

Shire of Manjimup

Annual Financial Report

2015/2016

SHIRE OF
MANJIMUP

Table of Contents

	Page No
Statement by Chief Executive Officer	3
Statement of Comprehensive Income by Program	4
Statement of Comprehensive Income by Nature and Type	5
Rate Setting Statement (Function/Activity)	6
Statement of Financial Position	7
Statement of Changes in Equity	7
Statement of Cash Flows	8 - 9
Notes to and Forming Part of the Financial Report	10 - 45
Independent Audit Report	46 - 48

SHIRE OF MANJIMUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

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

Statement by Chief Executive Officer

The attached financial report of the Shire of Manjimup being the annual financial report and supporting notes and other information for the financial year ended 30th June 2016 are in my opinion properly drawn up to present the financial position of the Shire of Manjimup at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation on the 21st day of October 2016



Andrew Campbell
CHIEF EXECUTIVE OFFICER

Statement of Comprehensive Income by Program

	Notes	2015/2016 ACTUAL \$	2015/2016 REV BUDGET \$	2014/2015 ACTUAL \$
Revenues				
Governance		1,199,588	1,259,453	1,212,991
General Purpose Funding		9,806,653	9,737,140	12,003,043
Law, Order & Public Safety		545,819	420,124	803,699
Health		62,156	44,223	132,996
Education & Welfare		1,486,675	1,410,069	1,471,364
Housing		47,456	48,360	2,046,890
Community Amenities		2,086,493	1,988,810	1,749,703
Recreation & Culture		911,609	801,918	1,653,630
Transport		2,501,202	2,967,092	2,508,110
Economic Services		115,067	108,750	86,703
Other Property & Services		512,878	494,553	587,677
		19,275,595	19,280,492	24,256,806
Expenses				
Governance		(2,858,867)	(2,840,719)	(2,557,189)
General Purpose Funding		(51,134)	(30,000)	(28,606)
Law, Order & Public Safety		(1,649,980)	(1,661,041)	(1,914,331)
Health		(343,962)	(374,100)	(309,415)
Education & Welfare		(1,670,825)	(1,633,537)	(1,524,317)
Housing		35,653	(2,002,000)	(600)
Community Amenities		(2,450,851)	(2,444,831)	(2,390,193)
Recreation & Culture		(5,439,892)	(5,476,848)	(5,095,294)
Transport		(14,045,993)	(14,808,248)	(12,331,162)
Economic Services		(3,370,180)	(4,129,893)	(3,113,648)
Other Property & Services		(652,904)	(504,888)	(554,790)
		(32,498,935)	(35,906,105)	(29,819,545)
Non Operating Grants, Subsidies and Contributions				
Law, Order & Public Safety		159,892	668,665	832,207
Health		-	-	800,000
Education & Welfare		101,907	1,137,187	750,000
Community Amenities		2,772	27,565	38,632
Recreation & Culture		55,077	98,335	-
Transport		25,288,156	25,892,799	2,446,707
		25,607,804	27,824,551	4,867,546
Profit on Asset Disposal				
Governance		130,569	-	3,197
Law, Order & Public Safety		15,000	-	41,805
Education & Welfare		-	-	12,159
Recreation & Culture		-	-	2,027
Other Property & Services		145,381	252,167	100,826
	13	290,950	252,167	160,014
Loss on Asset Disposal				
Governance		(1,171)	-	(391)
Law, Order & Public Safety		(1,824)	(5,233)	(2,927)
Health		-	-	(5,494)
Community Amenities		-	-	(4,354)
Recreation & Culture		(173)	-	-
Other Property & Services		(26,358)	(59,436)	(35,094)
	13	(29,526)	(64,669)	(48,260)
Net Result		12,645,887	11,386,436	(583,439)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	(33,883,719)	-	-
Total Other Comprehensive Income		(33,883,719)	-	-
TOTAL COMPREHENSIVE INCOME		(21,237,832)	11,386,436	(583,439)

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

Statement of Comprehensive Income by Nature or Type

		2015/2016 ACTUAL \$	2015/2016 REV BUDGET \$	2014/2015 ACTUAL \$
Revenues	Notes			
Rates	15e	8,418,861	8,400,310	8,001,142
Operating Grants, Subsidies and Contributions		6,158,738	6,671,168	11,406,874
Fees & Charges	17	2,914,892	2,690,993	2,852,680
Interest Earnings	24	348,413	279,346	311,476
Other Revenue		1,544,251	1,238,675	1,769,595
		19,385,155	19,280,492	24,341,768
Expenses				
Employee Costs		(8,978,493)	(9,335,676)	(8,978,283)
Materials & Contracts		(8,998,256)	(12,370,830)	(6,531,582)
Utilities		(703,018)	(658,125)	(709,410)
Depreciation on Non-Current Assets	25	(12,077,233)	(12,054,884)	(12,013,926)
Interest Expenses		(293,464)	(294,372)	(281,188)
Insurance Expenses		(684,249)	(576,760)	(506,128)
Other Expenditure		(873,783)	(615,458)	(883,990)
		(32,608,495)	(35,906,105)	(29,904,506)
sub-total		(13,223,341)	(16,625,613)	(5,562,738)
Non Operating Grants, Subsidies and Contributions		25,607,804	27,824,551	4,867,546
Profit on Asset Disposal	13	290,950	252,167	160,014
Loss of Asset Disposal	13	(29,526)	(64,669)	(48,260)
		25,869,228	28,012,049	4,979,300
Net Result		12,645,887	11,386,436	(583,439)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	(33,883,719)	-	-
Total Other Comprehensive Income		(33,883,719)	-	-
TOTAL COMPREHENSIVE INCOME		(21,237,832)	11,386,436	(583,439)

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2016

	Notes	2015/2016 Actual \$	2015/2016 Rev Budget \$	2014/2015 Actual \$
Revenue				
General Purpose Funding		1,511,683	1,473,112	4,117,426
Governance		1,330,157	1,259,453	1,216,188
Law, Order & Public Safety		720,711	1,088,789	1,677,711
Health		62,156	44,223	932,996
Education & Welfare		1,588,582	2,547,256	2,233,523
Housing		47,456	48,360	2,046,890
Community Amenities		2,089,265	2,016,375	1,788,335
Recreation & Culture		966,686	900,253	1,655,657
Transport		27,789,358	28,859,891	4,954,817
Economic Services		115,067	108,750	86,703
Other Property & Services		658,259	746,720	688,503
		36,879,380	39,093,182	21,398,749
Expenditure				
General Purpose Funding		(51,134)	(30,000)	(28,606)
Governance		(2,860,038)	(2,840,719)	(2,557,580)
Law, Order & Public Safety		(1,651,804)	(1,666,274)	(1,917,258)
Health		(343,962)	(374,100)	(314,909)
Education & Welfare		(1,670,825)	(1,633,537)	(1,524,317)
Housing		35,653	(2,002,000)	(600)
Community Amenities		(2,450,851)	(2,444,831)	(2,394,547)
Recreation & Culture		(5,440,065)	(5,476,848)	(5,095,294)
Transport		(14,045,993)	(14,808,248)	(12,331,162)
Economic Services		(3,370,180)	(4,129,893)	(3,113,648)
Other Property & Services		(679,262)	(564,324)	(589,884)
		(32,528,461)	(35,970,774)	(29,867,805)
Net Result Excluding Rates		4,350,917	3,122,408	(8,469,056)
Adjustments for Cash Budget Requirements				
<i>Non-cash expenditure and income</i>				
Net Profit on Sale of Assets	13	(261,424)	(187,498)	(111,754)
Depreciation on Assets	25	12,077,233	12,054,884	12,013,926
Leave Provisions to Reserves		72,637	188,145	52,306
Other		(177,901)	10,000	(6,175)
Net Non-Cash Expenditure and Revenue		11,710,545	12,065,531	11,948,303
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(1,527,285)	(3,920,484)	(902,879)
Purchase Infrastructure Assets		(4,685,559)	(28,861,835)	(4,420,865)
Purchase Plant & Machinery		(597,587)	(1,299,239)	(1,928,687)
Purchase Motor Vehicles		(339,388)	(375,303)	(286,202)
Purchase Furniture & Equipment		(109,154)	(192,489)	(116,598)
Proceeds from Disposal of Assets	13	536,327	690,954	402,361
Repayment of Loan Principal	23g	(454,460)	(454,460)	(440,685)
Proceeds from New Debentures	23g	631,159	966,159	-
Payment of SS Loans to Groups		-	(150,000)	-
Self-supporting Loan Principal Income	23c	63,477	44,518	7,093
Unexpended Loan Funds Brought Forward	23f	152,793	327,380	17,055
Transfers to Reserves	12e	(6,831,843)	(1,349,553)	(3,375,515)
Transfers from Reserves	12e	4,237,916	3,284,729	3,849,432
Restricted Cash		2,136,472	2,136,472	165,967
Net Cash from Investing Activities		(6,787,132)	(29,153,151)	(7,029,523)
Estimated Surplus/(Deficit) July 1 B/Fwd	15d	5,704,451	5,701,184	1,369,111
Estimated (Surplus)/Deficit June 30 C/Fwd	15d	(23,273,750)		(5,704,451)
AMOUNT REQUIRED TO BE RAISED FROM RATES	15e	(8,294,970)	(8,264,028)	(7,885,617)

