1,364,683	6,718,807	10,272,241
Transfers from Reserve Accounts	(10,247,254)	(9,705,490)	(5,591,940)
<b>Net Transfers to/(from) Reserve Accounts</b>	<b>(8,882,571)</b>	<b>(2,986,683)</b>	<b>4,680,300</b>

### 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	10,062	-	2,877	-	7,185	-
Motor Vehicles						-
Profit on Sale	103,137	102,183	259,876	101,000	(156,739)	1,183
Loss on Sale	91,082	99,452	82,226	82,000	8,856	17,452
	194,219	201,635	342,103	183,000	(147,883)	18,635
Plant & Equipment	88,752	228,880	161,273	288,000	(72,521)	(59,120)
Infrastructure						-
Buildings	21,250		-		21,250	-
Land	40,000		6,000		34,000	-
<b>TOTAL</b>	<b>354,283</b>	<b>430,515</b>	<b>512,253</b>	<b>471,000</b>	<b>(157,970)</b>	<b>(40,485)</b>

### 14. TRUST FUND INFORMATION

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

Class Purpose	2016/2017 C/Fwd \$	2017/2018 Received \$	2017/2018 Paid \$	2017/2018 C/Fwd \$
<u>General</u>				
Building Bonds (Cat 3)	-	-	-	-
Construction Bonds (Cat 4)	29,008	189,459	11,147	207,320
Development Bonds (Cat 5)	24,820	-	8,000	16,820
Hall Hire Bonds (Cat 6)	520	510	170	860
Kerb Bonds (Cat 7)	12,910	-	500	12,410
Miscellaneous Bonds (Cat 8)	30,936	7,370	3,494	34,812
Southern Forests Tourism Group Bond (Cat 10)	9,480	1,070	800	9,750
Public Open Space (Cat 11)	47,900	-	-	47,900
Community Bus Bonds (Cat 13)	1,400	1,050	1,750	700
	<b>156,975</b>	<b>199,460</b>	<b>25,862</b>	<b>330,573</b>

## 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 2018.

c)

### Statement of Rating Information - Rate Yield - 2017/2018 Budget

	Rateable		Rate Yield	No.	Minimum Yield	TOTAL
	Value	Rate in \$				
	\$		\$		\$	\$
<b>General Rate - GRV</b>						
Residential	39,103,439	9.4843	4,792,372	1,755	1,565,460	6,357,832
Adjust for Minimums	11,426,088		(1,083,684)			(1,083,684)
Adjust for Phase In	-		-			-
<b>General Rate - UV</b>						
Rural	510,319,000	0.70877	3,742,215	222	198,024	3,940,239
Adjust for Minimums	17,668,223		(125,227)			(125,227)
CALM Dam	5,800	0.70877	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	11,800	0.70877	-	3	300	300
Adjust for Concessions	-		-	-		(48,410)
Adjust for Waivers	-		-	-		(13,734)
	<b>578,534,350</b>		<b>7,325,675</b>	<b>1,983</b>	<b>1,763,934</b>	<b>9,027,466</b>
<b>Ex-Gratia/Non-Rateable</b>						
Interim Rates 17/18	-		-	-	-	40,000
	-		-	-	-	40,000
<b>TOTAL RATES LEVIED</b>	<b>578,534,350</b>		<b>7,325,675</b>	<b>1,983</b>	<b>1,763,934</b>	<b>9,067,466</b>

### d) Surplus / Deficit brought forward

	1 July 2017 Surplus/(Deficit) Brought Forward	30 June 2018 Surplus/(Deficit) Carried Forward
<b>Surplus / (Deficit) Brought Forward</b>	<b>15,837,466</b>	<b>10,574,358</b>
<b>Comprises</b>		
Cash Unrestricted	18,293,269	14,134,500
Cash Restricted	12,214,213	9,165,025
Rates - Current	654,063	750,358
Sundry Debtor	973,017	371,920
Other Receivables	923,456	417,611
GST Receivable	162,902	31,353
Inventories	66,412	78,121
<b>Less</b>		
Reserves - Restricted Cash	(11,934,828)	(8,948,145)
SuperTown - Restricted Cash (WATC)	(279,385)	(216,880)
Unexpended Loan Funds	(247,380)	(394,837)
Creditors	(989,046)	(393,718)
Accrued Employee deductions	(1,656)	(1,411)
Accrued Expenses	(218,341)	(484,335)
Accrued Interest on Loans	(58,164)	(52,092)
Accrued Salaries and Wages	-	-
Bonds & Deposits	(16,207)	(96,902)
Income In Advance	(60,000)	(60,000)
Funding Payable	-	-
Hours bank	(110,060)	(121,131)
Restricted Cash	(3,000,000)	(3,000,000)
Unearned Revenue	-	-
Current Provisions	(1,476,272)	(1,614,292)
Add Back Liabilities funded by Reserves	581,119	570,492
Adjustment for unfunded provision increases	360,752	438,720
<b>Surplus / (Deficit)</b>	<b>15,837,866</b>	<b>10,574,358</b>

e)