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

Statement of Financial Position	Notes	ACTUAL 2015/2016 \$	ACTUAL 2014/2015 \$
Current Assets			
Cash and cash equivalents	2	31,642,816	14,609,887
Trade and other receivables	3a	1,004,480	950,767
Inventories	4	68,387	74,112
Other assets	5,6	768,899	275,643
Tax Assets	7	143,225	7,281
Total Current Assets		33,627,808	15,917,692
Non-Current Assets			
Other receivables	3b	195,613	115,374
Property, plant & equipment	8	52,109,175	49,912,788
Infrastructure	9	260,957,062	302,130,331
Total Non-Current Assets		313,261,851	352,158,493
TOTAL ASSETS		346,889,659	368,076,185
Current Liabilities			
Trade and other payables	10a	1,424,289	1,623,944
Provisions	10b	1,167,172	1,146,966
Current Portion of Long Term Borrowings	11a	549,094	454,460
Total Current Liabilities		3,140,556	3,225,372
Non-Current Liabilities			
Long term borrowings	11b	3,968,586	3,886,522
Provisions	10c	401,505	347,447
Total Non-Current Liabilities		4,370,091	4,233,969
TOTAL LIABILITIES		7,510,646	7,459,340
NET ASSETS		339,379,016	360,616,848
Equity			
Accumulated losses		(8,344,943)	(18,396,904)
Reserves - Cash Backed	2,12	7,254,527	4,660,601
Reserves - Asset Revaluation	12c	340,469,430	374,353,149
TOTAL EQUITY		339,379,016	360,616,848

Statement of Changes in Equity	Notes	Accumulated Losses \$	Reserves Cash Backed \$	Asset Revaluation Reserves \$	Total Equity \$
Balance as at 1 July 2014		(18,287,381)	5,134,517	374,353,149	361,200,287
Comprehensive Income					
Net Result		(583,439)	-	-	(583,439)
Change on Revaluation of Non-Current Assets	12c	-	-	-	-
Total Comprehensive Income		(583,439)	-	-	(583,439)
Transfers from/(to) Reserves	12e	473,916	(473,916)	-	-
Balance as at 30 June 2015		(18,396,904)	4,660,601	374,353,149	360,616,848
Comprehensive Income					
Net Result		12,645,887	-	-	12,645,887
Change on Revaluation of Non-Current Assets	12c	-	-	(33,883,719)	(33,883,719)
Total Comprehensive Income		12,645,887	-	(33,883,719)	(21,237,832)
Transfers from/(to) Reserves	12e	(2,593,926)	2,593,926	-	-
Balance as at 30 June 2016		(8,344,943)	7,254,527	340,469,430	339,379,016

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

Statement of Cash Flows	Notes	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		8,286,947	7,853,071
Operating Grants, Subsidies and Contributions		5,655,927	11,309,595
Fees & Charges		2,925,276	2,851,418
Interest Earnings		362,492	308,077
Other Revenue		1,481,064	1,703,394
		18,711,706	24,025,555
Payments			
Employee Costs		(8,821,713)	(9,206,614)
Materials & Contracts		(9,262,220)	(6,200,518)
Utilities		(702,398)	(697,972)
Interest Expenses		(293,531)	(281,273)
Insurance Expenses		(684,249)	(506,128)
Other Expenditure		(960,338)	(796,991)
		(20,724,449)	(17,689,496)
Net Cash used in Operating Activities		(2,012,742)	6,336,060
Cash Flows from Investing Activities			
Purchase of Buildings		(1,517,308)	(456,329)
Purchase Infrastructure Assets		(4,649,646)	(4,468,449)
Purchase Plant & Equipment		(1,111,888)	(1,850,548)
Purchase Furniture & Equipment		(109,535)	(76,066)
Purchase Tools		-	(732)
Purchase Land		79,431	(552,751)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		25,777,863	5,562,495
Bonds and deposits		(27,996)	35,633
Proceeds from Sale of Plant & Equipment	13	536,327	402,360
Net Cash used in Investing Activities		18,977,248	(1,404,387)
Cash Flows from Financing Activities			
Proceeds from New Debentures	23g	631,159	-
Proceeds from Self Supporting Loans	23c	63,477	42,478
New Self Supporting Loan Issues		(171,752)	(3,100)
Repayment of Debentures	23g	(454,460)	(440,685)
Net Cash used in Financing Activities		68,424	(401,307)
Net Increase in Cash Held / (Decrease)		17,032,930	4,530,368
Cash at Beginning of year		14,609,886	10,079,518
Cash and Cash Equivalents at End of the Year	2	31,642,816	14,609,886
NET MOVEMENT OF CASH HELD		17,032,930	4,530,368

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

Statement of Cash Flows	Notes	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
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	31,642,816	14,609,886
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result			
Net Result		(12,645,887)	583,439
Depreciation		(12,077,233)	(12,013,926)
Net profit-Loss on disposal of assets		261,424	111,755
Movement in rate debtors		131,914	148,071
Movement in sundry debtors		(106,237)	(364,341)
Movement in inventory		(5,725)	(96,609)
Movement in prepayments		(1,134)	4,035
Movement in accrued income		494,390	(204,855)
Movement in income in advance		(16,678)	19,568
Movement in employee hours bank		(11,513)	(14,776)
Movement in grants in advance		-	22,819
Movement in trade creditors		250,002	(207,911)
Movement in accrued expenses		(33,511)	(18,696)
Movement in accrued salary & wages		(80,834)	271,190
Movement in accrued employee deductions		280	170
Movement in provision for PAYG		13,874	61,621
Movement in accrued interest expense		67	85
Movement in provision for leave		(79,914)	(95,573)
Movement provision for doubtful debts		5,650	6,176
Movement in GST		135,944	(110,798)
Capital Grants		25,690,748	5,518,421
Capital Community Contributions		87,114	44,073
Net Cash from Operating Activities		2,012,742	(6,336,060)

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	1.25% - 2.5%
Buildings	2% - 4%	Footpaths	2%
Plant and Equipment	5% - 40%	Drainage	1.25%
Light Vehicles	15%	Bridges	1.67%
Furniture and Equipment	13% - 27%	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 2016.

Buildings acquired after this date have been recognised at cost.

(ii) Plant and equipment

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

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

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

(iii) Furniture and equipment

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

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

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

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

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

(iv) Tools

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

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

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

(v) Land

Land is recognised at fair value.

An independent assessment of fair value was undertaken in June 2016. Land acquired after this date has been recognised at cost.

(vi) Infrastructure

Infrastructure has been recognised at fair value.

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

l) Trade and Other Payables

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

m) Employee Entitlements

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

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

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

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

(ii) Long Service Leave (Long Term Benefits)

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

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

(iii) Superannuation & Workers Compensation

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

n) Provisions

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

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

o) Current and Non-Current Classification

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

p) Interest bearing loans and borrowings

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

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

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

Borrowing Costs

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

q) **Leases**

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

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

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

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

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

r) **Rates, Grants, Donations and Other Contributions**

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

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

s) **Superannuation Fund**

Normal

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

Occupational

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

(iv) **Joint Venture**

The Council does not have any joint venture Interests.

t) **Rounding off Figures**

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

u) **Comparative 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.

v) **Budget Comparative Figures**

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

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 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 Customers	December 2014	1 January 2017	<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 cash flows 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. Lessees 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 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>[AASB 1 & AASB 11]</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

New Accounting Standards and Interpretations for Application in Future

(w) **Periods (Continued)**

	Title	Issued / Compiled	Applicable (1)	Impact
(v)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(vii)	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

(x) 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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
2. CASH AND CASH EQUIVALENTS		
Cash at Bank	23,137,738	6,884,463
Cash at Bank - Restricted	1,249,500	3,063,972
Cash Floats / Tills	1,051	851
Reserve Funds (Note 12 (a))	7,254,527	4,660,601
	31,642,816	14,609,887
The following restrictions have been imposed by regulations or other externally imposed requirements.		
Reserve Funds	7,254,527	4,660,601
Loan Funds Carried Forward (Note 23(f))	174,587	327,380
	7,429,114	4,987,981
NON-COUNCIL CONTROLLED FUNDS		
At 30 June 2016 The Shire of Manjimup held funds totalling \$23,682,870.91 relating to Rotalties for Regions projects at the Western Australian Treasury Corporation. Those projects are the Manjimup Ag Expansion Project \$1,356,847.64, Manjimup Town Centre Revitalisation Stage 2 \$20,290,000.00 and Manjimup Aged Housing Project \$2,036,023.27. These funds were transferred to a Treasury Corporation non-council controlled account as required in the Financial Assistance Agreements, these accounts require the joint signatures of both Council and the Department of Regional Development & Lands to withdraw the funds as milestones are met.		
3. TRADE AND OTHER RECEIVABLES		
a) <u>Current</u>		
Infringement Debtors	6,120	3,520
Rate Debtors	646,959	528,116
Self-Supporting Loan Debtors	85,624	44,518
Sundry Debtors	265,777	374,613
	1,004,480	950,767
b) <u>Non-Current</u>		
Rate Debtors	125,179	112,108
Bonds- Housing	260	260
Sporting Bodies - Loans	70,174	3,006
	195,613	115,374
4. INVENTORIES		
Bitumen Products	596	596
Fuel (valued at cost)	21,695	21,695
Other - Guide Posts etc	43,893	49,618
Manjimup Aqua Centre	2,203	2,203
	68,387	74,112
5. PREPAYMENTS		
Materials & Contracts	28,430	28,381
Subscriptions	1,041	2,224
	29,471	30,605
6. ACCRUED INCOME		
Interest on Self-Supporting Loans	2,849	3,458
Accrued Income Debtors	736,578	241,580
	739,427	245,038
7. TAX ASSETS		
<u>Current</u>		
Goods & Services Tax	143,225	7,281
	143,225	7,281

	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
8. PROPERTY, PLANT & EQUIPMENT		
a) Assets classified by Function/Activity		
General Administration	5,719,622	4,448,651
Law, Order & Public Safety	3,538,188	3,808,280
Health	71,014	99,254
Welfare	2,260,054	2,210,923
Housing	945,204	837,000
Community Amenities	1,139,662	1,227,342
Recreation & Culture	37,910,743	38,171,499
Transport	260,850,305	300,549,891
Economic Services	626,999	668,904
Other Property & Services	4,445	21,375
	313,066,237	352,043,119
b) Assets classified by Type		
Land (At Fair Value)	2,403,500	3,053,251
Buildings (At Fair Value)	83,112,243	84,834,938
less Accumulated Depreciation	(39,909,770)	(44,431,212)
	45,605,972	43,456,976
Plant & Equipment (At Fair Value)	14,046,838	14,405,811
less Accumulated Depreciation	(7,928,893)	(8,370,914)
	6,117,945	6,034,897
Furniture & Equipment (At Fair Value)	1,899,970	1,869,706
less Accumulated Depreciation	(1,514,712)	(1,448,792)
	385,259	420,915
SUB TOTAL Property, Plant & Equipment	52,109,175	49,912,788
Infrastructure Assets (At Fair Value)	433,391,130	480,758,655
less Accumulated Depreciation	(172,434,068)	(178,628,324)
	260,957,062	302,130,331
NET BOOK VALUE	313,066,237	352,043,119

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	43,456,976	420,915	6,034,897	-	49,912,788
Reclassification	-	-	-	-	-
Additions	1,597,105	85,117	942,277	-	2,624,498
Disposals	(79,431)	(1,344)	(194,128)	-	(274,903)
Revaluation increments/(decrements)	2,751,025	-	587,870	-	3,338,895
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(2,119,703)	(119,429)	(1,252,971)	-	(3,492,103)
Carrying amount at the end of year	45,605,973	385,258	6,117,945	-	52,109,175

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2016 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 \$2,751,025 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

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

Furniture and Equipment:

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

9. INFRASTRUCTURE	2015/2016	2014/2015
	ACTUAL \$	ACTUAL \$
Roads - at Fair Value	333,170,000	403,188,582
Less Accumulated Depreciation	(132,238,000)	(148,269,939)
	<u>200,932,000</u>	<u>254,918,644</u>
Footpaths - at Fair Value	3,209,000	4,402,650
Less Accumulated Depreciation	(1,300,000)	(2,898,140)
	<u>1,909,000</u>	<u>1,504,510</u>
Drainage - at Fair Value	30,036,000	18,822,530
Less Accumulated Depreciation	(13,941,000)	(8,062,821)
	<u>16,095,000</u>	<u>10,759,708</u>
Bridges - at Fair Value	49,523,100	42,657,202
Less Accumulated Depreciation	(16,839,038)	(14,623,206)
	<u>32,684,062</u>	<u>28,033,996</u>
Refuse Sites & Waste Transfer Stations - at Fair Value	830,750	474,978
Less Accumulated Depreciation	(433,050)	(111,653)
	<u>397,700</u>	<u>363,325</u>
Carparks - at Fair Value	2,793,000	1,052,089
Less Accumulated Depreciation	(1,089,000)	(343,634)
	<u>1,704,000</u>	<u>708,455</u>
Cemeteries - at Fair Value	431,160	231,453
Less Accumulated Depreciation	(246,460)	(138,305)
	<u>184,700</u>	<u>93,147</u>
Airfield & Runways - at Fair Value	5,172,240	2,113,661
Less Accumulated Depreciation	(2,125,040)	(1,460,630)
	<u>3,047,200</u>	<u>653,033</u>
Parks & Ovals - at Fair Value	8,225,880	7,815,509
Less Accumulated Depreciation	(4,222,480)	(2,719,996)
	<u>4,003,400</u>	<u>5,095,513</u>
	<u>260,957,062</u>	<u>302,130,331</u>

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Bridges	Others	Total
Balance at the beginning of the year	254,918,644	1,504,510	10,759,708	28,033,996	6,913,473	302,130,331
Reclassification	-	-	-	-	-	-
Additions	3,874,213	53,152	82,684	-	624,427	4,634,475
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	(50,639,010)	439,391	5,487,890	5,361,020	2,128,096	(37,222,614)
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(7,221,847)	(88,053)	(235,282)	(710,953)	(328,996)	(8,585,130)
Carrying amount at the end of year	<u>200,932,000</u>	<u>1,909,000</u>	<u>16,095,000</u>	<u>32,684,062</u>	<u>9,337,000</u>	<u>260,957,062</u>

Infrastructure

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

10. TRADE AND OTHER PAYABLES

	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
a) <u>Creditors - Current</u>		
Creditors	638,490	984,741
Accrued Employee deductions	49,274	63,428
Accrued Expenses	392,692	312,904
Accrued Interest on Loans	47,891	47,958
Accrued Salaries and Wages	80,834	-
Bonds & Deposits	13,099	41,094
Income in Advance	66,532	49,854
Funding Payable (Note 29)	-	-
Hours Bank	135,477	123,964
Unearned Revenue	-	-
	1,424,289	1,623,944