**General Purpose Income**

	2017/2018 REV BUDGET	No.	2017/2018 ACTUAL	Valuations	2016/2017 ACTUAL
<b>RATES</b>	\$		\$	\$	\$
<b>General Rate</b>					
GRV Rate in \$0.094843	3,708,687	2,259	3,699,352	39,005,015	3,730,109
UV Rate in \$0.0070877	3,616,988	1,384	3,616,853	510,300,000	3,410,081
<b>Minimum Rate</b>					
GRV @ \$892	1,565,460	1,752	1,562,784	11,410,988	1,403,336
UV @ \$892	198,024	221	197,132	17,666,223	187,916
CALM Leases @ \$50	150	3	150	5,800	150
CALM Leases @ \$100	300	3	300	2,800	200
<b>Interim Rate</b>					
GRV Rate in \$0.094843	40,000		5,172	190,642	14,585
UV Rate in \$0.0070877	-		(6,812)	(339,397)	9,901
<b>TOTAL RATES LEVIED</b>	<b>9,129,609</b>		<b>9,074,931</b>	<b>578,242,071</b>	<b>8,756,275</b>
Discounts Allowed	-		-		-
Waived Rates	(13,734)		(1,406)		(5,129)
Concessions Sporting Clubs	(48,410)		(48,410)		(51,203)
Rates Written Off	-		-		-
<b>Sub Total NET RATES</b>	<b>9,067,466</b>		<b>9,025,114</b>		<b>8,699,944</b>

Ex-Gratia Rates

**Other Rate Charges**

Windy Harbour Lease Fees

128,048

128,529

126,919

**NET RATES**

**9,195,513**

**9,153,643**

-

**8,826,863**

Waste Collection Fees

1,420,666

1,387,888

1,387,888

Late Payment Penalties

50,000

86,844

80,562

Instalment Interest

29,000

32,038

29,462

Rates Written Off

-

-

-

**TOTAL NET RATES**

**10,695,180**

**10,660,413**

-

**10,324,776**

**GENERAL PURPOSE INCOME**

Net Rates (excluding rubbish/Windy Harbour  
Lease fees/Rates Written Off)

9,146,466

9,143,996

8,809,968

Administration Fees

36,000

34,757

34,742

Property Information Fees

27,000

19,680

28,011

**General Purpose Grant**

General Grants (Untied)

1,297,181

2,709,708

4,079,541

**TOTAL GENERAL PURPOSE INCOME**

**10,506,646**

**11,908,141**

**12,952,264**

**16. SERVICE CHARGE**

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2018.

**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 2017/2018	Actual 2017/2018	Actual 2016/2017
	\$	\$	\$
Governance/General Administration	72,500	64,703	71,099
Law, Order & Public Safety	33,580	41,586	44,637
Health	45,000	46,454	65,864
Welfare	406,500	603,505	335,424
Housing	35,000	30,227	23,429
Community Amenities	1,866,466	1,944,354	1,914,415
Recreation & Culture	491,120	368,977	360,190
Transport	4,590	2,655	4,546
Economic Services	80,250	65,515	81,597
Other Property & Services	-	-	2,538
<b>TOTAL</b>	<b>3,035,006</b>	<b>3,167,975</b>	<b>2,903,738</b>

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 2017/2018 budget did not provide a discount for early payment of rates.

Item	Rev Budget 2017/2018	Actual 2017/2018	Actual 2016/2017
	\$	\$	\$
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 2017/2018	Actual 2017/2018	Actual 2016/2017
	\$	\$	\$
Waiver - Rates	13,734	1,406	5,129
Concessions - Sporting Groups	48,410	48,410	51,203
<b>TOTAL</b>	<b>62,144</b>	<b>49,816</b>	<b>56,332</b>

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 \$49,816 in 2017/2018.

(c) Incentive

Council offered no incentive prizes for early payment of Rates for 2017/2018.



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 2017/2018 \$	Actual 2017/2018 \$	Actual 2016/2017 \$
Interest on Rates	50,000	86,854	80,575
<b>TOTAL Interest on Rates</b>	<b>50,000</b>	<b>86,854</b>	<b>80,575</b>

(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 2017/2018 financial year. There was no amount budgeted for 2017/2018.