Provisions

b) <u>Provisions - Current</u>		
Provision for Annual Leave	559,105	540,782
Provision for Long Service Leave	492,719	477,644
Provision for Workers Compensation	28,480	27,648
Provision for Superannuation	80,295	77,632
Provision for Doubtful Debts	6,573	12,223
Provision for Salary Sacrifice Retirement	-	11,037
	1,167,172	1,146,966

Creditors & Provisions - Current

2,591,461 2,770,911

c) Provisions - Non-Current

Provision for Long Service Leave	401,505	347,447
	401,505	347,447

Reconciliation of provisions

	Provision for Annual Leave	Provision for Long Service Leave
Opening Balance at 1 July 2015	540,782	825,091
Additional provision	565,258	162,744
Amounts used	(546,935)	(93,611)
Used amount reserved	-	-
Increase is the discounted amount arising because of time and the effect of any change in the discounted rate	-	-
Balance 30 June 2016	559,105	894,224

11. Borrowings

a) <u>Current</u>		
Council Loans	463,470	409,941
Self-Supporting Loans	85,624	44,518
	549,094	454,460
b) <u>Non-Current</u>		
Council Loans	3,744,759	3,577,069
Self-Supporting Loans	223,827	309,452
	3,968,586	3,886,522
TOTAL Borrowings	4,517,681	4,340,983

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>Budget</u> 2015/2016 \$	<u>Actual</u> 2015/2016 \$	<u>Actual</u> 2014/2015 \$
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Airfield Construction & Maintenance Reserve

To be applied upon recommendations from the Airfield Committee.

Opening Balance	53,168	53,168	31,778
Interest Earned	1,864	732	533
Transfer to Reserve	20,000	22,544	21,285
Transfer from Reserve	(2,071)	(520)	(429)
Closing Balance	72,961	75,924	53,168

AquaCentre Building Reserve

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

Opening Balance	24,290	24,290	4,290
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(3,000)	(700)	-
Closing Balance	41,290	43,590	24,290

AquaCentre Plant Reserve

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

Opening Balance	27,110	27,110	11,004
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	20,000
Transfer from Reserve	-	-	(3,895)
Closing Balance	42,110	42,110	27,110

Arts and Culture Reserve

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

Opening Balance	11,774	11,774	10,861
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,913
Transfer from Reserve	-	-	(5,000)
Closing Balance	16,774	16,774	11,774

Bridge Reserve

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

Opening Balance	283,584	283,584	288,426
Interest Earned	-	-	-
Transfer to Reserve	-	-	5,000
Transfer from Reserve	-	-	(9,841)
Closing Balance	283,584	283,584	283,584

Building Asset Management Reserve

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

Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-

<u>ACCOUNT TITLE</u>	<u>Budget</u> <u>2015/2016</u>	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2014/2015</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Community Bus Reserve</u>			
Monies not used during the year, set aside for future maintenance on the bus.			
Opening Balance	1,370	1,370	1,370
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	1,370	1,370	1,370
<u>Construction & Resource Research Reserve</u>			
Monies set aside to assist in resourcing materials for construction.			
Opening Balance	447,115	447,115	406,768
Interest Earned	-	-	-
Transfer to Reserve	70,000	52,126	40,347
Transfer from Reserve	(50,304)	(7,702)	-
Closing Balance	466,811	491,538	447,115
<u>Future Car park Reserve - Manjimup</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	14,299	14,299	14,299
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	-	-	-
Closing Balance	19,299	14,299	14,299
<u>Future Car park Reserve - Northcliffe</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Future Car park Reserve - Pemberton</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Future Car park Reserve - Walpole</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Grants in Advance Reserve</u>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	1,489,881	1,489,881	791,642
Interest Earned	-	-	-
Transfer to Reserve	-	420,579	1,347,379
Transfer from Reserve	(1,477,906)	(746,716)	(649,140)
Closing Balance	11,975	1,163,745	1,489,881

<u>ACCOUNT TITLE</u>	<u>Budget</u> <u>2015/2016</u>	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2014/2015</u>
RESERVES - CASH BACKED Cont...	\$	\$	\$
<u>HACC Annual & Long Service Leave Reserve</u>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	111,820	111,820	115,713
Interest Earned	2,999	1,180	1,848
Transfer to Reserve	16,305	-	4,892
Transfer from Reserve	-	(4,117)	(10,633)
Closing Balance	131,124	108,883	111,820
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	241,116	241,116	306,284
Interest Earned	8,527	2,754	2,972
Transfer to Reserve	58,938	71,451	99,738
Transfer from Reserve	(7,247)	(7,048)	(167,877)
Closing Balance	301,335	308,275	241,116
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	10,612	10,612	14,812
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(10,000)	-	(9,200)
Closing Balance	5,612	15,612	10,612
<u>Heritage Trail Reserve</u>			
funds set aside to promote our unique heritage for residents and visitors.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	-
Transfer from Reserve	-	-	-
Closing Balance	10,000	10,000	-
<u>ICT Hardware Replacement Reserve</u>			
Funding set aside for the purpose of ICT asset replacement, including desktops, laptops, servers and the hardware required to deliver ICT services to the Shire of Manjimup			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	21,850	21,850	21,850
Transfer from Reserve	(21,850)	(21,850)	(21,850)
Closing Balance	-	-	-
<u>Land Resumption Reserve</u>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	90,898	90,898	90,898
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(31,000)	-	-
Closing Balance	59,898	90,898	90,898
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	4,497	4,497	7,714
Interest Earned	112	49	136
Transfer to Reserve	-	-	437
Transfer from Reserve	-	-	(3,790)
Closing Balance	4,609	4,546	4,497

<u>ACCOUNT TITLE</u>	<u>Budget 2015/2016</u>	<u>Actual 2015/2016</u>	<u>Actual 2014/2015</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Occupational Health & Safety Reserve</u>			
for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety			
Opening Balance	12,000	12,000	9,000
Interest Earned	-	-	-
Transfer to Reserve	3,000	3,000	3,000
Transfer from Reserve	-	-	-
Closing Balance	15,000	15,000	12,000
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	294,705	294,705	580,721
Interest Earned	-	-	-
Transfer to Reserve	805,000	656,403	729,914
Transfer from Reserve	(1,041,000)	(583,611)	(1,015,931)
Closing Balance	58,705	367,496	294,705
<u>Recreation Floor Reserve</u>			
Set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities			
Opening Balance	28,105	28,105	20,000
Interest Earned	-	-	-
Transfer to Reserve	38,395	38,395	24,376
Transfer from Reserve	(66,500)	(66,500)	(16,271)
Closing Balance	-	-	28,105
<u>Recreation Ground Equipment Reserve</u>			
For the funding of any recreational sportsground equipment failure or breakdown.			
Opening Balance	7,930	7,930	2,930
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	-	-	-
Closing Balance	12,930	12,930	7,930
<u>Revaluation Reserve</u>			
For the funding of future revaluation cycles, for GRV valuations and Building revaluations.			
Opening Balance	36,500	36,500	-
Interest Earned	-	-	-
Transfer to Reserve	36,500	36,500	36,500
Transfer from Reserve	-	-	-
Closing Balance	73,000	73,000	36,500
<u>Road Grant & Latent Conditions Reserve</u>			
For co-funding, over expenditure in Road Grants due to fluctuations and bad weather conditions			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Self Insurance Fund</u>			
Funding to meet costs of excess and/or insurance claims which may be below the excess level.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	(15,000)	(15,000)	(15,000)
Closing Balance	-	-	-
<u>Staff Annual & Long Serve Leave Reserve</u>			
Funding for employee entitlements for Annual and Long Service Leave.			
Opening Balance	450,615	450,615	450,615
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	450,615	450,615	450,615

<u>ACCOUNT TITLE</u>	<u>Budget</u> <u>2015/2016</u>	<u>Actual</u> <u>2015/2016</u>	<u>Actual</u> <u>2014/2015</u>
	\$	\$	\$
RESERVES - CASH BACKED Cont...			
<u>Strategic Asset Development Reserve</u>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	19,965	19,965	90,636
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(19,879)	(6,837)	(70,671)
Closing Balance	86	13,128	19,965
<u>SuperTown - Food Council Project</u>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	-	-	1,061,060
Interest Earned	-	-	-
Transfer to Reserve	-	2,348,410	-
Transfer from Reserve	-	(1,683,846)	(1,061,060)
Closing Balance	-	664,564	-
<u>SuperTown - Townsite Expansion Project</u>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	-	-	486,601
Interest Earned	-	-	-
Transfer to Reserve	-	2,855,054	-
Transfer from Reserve	-	(883,863)	(486,601)
Closing Balance	-	1,971,191	-
<u>Telecommunications Reserve</u>			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	6,000	6,000	4,000
Interest Earned	-	-	-
Transfer to Reserve	-	-	2,000
Transfer from Reserve	-	-	-
Closing Balance	6,000	6,000	6,000
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	14,558	14,558	128,604
Interest Earned	-	-	-
Transfer to Reserve	65,000	65,000	60,000
Transfer from Reserve	(75,893)	(53,934)	(174,047)
Closing Balance	3,665	25,624	14,558
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	861,368	861,368	156,288
Interest Earned	-	-	-
Transfer to Reserve	62,690	132,445	833,276
Transfer from Reserve	(644,079)	(138,905)	(128,197)
Closing Balance	279,979	854,907	861,368
<u>Workers Compensation Premium Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	117,319	117,319	48,200
Interest Earned	-	-	-
Transfer to Reserve	28,372	28,372	69,119
Transfer from Reserve	-	(16,767)	-
Closing Balance	145,691	128,924	117,319
<u>TOTAL RESERVES - CASH BACKED</u>	2,514,424	7,254,527	4,660,601

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2015/2016 financial year.

(c) **RESERVES - ASSET REVALUATION**

There were no revaluations undertaken by Shire of Manjimup staff during the 2014/2015 financial year.

	2015/2016 ACTUAL \$	2014/2015 ACTUAL \$
Plant & Equipment		
Opening Balance	210,217	210,217
Revaluation	587,870	0
	798,087	210,217
Land		
Opening Balance	1,949,120	1,949,120
Revaluation	(572,340)	0
	1,376,780	1,949,120
Buildings		
Opening Balance	45,155,218	45,155,218
Revaluation	3,323,365	0
	48,478,583	45,155,218
Infrastructure		
Opening Balance	327,038,596	327,038,596
Revaluation	(37,222,614)	0
	289,815,982	327,038,596
TOTAL		
Opening Balance	374,353,149	374,353,149
Total Revaluation	(33,883,719)	0
	340,469,430	374,353,149

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.

	2015/2016 Budget \$	2015/2016 Actual \$	2014/2015 Actual \$
Transfers to Reserve Accounts (including interest)	1,349,553	6,831,843	3,375,515
Transfers from Reserve Accounts	(3,284,729)	(4,237,916)	(3,849,432)
Net Transfers to/(from) Reserve Accounts	(1,935,176)	2,593,927	(473,916)

13. DISPOSAL OF ASSETS

In accordance with Regulation 36, the following is disclosed.

Asset Description & Reference	Net Book Value \$	Budget \$	Sale Price \$	Budget \$	(Profit)/Loss \$	Budget \$
Furniture & Equipment	1,344	-	-	-	1,344	-
Motor Vehicles						
Profit on Sale	14,165	-	63,559	75,000	(49,395)	(75,000)
Loss on Sale	175,385	216,227	147,202	152,954	28,182	63,273
	189,550	216,227	210,762	227,954	(21,212)	(11,727)
Plant & Equipment	4,578	77,228	115,565	253,000	(110,987)	(175,772)
Infrastructure	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Land	210,000	210,000	210,000	210,000	(130,569)	-
TOTAL	405,472	503,456	536,327	690,954	(261,424)	(187,498)

14. TRUST FUND INFORMATION

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

Class Purpose	2014/2015 C/Fwd \$	2015/2016 Received \$	2015/2016 Paid \$	2015/2016 C/Fwd \$
<u>General</u>				
Building Bonds (Cat 3)	15,000	-	13,500	1,500
Construction Bonds (Cat 4)	32,259	95,068	86,890	40,437
Development Bonds (Cat 5)	30,159	10,000	12,343	27,816
Hall Hire Bonds (Cat 6)	670	450	350	770
Kerb Bonds (Cat 7)	19,026	3,885	5,000	17,910
Miscellaneous Bonds (Cat 8)	46,762	1,185	4,829	43,118
Southern Forests Tourism Group Bond (Cat 10)	7,480	2,000	1,200	8,280
Public Open Space (Cat 11)	47,900	-	-	47,900
Disaster Relief (Cat 12)	18,880	500	19,380	-
Community Bus Bonds (Cat 13)	-	2,450	1,400	1,050
	218,137	115,538	144,893	188,782

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 2016.

c)

Statement of Rating Information - Rate Yield - 2015/2016 Budget

	Rateable		Rate Yield	No.	Minimum	TOTAL
	Value	Rate in \$			Yield	
	\$	\$	\$		\$	\$
General Rate - GRV						
Residential	39,553,913	8.9180	4,430,907	1,639	1,352,175	5,783,082
Adjust for Minimums	10,140,320		(904,314)			(904,314)
Adjust for Phase In	-		-			-
Adjust for Concessions	-		-			(49,278)
General Rate - UV						
Rural	478,247,000	0.68030	3,368,970	220	181,500	3,550,470
Adjust for Minimums	16,971,337		(115,456)			(115,456)
CALM Dam	5,800	0.68030	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	800	0.68030	-	2	200	200
Adjust for Waivers						(825)
	544,919,170		6,780,106	1,864	1,534,025	8,264,028
Ex-Gratia/Non-Rateable						
Interim Rates 13/14	-		-	-	-	-
	-		-	-	-	-
TOTAL RATES LEVIED	544,919,170		6,780,106	1,864	1,534,025	8,264,028

d) Surplus / Deficit brought forward

	1 July 2015 Surplus/(Deficit) Brought Forward	30 June 2016 Surplus/(Deficit) Carried Forward
Surplus / (Deficit) 1 July 2015 Brought Forward	5,704,451	23,273,750
Comprises		
Cash Unrestricted	6,885,314	23,138,789
Cash Restricted	7,724,573	8,504,027
Rates - Current	528,116	646,959
Sundry Debtor	422,651	357,521
Other Receivables	275,643	768,899
GST Receivable	7,281	143,225
Inventories	74,112	68,387
Less		
Reserves - Restricted Cash	(4,660,601)	(7,254,527)
SuperTown - Restricted Cash (WATC)	(3,063,972)	(1,249,500)
Unexpended Loan Funds	(327,380)	(174,587)
Creditors	(984,741)	(638,490)
Accrued Employee deductions	(63,428)	(49,274)
Accrued Expenses	(312,904)	(392,692)
Accrued Interest on Loans	(47,958)	(47,891)
Accrued Salaries and Wages	-	-
Bonds & Deposits	(41,094)	(13,099)
Income In Advance	(49,854)	(66,532)
Funding Payable	-	-
Hours bank	(123,964)	(135,477)
Unearned Revenue	-	-
Current Provisions	(1,146,966)	(1,167,172)
Add Back Liabilities funded by Reserves	562,435	559,498
Adjustment for unfunded provision increases	47,188	275,685
Surplus / (Deficit)	5,704,451	23,273,750

e)