(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	29 September 2017
Second Instalment	1 December 2017
Third Instalment	2 February 2018
Fourth & Final Instalment	6 April 2018

(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 2017/2018	Actual 2017/2018	Actual 2016/2017
Interest on Instalments	29,000	32,038	29,462
<b>TOTAL Interest for Instalments</b>	<b>29,000</b>	<b>32,038</b>	<b>29,462</b>

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

An administration charge was applied at the rate of **\$25.05** per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Rev Budget 2017/2018	Actual 2017/2018	Actual 2016/2017
Administration Charge on Instalments	33,000	33,567	32,900
<b>TOTAL Charges for Instalments</b>	<b>33,000</b>	<b>33,567</b>	<b>32,900</b>

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 2017/2018	Actual 2017/2018	Actual 2016/2017
Attendance Fees – Shire President	16,352	16,352	16,352
Attendance Fees – Councillors	119,090	116,753	117,135
Local Government Allowance – President & Deputy	23,504	23,504	23,570
Travelling/Accommodation Allowance	23,000	22,238	17,231
Telecommunications Allowance	22,000	21,608	21,700
<b>TOTAL</b>	<b>203,946</b>	<b>200,455</b>	<b>195,988</b>

**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 2018.

**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 2018.

**23. BORROWINGS**

The following information is disclosed in accordance with Regulation 48.

(a) Overdraft Borrowings

No amount of overdraft is brought forward from 2016/2017, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2018.

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 2017/2018 Financial Year.

(c) Self Supporting Loans

The following repayments were made from sources other than rates.

<b>Loan #</b>	<b>Balance 30 June 2017</b>	<b>New Borrowings</b>	<b>Interest 30 June 2018</b>	<b>Principal 30 June 2018</b>	<b>Annual Liability 30 June 2018</b>	<b>Balance 30 June 2018</b>	<b>Interest Accrual 30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
217	208,809	-	13,390	208,809	222,199	0	0
218	53,981	-	2,246	8,064	10,309	45,918	428
222	150,000	-	2,855	74,191	77,045	75,809	447
226	0	140,000	0	0	0	140,000	1,033
<b>TOTAL</b>	<b>412,789</b>	<b>140,000</b>	<b>18,489</b>	<b>291,063</b>	<b>309,553</b>	<b>261,726</b>	<b>1,907</b>

(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 30<sup>th</sup> June 2018**

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

<b>Purpose of Loan Borrowing</b>	<b>Rev Budget 2017/2018</b>	<b>Actual 2017/2018</b>	<b>Financier</b>	<b>Nature of Loan</b>	<b>Repayment Term</b>	<b>Interest Rate</b>
Solar PV System AquaCentre	149,400	149,400	WATC	Principal / Interest	5 years	2.70%
Pemberton Golf Club	140,000	140,000	WATC	Principal / Interest	15 years	3.55%
<b>TOTAL</b>	<b>289,400</b>	<b>289,400</b>				

(f) Unspent Loan Funds Brought Forward

<b>Purpose</b>	<b>Year Borrowed</b>	<b>B/Forward 1 July 2017</b>	<b>New Borrowings 2017/2018</b>	<b>Expended 2017/2018</b>	<b>C/Forward 30 June 2017</b>
Townscape – Northcliffe	2003/04	2,694	-	690	2,004
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
Freehold Land Acquisition (TCR)	2016/17	226,446	-	-	226,446
Solar PV System AquaCentre	2017/18	-	149,400	-	149,400
<b>TOTAL</b>		<b>247,380</b>	<b>149,400</b>	<b>1,943</b>	<b>394,837</b>

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2017, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2018

**(g) Loan Interest and Capital 2017/2018 Proposed Budget**

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-17	Loans negotiated	Total interest paid to 30-Jun-18	Reduction of principal to 30-Jun-18	Total repayments 30-Jun-18	Principal liability 30-Jun-18	Interest accrual at 30-Jun-18
<b>SHIRE LOANS</b>												
173	WATC	\$200,000	20	Roads	6.92%	\$8,998		\$307	\$8,996	\$9,303	0	\$0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$18,578		\$591	\$18,578	\$19,169	0	\$0
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$203,887		\$12,664	\$31,897	\$44,561	171,990	\$4,113
198	WATC	\$135,000	15	Westrail	5.85%	\$13,066		\$566	\$13,066	\$13,632	0	\$0
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$7,766		\$434	\$3,760	\$4,194	4,007	\$37
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$155,524		\$9,667	\$18,189	\$27,856	137,335	\$1,290
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$34,797		\$1,975	\$10,904	\$12,879	23,893	\$395
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$582,556		\$33,743	\$58,799	\$92,543	523,756	\$3,932
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$694,798		\$40,593	\$64,865	\$105,458	629,933	\$4,709
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$90,140		\$5,022	\$23,893	\$28,914	66,247	\$494
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$391,274		\$24,024	\$33,451	\$57,475	357,823	\$6,454
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$29,394		\$1,559	\$29,394	\$30,952	0	\$0
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$263,706		\$17,527	\$14,869	\$32,397	248,836	\$1,146
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$336,169		\$22,344	\$18,955	\$41,299	317,214	\$1,460
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$206,477		\$9,120	\$9,920	\$19,040	196,558	\$192
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$146,334		\$6,088	\$21,859	\$27,947	124,475	\$1,161
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$497,245		\$20,299	\$18,374	\$38,673	478,871	\$8,557
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$93,784		\$3,107	\$9,690	\$12,797	84,093	\$1,240
221	WATC	\$91,000	5	MPA - Driveway and Fitout	2.60%	\$91,000		\$2,254	\$17,272	\$19,527	73,728	\$521
223	WATC	\$450,000	20	Brockman St (RGC)	4.02%	\$450,000		\$17,941	\$15,017	\$32,958	434,983	\$4,752
224	WATC	\$842,000	20	Freehold Land Acquisition (RGC)	4.02%	\$842,000		\$33,569	\$28,099	\$61,668	813,901	\$8,891
225	TBA	\$149,400	5	Solar PV System AquaCentre	3.20%		\$149,400	\$0	\$0	\$0	149,400	\$1,195
<b>Total Shire Loans</b>						<b>\$5,157,494</b>	<b>\$149,400</b>	<b>\$263,395</b>	<b>\$469,848</b>	<b>\$733,243</b>	<b>\$4,837,044</b>	<b>\$50,537</b>
<b>SELF SUPPORTING LOANS (CLUBS)</b>												
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$208,809		\$8,687	\$31,192	\$39,879	177,618	\$1,656
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$53,981		\$2,246	\$8,064	\$10,309	45,918	\$428
222	WATC	\$150,000	2	Dunreath Cottages Inc	2.17%	\$150,000		\$2,855	\$74,191	\$77,045	75,809	\$447
226	TBA	\$160,000	4	Pemberton Golf Club	3.05%		\$140,000	\$2,135	\$16,587	\$18,722	123,413	\$931
<b>Total Self Supporting Loans (Clubs)</b>						<b>\$412,789</b>	<b>\$140,000</b>	<b>\$15,922</b>	<b>\$130,032</b>	<b>\$145,955</b>	<b>422,757</b>	<b>\$3,461</b>
<b>Total all loans</b>						<b>\$5,570,285</b>	<b>\$289,400</b>	<b>\$279,316</b>	<b>\$599,880</b>	<b>\$879,198</b>	<b>5,259,799</b>	<b>\$53,999</b>

**(g) Loan Interest and Capital Actuals to 30 June 2018**

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-17	Loans negotiated	Total interest paid to 30-Jun-18	Reduction of principal to 30-Jun-18	Total repayments 30-Jun-18	Principal liability 30-Jun-18	Interest accrual at 30-Jun-18
<b>SHIRE LOANS</b>												
173	WATC	\$200,000	20	Roads	6.92%	\$8,998		\$307	\$8,996	\$9,303	0	\$0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$18,578		\$591	\$18,578	\$19,169	0	\$0
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$203,887		\$12,664	\$31,897	\$44,561	171,990	\$4,113
198	WATC	\$135,000	15	Westrail	5.85%	\$13,066		\$566	\$13,066	\$13,632	0	\$0
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$7,766		\$434	\$3,760	\$4,194	4,007	\$37
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$155,524		\$9,667	\$18,189	\$27,856	137,335	\$1,290
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$34,797		\$1,975	\$10,904	\$12,879	23,893	\$395
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$582,556		\$33,743	\$58,799	\$92,543	523,756	\$3,932
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$694,798		\$40,593	\$64,865	\$105,458	629,933	\$4,709
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$90,140		\$5,022	\$23,893	\$28,914	66,247	\$494
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$391,274		\$24,024	\$33,451	\$57,475	357,823	\$6,454
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$29,394		\$1,559	\$29,394	\$30,952	0	\$0
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$263,706		\$17,527	\$14,869	\$32,397	248,836	\$1,146
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$336,169		\$22,344	\$18,955	\$41,299	317,214	\$1,460
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$206,477		\$9,120	\$9,920	\$19,040	196,558	\$192
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$146,334		\$6,088	\$21,859	\$27,947	124,475	\$1,161
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$497,245		\$20,299	\$18,374	\$38,673	478,871	\$8,557
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$93,784		\$3,107	\$9,690	\$12,797	84,093	\$1,240
221	WATC	\$91,000	5	MPA - Driveway and Fitout	2.60%	\$91,000		\$2,254	\$17,272	\$19,527	73,728	\$521
223	WATC	\$450,000	20	Brockman St (RGC)	4.02%	\$450,000		\$17,941	\$15,017	\$32,958	434,983	\$4,752
224	WATC	\$842,000	20	Freehold Land Acquisition (RGC)	4.02%	\$842,000		\$33,569	\$28,099	\$61,668	813,901	\$8,891
225	WATC	\$149,400	5	Solar PV System AquaCentre	2.70%		\$149,400	\$0	\$0	\$0	149,400	\$843
<b>Total Shire Loans</b>						<b>\$5,157,494</b>	<b>\$149,400</b>	<b>\$263,395</b>	<b>\$469,848</b>	<b>\$733,243</b>	<b>\$4,837,044</b>	<b>\$50,186</b>
<b>SELF SUPPORTING LOANS (CLUBS)</b>												
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$208,809		\$13,390	\$208,809	\$222,199	0	\$0
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$53,981		\$2,246	\$8,064	\$10,309	45,918	\$428
222	WATC	\$150,000	2	Dunreath Cottages Inc	2.17%	\$150,000		\$2,855	\$74,191	\$77,045	75,809	\$447
226	WATC	\$160,000	15	Pemberton Golf Club	3.55%		\$140,000	\$0	\$0	\$0	140,000	\$1,033
<b>Total Self Supporting Loans (Clubs)</b>						<b>\$412,789</b>	<b>\$140,000</b>	<b>\$18,489</b>	<b>\$291,063</b>	<b>\$309,553</b>	<b>261,726</b>	<b>\$1,907</b>
<b>Total all loans</b>						<b>\$5,570,285</b>	<b>\$289,400</b>	<b>\$281,884</b>	<b>\$760,911</b>	<b>\$1,042,796</b>	<b>5,098,768</b>	<b>\$52,092</b>