General Purpose Income

	2015/2016 BUDGET	2015/2016 ACTUAL	Valuations	2014/2015 ACTUAL
	\$	\$	\$	\$
RATES				
General Rate				
GRV Rate in \$0.08918	3,527,418	3,527,418	39,553,913	3,353,694
UV Rate in \$0.006803	3,253,514	3,253,514	478,247,000	3,094,808
Minimum Rate				
GRV @ \$825	1,351,350	1,351,350	10,140,320	1,288,339
UV @ \$825	181,500	181,500	16,971,337	182,490
CALM Leases @ \$50	150	150	5,800	150
CALM Leases @ \$100	200	200	800	200
Interim Rate				
GRV Rate in \$0.08918	-	25,138	450,043	21,695
UV Rate in \$0.006803	-	9,895	1,696,786	(7,793)
TOTAL RATES LEVIED	8,314,131	8,349,162	547,065,999	7,933,583
Discounts Allowed	-	-	-	-
Waived Rates	(2,720)	(5,692)	-	(2,604)
Concessions Sporting Clubs	(47,383)	(48,502)	-	(45,363)
Rates Written Off	-	-	-	-
Sub Total NET RATES	8,264,028	8,294,970		7,885,617
Ex-Gratia Rates				
Other Rate Charges				
Windy Harbour Lease Fees	136,281	123,891	-	115,525
NET RATES	8,400,310	8,418,861	-	8,001,142
Waste Collection Fees	1,356,443	1,356,684	-	1,316,272
Late Payment Penalties	45,000	75,542	-	64,297
Instalment Interest	26,000	27,693	-	24,171
Rates Written Off	-	-	-	-
TOTAL NET RATES	9,827,753	9,878,780	-	9,405,883

GENERAL PURPOSE INCOME

Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off)	8,335,029	8,398,205	-	7,974,086
Administration Fees	28,000	33,183	-	33,996
Property Information Fees	27,000	28,152	-	28,981
General Purpose Grant				
General Grants (Untied)	1,347,111	1,347,111	-	3,965,981
TOTAL GENERAL PURPOSE INCOME	9,737,140	9,806,653	-	12,003,043

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2016.

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 2015/2016 \$	Actual 2015/2016 \$	Actual 2014/2015 \$
Governance/General Administration	58,500	68,898	74,731
Law, Order & Public Safety	27,580	44,543	35,509
Health	37,000	57,288	91,049
Welfare	200,300	289,120	249,576
Housing	48,360	35,056	46,890
Community Amenities	1,749,943	1,844,245	1,768,447
Recreation & Culture	482,470	486,319	516,256
Transport	4,590	12,193	11,816
Economic Services	82,250	77,230	58,408
Other Property & Services	-	-	-
TOTAL	2,690,993	2,914,892	2,852,681

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 2015/2016 budget did not provide a discount for early payment of rates.

Item	Budget 2015/2016 \$	Actual 2015/2016 \$	Actual 2014/2015 \$
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	Budget 2015/2016 \$	Actual 2015/2016 \$	Actual 2014/2015 \$
Penalty Interest	-	-	-
Rates - Rubbish	-	-	-
Hire Fees	-	-	-
Waiver - Rates	2,720	5,692	2,604
Concessions - Sporting Groups	47,383	48,502	45,363
TOTAL	50,103	54,194	47,967

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 \$48,502 in 2015/2016.

(c) Incentive

Council offered no incentive prizes for early payment of Rates for 2015/2016.

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	Budget 2015/2016 \$	Actual 2015/2016 \$	Actual 2014/2015 \$
Interest on Rates	45,000	75,542	64,297
TOTAL Interest on Rates	45,000	75,542	64,297

(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 2015/2016 financial year. There was no amount budgeted for 2015/2016.

(c) **Instalment Option - Rates**

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

First Instalment	18 September 2015
Second Instalment	20 November 2015
Third Instalment	22 January 2016
Fourth & Final Instalment	25 March 2016

(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	Budget 2015/2016	Actual 2015/2016	Actual 2014/2015
Interest on Instalments	26,000	27,693	24,171
TOTAL Interest for Instalments	26,000	27,693	24,171

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

An administration charge was applied at the rate of **\$24.00** per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Budget 2015/2016	Actual 2015/2016	Actual 2014/2015
Administration Charge on Instalments	23,000	30,576	27,180
TOTAL Charges for Instalments	23,000	30,576	27,180

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	Budget 2015/2016	Actual 2015/2016	Actual 2014/2015
Attendance Fees – Shire President	16,110	16,110	16,110
Attendance Fees – Councillors (C/F \$5,866)	123,196	122,881	107,735
Local Government Allowance – President & Deputy	23,156	23,156	23,155
Travelling/Accommodation Allowance	23,000	20,959	20,960
Telecommunications Allowance (C/F \$901)	22,901	22,847	18,428
TOTAL	208,363	205,953	186,388

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 2016.

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 2016.

23. BORROWINGS

The following information is disclosed in accordance with Regulation 48.

(a) Overdraft Borrowings

No amount of overdraft is brought forward from 2014/2015, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2016.

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 2015/2016 Financial Year.

(c) Self Supporting Loans

The following repayments were made from sources other than rates.

Loan #	Balance 30 June 2015	New Borrowings	Interest 30 June 2016	Principal 30 June 2016	Annual Liability 30 June 2016	Balance 30 June 2016	Interest Accrual 30 June 2016
	\$	\$	\$	\$	\$	\$	\$
170	17,531	-	1,021	8,480	9,501	9,050	49
218	69,110	-	2,906	7,403	10,309	61,707	575
SUB TOTAL	86,741	-	3,927	15,883	19,810	70,757	624

Self Supporting Loans not fully drawn down

217	267,332	-	11,243	28,636	39,879	238,696	2,226
<i>Less undrawn portion</i>						<i>(153,653)</i>	
TOTAL	353,972	-	15,170	44,518	59,689	155,800	2,850

Loan 217 was drawn down in 2012/2013 but not fully expended during this period, so Self Supporting Loan debtors at the 30 June 2016 only represent the expended portion of loan 217. The remaining \$153,653 will be expended and applied to Council's Self Supporting Loan debtors, on the completion of the project in the 2016/2017 financial year. Self Supporting Loan Principal Income for 2015/2016 is \$63,477. This varies from the \$44,518 above due to the drawdown of the Walpole SES Building requiring an extra payment from a previous years payment cycle.

(d) Existing Borrowings - Other Purpose

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

Shire of Manjimup
For the Year ended 30th June 2016

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

Purpose of Loan Borrowing	Budget 2015/2016	Actual 2015/2016	Financier	Nature of Loan	Repayment Term	Interest Rate
Medical Professionals Housing	523,439	523,439	WATC	Principal / Interest	20 years	4.12%
Walpole Country Club	107,720	107,720	WATC	Principal / Interest	10 years	3.4%
TOTAL	-	-				

(f) Unspent Loan Funds Brought Forward

Purpose	Year Borrowed	B/Forward 1 July 2015	New Borrowings 2015/2016	Expended 2015/2016	C/Forward 30 June 2016
Townscape – Northcliffe	2003/04	2,694	-	-	2,694
2 way Glenoran	2005/06	334	-	-	334
Repeater upgrade Mt Burnside	2005/06	10,000	-	-	10,000
Walpole Aged Accommodation	2008/09	1,925	-	-	1,925
Walpole Town Hall Access	2008/09	1,253	-	-	1,253
Manjimup Volunteer Resource Centre	2011/12	4,728	-	-	4,728
FESA – Walpole SES Building	2012/13	306,446	-	152,793	153,653
TOTAL		327,380	-	152,793	174,587

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2015, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2016