24. **INVESTMENTS**

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

	<b>2017/2018</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Rev Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reserve</b>			
Airfield Reserve	2,192	1,363	227
HACC LSL & AL Reserve	2,788	1,498	298
HACC Asset Replacement Reserve	7,958	4,485	830
Northcliffe Town Hall Reserve	91	54	12
Supertown Town Centre Revitalisation	-	63,383	
	<b>13,029</b>	<b>70,783</b>	<b>1,366</b>
<b>Municipal</b>			
General Purpose Interest	97,000	238,747	115,689
Reserve Interest to Operational	85,000	66,077	17,837
<b>TOTAL Investment Interest</b>	<b>182,000</b>	<b>304,824</b>	<b>133,526</b>
Self-Supporting Loan Interest	16,050	18,537	12,802
Interest on Instalments/Penalties	79,000	118,882	110,025
Interest on HACC	5,000	5,983	1,127
Other Interest - Grants	-	44,492	330,394
	<b>100,050</b>	<b>187,893</b>	<b>454,349</b>
<b>TOTAL Operating Interest Earnings</b>	<b>282,050</b>	<b>492,717</b>	<b>587,875</b>

25. **DEPRECIATION OF NON-CURRENT ASSETS**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>a) Depreciation classified by Function/Activity</b>		
General Administration	239,118	231,139
Law, Order & Public Safety	256,890	267,897
Health	8,851	8,341
Welfare	112,447	121,013
Housing	39,957	23,002
Community Amenities	99,747	118,529
Recreation & Culture	1,768,934	1,854,907
Transport	6,916,600	6,853,060
Economic Services	50,655	50,090
Other Property & Services	6,088	1,252
	<b>9,499,287</b>	<b>9,529,229</b>
<b>b) Depreciation classified by Type</b>		
Furniture & Equipment	81,063	103,140
Infrastructure Assets	6,720,802	6,561,607
Buildings	1,673,559	1,734,918
Plant & Equipment	1,023,863	1,129,564
	<b>9,499,287</b>	<b>9,529,229</b>

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

<u>Current Assets minus Restricted Assets</u>	8,348,134
Current Liabilities minus Liabilities associated with Restricted Assets	5,928,370
	<b>2017/2018 Ratio</b> 1.41
	2016/2017 Ratio 1.34
	2015/2016 Ratio 0.98

b) **Debt Service Ratio**

<u>Operating Surplus before Depreciation and Interest</u>	2,428,449
Principal and Interest	1,036,724
	<b>2017/2018 Ratio</b> 2.34
	2016/2017 Ratio 1.95
	2015/2016 Ratio -0.79

Adjusted Debt Service Ratio - In 2017/18 one of the Shire's Self Supporting Loan debtors paid out their principle in full before the maturity date causing a lower Debt Service Ratio than expected. After removal of Self Supporting Loan payments received of \$291,065 the Debt Service Ratio is 3.26

c) **Own Source Revenue Coverage**

<u>Own Source Operating Revenue</u>	14,847,995
Operating Expenses	28,097,845
	<b>2017/2018 Ratio</b> 0.53
	2016/2017 Ratio 0.46
	2015/2016 Ratio 0.44

Adjusted Own Source Revenue Ratio - After the removal of expenditure for grant related activity of \$3,377,163, being expenditure that would not occur if the grant was not received the Own Source Revenue Coverage would be 0.60

d) **Operating Surplus Ratio**

<u>Operating Revenue minus Operating Expense</u>	-7,346,651
Own Source Operating Revenue	14,847,995
	<b>2017/2018 Ratio</b> -0.49
	2016/2017 Ratio -0.57
	2015/2016 Ratio -0.91

e) **Asset Consumption Ratio**

<u>Depreciated Replacement Costs of Depreciable Assets</u>	298,193,886
Current Replacement Costs of Depreciable Assets	536,949,474
	<b>2017/2018 Ratio</b> 0.56
	2016/2017 Ratio 0.58
	2015/2016 Ratio 0.58

f) **Asset Sustainability Ratio**

<u>Capital Renewal and Replacement Expenditure</u>	8,828,092
Depreciation	9,499,287
	<b>2017/2018 Ratio</b> 0.93
	2016/2017 Ratio 0.87
	2015/2016 Ratio 0.36

g) **Asset Renewal Funding Ratio**

<u>NPV of Planned Capital Renewals over 10 years</u>	-
NPV of Required Capital Expenditure over 10 years	-
	<b>2017/2018 Ratio</b> -
	2016/2017 Ratio -
	2015/2016 Ratio -

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 \$715,113.

**27. Contingencies**

There have been no Contingent Liabilities indentified or provided for at the 30th June 2018

**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	2017/2018	2016/2017
	Actual #	Actual #
\$100,000 - \$109,999	3	2
\$110,000 - \$119,999	3	4
\$120,000 - \$129,999	2	2
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	-	-
\$160,000 and above	1	1