(g) Loan Interest and Capital 2015/2016 Budget

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-15	Loans negotiated	Total interest 30-Jun-16	Reduction of principal 30-Jun-16	Total repayments 30-Jun-16	Principal liability 30-Jun-16
SHIRE LOANS											
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$40,670		\$2,369	\$19,674	\$22,043	20,995
173	WATC	\$200,000	20	Roads	6.92%	\$42,073		\$2,602	\$15,975	\$18,577	26,097
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$6,007		\$274	\$6,007	\$6,280	0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$87,257		\$5,029	\$33,248	\$38,278	54,009
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$261,824		\$16,468	\$28,034	\$44,502	233,790
198	WATC	\$135,000	15	Westrail	5.85%	\$37,043		\$1,965	\$11,643	\$13,608	25,400
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$14,607		\$876	\$3,312	\$4,187	11,295
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$188,591		\$11,818	\$16,005	\$27,823	172,586
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$54,720		\$3,219	\$9,660	\$12,879	45,060
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$690,316		\$40,239	\$52,303	\$92,543	638,012
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$813,605		\$47,804	\$57,654	\$105,458	755,951
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$133,915		\$7,669	\$21,245	\$28,914	112,670
209	WATC	\$126,250	10	Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$8,191		\$240	\$8,191	\$8,431	0
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$452,217		\$27,980	\$29,495	\$57,475	422,723
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$82,425		\$5,352	\$25,600	\$30,952	56,825
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$290,644		\$19,374	\$13,023	\$32,397	277,621
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$370,509		\$24,697	\$16,601	\$41,299	353,908
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$225,048		\$9,959	\$9,080	\$19,040	215,968
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$187,347		\$7,879	\$20,068	\$27,947	167,279
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$0	\$523,439	\$10,783	\$8,554	\$19,337	514,885
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$0	\$107,720	\$1,831	\$4,567	\$6,399	103,153
221	TBA	\$185,000	5	MPA - Driveway and Fitout	4.00%	\$0	\$185,000	\$0	\$0	\$0	185,000
Total Shire Loans						\$3,987,010	\$816,160	\$248,429	\$409,941	\$658,369	\$4,393,229
SELF SUPPORTING LOANS (CLUBS)											
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$267,332		\$11,243	\$28,636	\$39,879	238,696
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$69,110		\$2,906	\$7,403	\$10,309	61,707
222	WATC	\$150,000	5	Dunreath Cottages Inc	4.00%	\$0	\$150,000	\$0	\$0	\$0	150,000
Total Self Supporting Loans (Clubs)						\$353,972	\$149,999	\$15,169	\$44,518	\$59,689	459,452
Total all loans						\$4,340,983	\$966,159	\$263,598	\$454,460	\$718,058	4,852,682

(g) Loan Interest and Capital Actuals to 30 June 2016

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-15	Loans negotiated	Total interest 30-Jun-16	Reduction of principal to 30-Jun-16	Total repayments 30-Jun-16	Principal liability 30-Jun-16	Interest accrual at 30-Jun-16
SHIRE LOANS												
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$40,670		\$2,369	\$19,674	\$22,043	20,995	\$114
173	WATC	\$200,000	20	Roads	6.92%	\$42,073		\$2,602	\$15,975	\$18,577	26,097	\$306
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$6,007		\$274	\$6,007	\$6,280	0	\$0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$87,257		\$5,029	\$33,248	\$38,278	54,009	\$1,274
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$261,824		\$16,468	\$28,034	\$44,502	233,790	\$5,601
198	WATC	\$135,000	15	Westrail	5.85%	\$37,043		\$1,965	\$11,643	\$13,608	25,400	\$245
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$14,607		\$876	\$3,312	\$4,187	11,295	\$102
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$188,591		\$11,818	\$16,005	\$27,823	172,586	\$1,578
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$54,720		\$3,219	\$9,660	\$12,879	45,060	\$745
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$690,316		\$40,239	\$52,303	\$92,543	638,012	\$4,916
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$813,605		\$47,804	\$57,654	\$105,458	755,951	\$5,558
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$133,915		\$7,669	\$21,245	\$28,914	112,670	\$826
209	WATC	\$126,250	10	Quininnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$8,191		\$240	\$8,191	\$8,431	0	\$0
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$452,217		\$27,980	\$29,495	\$57,475	422,723	\$7,625
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$82,425		\$5,352	\$25,600	\$30,952	56,825	\$1,015
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$290,644		\$19,374	\$13,023	\$32,397	277,621	\$1,186
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$370,509		\$24,697	\$16,601	\$41,299	353,908	\$1,516
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$225,048		\$9,959	\$9,080	\$19,040	215,968	\$211
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$187,347		\$7,879	\$20,068	\$27,947	167,279	\$1,560
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	4.12%	\$0	\$523,439	\$10,783	\$8,554	\$19,337	514,885	\$9,150
220	WATC	\$107,720	10	Walpole Country Club	3.40%	\$0	\$107,720	\$1,831	\$4,567	\$6,399	103,153	\$1,513
Total Shire Loans						\$3,987,010	\$631,159	\$248,429	\$409,941	\$658,369	\$4,208,229	\$45,041
SELF SUPPORTING LOANS (CLUBS)												
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$17,531		\$1,021	\$8,480	\$9,501	9,050	\$49
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$267,332		\$11,243	\$28,636	\$39,879	238,696	\$2,226
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$69,110		\$2,906	\$7,403	\$10,309	61,707	\$575
Total Self Supporting Loans (Clubs)						\$353,972	\$0	\$15,170	\$44,518	\$59,689	309,452	\$2,850
Total all loans						\$4,340,983	\$631,159	\$263,599	\$454,460	\$718,058	4,517,682	\$47,891

24. INVESTMENTS

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

	2015/2016 Budget \$	2015/2016 Actual \$	2014/2015 Actual \$
<u>Reserve</u>			
Airfield Reserve	1,864	732	533
AquaCentre Building Reserve	-	-	-
AquaCentre Plant Reserve	-	-	-
Bridge Reserve	-	-	-
Centenary Celebration Reserve	-	-	-
Community Bus Reserve	-	-	-
Construction Resource Reserve	-	-	-
Future Carpark Reserve	-	-	-
HACC LSL & AL Reserve	2,999	1,180	1,848
HACC Asset Replacement Reserve	8,527	2,754	2,972
Heritage Reserve	-	-	-
Land Resumption	-	-	-
Northcliffe Town Hall Reserve	112	49	136
Plant & Equipment Reserve	-	-	-
Self Insurance Fund	-	-	-
Staff LSL & AL Reserve	-	-	-
Strategic Development Reserve	-	-	-
Waste Management Reserve	-	-	-
Windy Harbour Infrastructure Reserve	-	-	-
Windy Harbour Water Supply Reserve	-	-	-
Heritage Reserve	-	-	-
	13,502	4,715	5,490
<u>Municipal</u>			
General Purpose Interest	100,177	62,133	78,880
Reserve Interest to Operational	85,000	47,424	51,594
TOTAL Investment Interest	185,177	109,556	130,474
Self-Supporting Loan Interest	15,169	26,816	3,263
Interest on Instalments/Penalties	71,000	103,235	88,468
Interest on HACC	8,000	3,934	4,820
Other Interest - Grants	-	104,871	84,451
	94,169	238,856	181,002
TOTAL Operating Interest Earnings	279,346	348,413	311,476

25. DEPRECIATION OF NON-CURRENT ASSETS

	2015/2016 Actual \$	2014/2015 Actual \$
a) Depreciation classified by Function/Activity		
General Administration	263,941	247,853
Law, Order & Public Safety	447,400	417,373
Health	8,003	7,570
Welfare	134,523	153,311
Housing	45,500	45,500
Community Amenities	93,743	91,704
Recreation & Culture	1,970,839	1,970,460
Transport	9,058,922	9,026,266
Economic Services	47,746	46,733
Other Property & Services	6,614	7,156
	12,077,233	12,013,926
b) Depreciation classified by Type		
Furniture & Equipment	119,429	136,208
Infrastructure Assets	8,585,130	8,474,748
Land	-	-
Buildings	2,119,703	2,095,643
Plant & Equipment	1,252,971	1,307,327
	12,077,233	12,013,926

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

Current Assets minus Restricted Assets	24,949,195
Current Liabilities minus Liabilities associated with Restricted Assets	2,578,121
	2015/2016 Ratio 9.68
	2014/2015 Ratio 2.95
	2013/2014 Ratio 1.27

b) **Debt Service Ratio**

Operating Surplus before Depreciation and Interest	-591,219
Principal and Interest	747,924
	2015/2016 Ratio -0.79
	2014/2015 Ratio 9.48
	2013/2014 Ratio -2.52

c) **Own Source Revenue Coverage**

Own Source Operating Revenue	14,302,079
Operating Expenses	32,638,021
	2015/2016 Ratio 0.44
	2014/2015 Ratio 0.47
	2013/2014 Ratio 0.41

Adjusted Own Source Revenue Ratio - After the removal of expenditure for grant related activity of \$4,953,653, being expenditure that would not occur if the grant was not received the Own Source Revenue Coverage would be 0.52

d) **Operating Surplus Ratio**

Operating Revenue minus Operating Expense	-12,961,916
Own Source Operating Revenue	14,265,142
	2015/2016 Ratio -0.91
	2014/2015 Ratio -0.39
	2013/2014 Ratio -1.14

e) **Asset Consumption Ratio**

Depreciated Replacement Costs of Depreciable Assets	310,662,737
Current Replacement Costs of Depreciable Assets	532,450,181
	2015/2016 Ratio 0.58
	2014/2015 Ratio 0.60
	2013/2014 Ratio 0.62

f) **Asset Sustainability Ratio**

Capital Renewal and Replacement Expenditure	4,287,642
Depreciation	12,077,233
	2015/2016 Ratio 0.36
	2014/2015 Ratio 0.49
	2013/2014 Ratio 0.49

g) **Asset Renewal Funding Ratio**

NPV of Planned Capital Renewals over 10 years	-
NPV of Required Capital Expenditure over 10 years	-
	2015/2016 Ratio -
	2014/2015 Ratio 0.44
	2013/2014 Ratio 0.46

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 \$784,712.