29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/17	Received 2017/2018	Expended 2017/2018	Closing Balance 30/6/18
<i>Funds Held in Grants In Advance Reserve</i>					
		\$			\$
ADF - LDAT Community Action Plan	Education & Welfare	-	10,000	-	10,000
Australian Youth Orchestra	Recreation & Culture	955	-	-	955
CANWA - Print Making Workshop	Recreation & Culture	48	-	-	48
Childrens Book Council - Book Week	Recreation & Culture	-	3,000	-	3,000
Childrens Book Council - Book Week 2016	Recreation & Culture	2,400	-	2,400	-
CLGF - Youth Scholarship - MRAC	Recreation & Culture	-	3,660	-	3,660
CLGF - Youth Scholarship - Works	Transport	-	10,000	-	10,000
Coast West	Recreation & Culture	15,600	-	15,600	-
Coast West - Central Lookout Stairway	Recreation & Culture	140	-	140	-
Commonwealth Home Care Packages - Client Funds	Education & Welfare	-	72,951	-	72,951
Commonwealth Home Care Packages - Surplus	Education & Welfare	-	58,848	-	58,848
Community Contribution - WP Skate Park	Recreation & Culture	3,021	-	-	3,021
Country Arts WA - Regional Art	Recreation & Culture	-	4,013	-	4,013
Curtain University - Tobacco Control	Health	865	-	-	865
Dementia Australia - DFC CommEngagement	Education & Welfare	-	10,000	-	10,000
Dept of Communities - Volunteer Day	Recreation & Culture	400	-	-	400
Dept of Communities - Volunteers Day	Education & Welfare	-	1,000	-	1,000
Dept Prem & Cab - National Reconciliation Week	Recreation & Culture	5,000	-	-	5,000
DLG - Cattery Fitout	Law & Order	1,940	-	-	1,940
DPAW - Chesapeake/Deeside Rehab	Transport	2,366	-	-	2,366
DSC/WALGA Disabled Access Timber park Hamlet	Recreation & Culture	12,118	-	12,118	0
DSR - Club Development Officer	Recreation & Culture	-	16,875	-	16,875
DSS - Broadband for Seniors	Education & Welfare	27	-	-	27
ESL - SES - Equipment \$1200 to \$5000	Law & Order	286	-	-	286
ESL - SES Operational	Law & Order	2,471	-	2,471	-
ESL BFB Operational Levy (17/18)	Law & Order	-	30,615	-	30,615
ESL Linfame BFB - 17/18 Small Equipment Purchase (91.8989)	Law & Order	-	3,795	-	3,795
ESL Operational BFB Advance Payment (17/18)	Law & Order	35,808	-	35,808	-
ESL Operational BFB Levy (16/17)	Law & Order	29,485	-	-	29,485
ESL Operational SES Advance Payment (16/17)	Law & Order	4,823	-	-	4,823
ESL Operational SES Levyt (17/18)	Law & Order	9,830	-	9,830	-
ESL SES Operational Levy (17/18)	Law & Order	-	1,411	-	1,411
ESL Small Equipment Grant 16/17	Law & Order	8,236	-	4,163	4,073
ESL Springfield BFB - 17/18 Small Equipment Purchase (91.8990)	Law & Order	-	3,795	-	3,795
ESL Springfield BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
ESL Walpole SES - 17/18 Small Equipment Purchase (91.8988)	Law & Order	-	174	-	174
ESL Yanmah BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
FAG - Special Projects Grant	Transport	414,000	-	351,863	62,137
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
Good Things Foundation - Be Connected Grant	Education & Welfare	-	1,500	-	1,500
GROW - Client Funds	Education & Welfare	-	9,741	-	9,741
GROW - Surplus	Education & Welfare	-	39,759	-	39,759
GROW Packages (Excess)	Education & Welfare	21,688	-	-	21,688
GSDC - Pioneer Park Enhancement	Recreation & Culture	-	218	-	218
HACC - Non Recurrent Funding (Computers)	Education & Welfare	-	25,500	-	25,500
HACC - Non Recurrent Grant (Capital)	Education & Welfare	75,181	-	70,420	4,761
HACC - Royalties for Regions	Education & Welfare	249,365	-	249,365	-
Home & Community Care - Wellness Centre	Education & Welfare	469,063	-	469,063	-
Home & Community Care 17/18 Surplus	Education & Welfare	-	2,847	-	2,847
LGIS - Experience Fund (20054.755.50)	Governance	9,206	-	-	9,206
LGIS - Experience Fund (Staff Training)	Governance	5,400	-	5,400	-
Lotterywest - Seniors Wellness & Lifestyle	Education & Welfare	-	3,800	-	3,800
Medicare Local - WB Healthy Communities	Health	1,622	-	-	1,622
National Youth Week	Recreation & Culture	-	1,500	-	1,500
NRM Grant - Mottram Reserve	Community Amenities	12,578	-	-	12,578
Pemberton Colocation Grant (\$50k)	Recreation & Culture	1,822	-	74	1,748
Pool Revitalisation Program	Recreation & Culture	2,214	-	2,214	-
Regional Investment Plan - Waste	Community Amenities	8,289	-	2,300	5,989
Regional Road Group Grant (180.9270 & 180.9297)	Transport	135,035	-	133,345	1,690
RIO Tinto School Based Trainees	Other Property Services	43,843	-	43,843	-
Roads to Recovery - 17/18 Allocation	Transport	-	128,633	-	128,633
Roads to Recovery - Various	Transport	168,994	-	161,144	7,850
Royalties for Regions - Aged Accommodation Project	Education & Welfare	-	1,000,000	-	1,000,000
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
SWDC - Pioneer Park Enhancement	Recreation & Culture	-	68,825	-	68,825
Tourism WA - Dump Point Grant	Recreation & Culture	10,661	-	10,661	0
Vouchers - Kids Sport	Recreation & Culture	18,140	-	-	18,140
<b>Total of Grants in Advance Reserve</b>		<b>1,801,805</b>	<b>1,512,459</b>	<b>1,594,946</b>	<b>1,719,319</b>

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 \$715,113. 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 2017/2018	Actuals 2017/2018	Outstanding 30 June 18	Completion Date
	\$	\$	\$	
<b>Capital Project</b>				
3.4 Rural Tanker - Northcliffe BFB	300,000	380,708	-	
HACC - Wellness & Lifestyle Centre	3,368,690	3,201,467	167,223	2018/19
Townsite Revitalisation Project Stage 2	20,879,535	9,304,774	11,574,761	2018/19
Bridge - 3879 Middlesex Rd	423,000	329,795	93,205	
Airfield Heli-Pad	327,750	274,440	53,310	
Roads - Perup Rd	355,679	355,679	-	
Roads - Windy Harbour Rd	450,000	458,371	-	
Roads - Middleton Rd	450,000	371,887	78,113	2018/19
Roads - Perup Rd	435,000	434,462	-	
	<u>26,989,654</u>	<u>15,111,583</u>	<u>11,966,612</u>	

**31. LEASING COMMITMENTS**

	2017/2018 Actual	2016/2017 Actual
	\$	\$
<b>(a) Finance Lease Commitments</b>		
Nil	-	-
	<u>-</u>	<u>-</u>
<b>(b) Operating Lease Commitments</b>		
Non-cancellable leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	207,352	199,581
- later than one year but not later than five years	386,350	313,122
- later than five years	-	-
	<u>593,702</u>	<u>512,703</u>

**32. EMPLOYEE NUMBERS**

	2017/2018 Actual	2016/2017 Actual
	#	#
The number of full-time equivalent Employees at balance date	119	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.

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	23,299,525	30,507,482	23,299,525	30,507,482
Receivables	1,457,229	2,065,202	1,457,229	2,065,202
	<u>24,756,754</u>	<u>32,572,684</u>	<u>24,756,754</u>	<u>32,572,684</u>
<b>Financial Liabilities</b>				
Payables	4,343,712	4,560,449	4,343,712	4,560,449
Borrowings	5,098,768	5,570,281	5,098,768	5,570,281
	<u>9,442,480</u>	<u>10,130,730</u>	<u>9,442,480</u>	<u>10,130,730</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.

	<b>30-Jun-18</b>	<b>30-Jun-17</b>
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	232,995	305,075
- Statement of Comprehensive Income	232,995	305,075

**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:

	<b>30-Jun-18</b>	<b>30-Jun-17</b>
Percentage of Rates and Annual Charges		
- Current	60.82%	52.53%
- Overdue	39.18%	47.47%
Percentage of Other Receivables		
- Current	29.70%	35.51%
- Overdue	70.30%	64.49%

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 \$
<b>2018</b>					
Payables	4,343,712	0	0	4,343,712	4,343,712
Borrowings	819,458	3,361,631	2,770,602	6,951,691	5,098,768
	<u>5,163,170</u>	<u>3,361,631</u>	<u>2,770,602</u>	<u>11,295,403</u>	<u>9,442,480</u>
<b>2017</b>					
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>

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 %
<b>Year Ended 30 June 2018</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	79,886	23,893	66,247	73,728	491,782	4,363,232	5,098,768	5.00%
Weighted Average Effective Interest Rate	2.38%	6.15%	5.96%	2.60%	4.58%	5.15%		
<b>Year Ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
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%		

(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 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 2017/2018 \$	Actuals 2016/2017 \$
<b>(a) Subsidiaries</b>		
- N/A Shire of Manjimup currently has no subsidiaries to report on.		
<b>(b) Key Management Personnel Compensation</b>		
Short-term employee benefits	916,422	884,832
Post-employment benefits	114,917	111,156
Long-term benefits	21,121	31,131
	<u>1,052,459</u>	<u>1,027,119</u>

Fees and allowances paid to Council and President are disclosed in Note 20 to the value of \$156,609

**c) Transactions with related parties**

Fees and Charges charged to associates	-	-
Fees and charges charged to entities controlled by key management personnel	-	-
Infrastructure contributions from entities controlled by key management personnel	-	-
Employee expenses for close family members of key management personnel	-	-
Purchase of materials and services from entities controlled by key management personnel	56,912	56,342
	<u>56,912</u>	<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 2017/18 \$56,912 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 \$1,100 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.

	2017/2018 Actual \$	2016/2017 Actual \$
<b>38. Audit Fees</b>		
Audit Fees paid during the year	21,060	32,236

\*\*The statutory audit fees portion of the figure above carried out in the 2017/2018 financial year by AMD Chartered Accountants is \$17,050.00 (ex GST).\*\*



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## INDEPENDENT AUDITOR'S REPORT

To the Council of Shire of Manjimup

### Report on the Audit of the Financial Report

#### **Opinion**

We have audited the annual financial report of the Shire of Manjimup which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In our opinion the annual financial report of the Shire of Manjimup:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire of Manjimup for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **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 Shire of Manjimup in accordance with the relevant ethical requirements of 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. 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.

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling Shire of Manjimup's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

#### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire of Manjimup is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire of Manjimup's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire of Manjimup.

The Council is responsible for overseeing the Shire of Manjimup's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Report**

The objectives of our audit 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire of Manjimup's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire of Manjimup's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

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

- (i) In our opinion, the following matters indicate significant adverse trends in the financial position or the financial management practices of the Shire of Manjimup:
  - a. Operating surplus ratio as reported in Note 26 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years (2016: -0.91, 2017: -0.57 and 2018: -0.49).
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit, with exception of the asset renewal funding ratio not being included in the annual financial report, as required by Local Government (Financial Management) Regulations 1996 section 50(1)(c).
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.

#### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of Shire of Manjimup for the year ended 30 June 2018 included on the Shire of Manjimup's website. Shire of Manjimup's management is responsible for the integrity of the Shire of Manjimup website. This audit does not provide assurance on the integrity of the Shire of Manjimup's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

#### **AMD Chartered Accountants**



**TIM PARTRIDGE**  
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 1<sup>st</sup> day of November 2018