27. Contingencies

There have been no Contingent Liabilities indentified or provided for at the 30th June 2016

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	2015/2016 Actual #	2014/2015 Actual #
\$100,000 - \$109,999	4	2
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	3	2
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	-	1
\$160,000 and above	1	-

29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/15	Received 2015/2016	Expended 2015/2016	Closing Balance 30/6/16
		\$			\$
<i>Funds Held in Grants In Advance Reserve</i>					
Australian Youth Orchestra	Recreation & Culture	955	-	-	955
CANWA - Print Making Workshop	Recreation & Culture	48	-	-	48
CLGF Reg Funding - Medical Accom Project	Health	384,469	-	384,469	-
Coast West - Central Lookout Stairway	Recreation & Culture	-	7,800	-	7,800
Community Contribution - WP Skate Park	Recreation & Culture	3,021	-	-	3,021
Country Arts WA - Drumming Workshop	Recreation & Culture	1,450	-	1,450	-
CRC "Collocation Building Feasibility"	Recreation & Culture	10,000	-	-	10,000
Curtain University - Tobacco Control	Health	865	-	-	865
DFES - ESL Bush Fire Operational (Advance 1/4 Paym)	Law & Order	37,500	-	37,500	-
DFES - ESL SES Operational	Law & Order	7,415	-	7,415	-
DLG - Cat Sterilisation Program	Law & Order	4,934	-	591	4,343
DLG - Cattery Fitout	Law & Order	2,297	-	-	2,297
DLG&C - Aged Friendly Community	Education & Welfare	9,700	-	9,700	-
DLG&C - Regional Youth Collaboration	Education & Welfare	25,000	-	25,000	-
DPAW - Chesapeake/Deeside Rehab	Transport	18,227	-	15,861	2,366
DSC/WALGA Disabled Access Timber park Hamlet	Recreation & Culture	-	44,335	-	44,335
DSR - Club Development Officer	Recreation & Culture	8,629	-	8,629	-
DSR - Kids in Sport Vouchers	Recreation & Culture	35,824	-	35,824	-
DSS - Broadband for Seniors	Education & Welfare	27	-	-	27
ESL - SES Operational	Law & Order	2,471	-	-	2,471
ESL Operational BFB Advance Payment	Law & Order	-	50,720	-	50,720
ESL Operational SES Advance Payment	Law & Order	-	11,725	-	11,725
ESL Springfield BFB - Fast Fill Pump	Law & Order	-	2,500	-	2,500
ESL Yanmah BFB - Fast Fill Pump	Law & Order	-	2,500	-	2,500
FARE - Alcohol Management Project	Health	270	-	-	270
FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip)	Law & Order	1,244	-	1,045	198
FESA - SES minor Capital (F&E 92.8543 Furniture)	Law & Order	111	-	-	111
HACC - Non Recurrent Grant (Capital)	Education & Welfare	-	54,787	-	54,787
HACC - Non Recurrent Grant (Operational)	Education & Welfare	-	18,250	7,500	10,750
Healthways	Education & Welfare	-	3,000	2,908	92
Home & Community Care - Wellness Centre	Education & Welfare	750,000	-	152,961	597,039
LGIS - Experience Fund (20054.755.50)	Governance	9,206	-	-	9,206
LGIS - Experience Fund (Staff Training)	Governance	5,400	-	-	5,400
Main Roads WA	Transport	66,597	-	473	66,124
Medicare Local - WB Healthy Communities	Health	5,256	-	-	5,256
NRM Grant - Mottram Reserve	Community Amenities	12,578	-	-	12,578
Pemberton VC (Colocation)	Recreation & Culture	-	5,000	-	5,000
Pool Revitalisation Program	Recreation & Culture	-	32,000	29,557	2,443
Regional Investment Plan - Waste	Community Amenities	10,587	-	3,298	7,289
Regional Road Group Grant (180.9270 & 180.9297)	Transport	1,690	-	-	1,690
RIO Tinto School Based Trainees	Other Property Services	5,659	-	5,659	-
RIO Tinto School Based Trainees	Other Property Services	-	52,050	4,727	47,323
Roads to Recovery - Various	Transport	-	2,160,521	1,998,007	162,514
Roads to Recovery (further \$57,288 to be claimed) - Wetherall St	Transport	8,874	-	8,874	-
Royalties for Regions - Rnd 4 2012/2013 allocation	Transport	10,948	-	10,948	-
Seniors Week	Education & Welfare	-	1,000	792	208
SES - Equipment \$1200 to \$5000	Law & Order	-	5,700	2,096	3,604
SJOB Healthcare - Regional Youth Collaboration	Education & Welfare	1,000	-	1,000	-
St John of God - Meth Workshop	Health	-	932	846	86
Stay on Your Feet	Education & Welfare	219	-	-	219
SWDC - Manjimup Health Infrastructure (L&B 93.8607)	Health	360	-	-	360
SWDC - Masonic Lodge	Recreation & Culture	5,000	-	5,000	-
Tourism WA - Dump Point Grant	Recreation & Culture	38,632	-	27,603	11,029
Volunteer Grant 2016 - DSS	Education & Welfare	-	3,100	-	3,100
Vouchers - Kids Sport	Recreation & Culture	-	30,000	18,908	11,092
Water Corp - Quinninup Walk Trail	Recreation & Culture	3,418	-	3,418	-
Total of Grants in Advance Reserve		1,489,882	2,485,920	2,812,057	1,163,745

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 \$784,712. 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 2015/2016 \$	Actuals 2015/2016 \$	Outstanding 30 June 16 \$	Completion Date
Capital Project				
Walpole SES Building	406,446	152,793	253,653	2016/17
Medical Professional Housing	907,908	918,632	-	
HACC - Wellness & Lifestyle Centre	1,794,000	152,961	1,641,039	2017/18
Townsite Revitalisation Project Stage 1	781,455	816,403	-	
Townsite Revitalisation Project Stage 2	22,290,000	28,809	22,261,190.76	2017/18
Bridge Rd - Recon & seal	405,000	403,921	-	
Walpole Mainstreet	337,419	16,446	320,973	2016/17
Perup Rd reconstruct and reseal	435,000	350,427	84,573	2016/17
Windy Harbour Rd reconstruct and reseal	375,000	376,607	-	
Middleton Rd Construction	420,000	424,316	-	
	28,152,228	3,641,315	24,561,429	

The Shire of Manjimup's Chief Executive Officer signed an offer subject to approval by Council for the purchase of Lot 45 Brockman St Manjimup prior to the 30 June 2016 with the sale proceeding subsequent to the 30 June 2016. This purchase was proposed to be funded by a loan for the purposes of a Community Information Office for the Regional Growth Centre Project, as well as maintaining the current tenancies.

31. **LEASING COMMITMENTS**

	2015/2016 Actual \$	2014/2015 Actual \$
(a) Finance Lease Commitments		
Nil	-	-
(b) Operating Lease Commitments		
Non-cancellable leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	154,470	63,273
- later than one year but not later than five years	248,193	27,856
- later than five years	-	-
	402,663	91,129

32. **EMPLOYEE NUMBERS**

	2015/2016 Actual #	2014/2015 Actual #
The number of full-time equivalent Employees at balance date	123	119

33. **ECONOMIC DEPENDENCY**

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

34. **FINANCIAL RISK MANAGEMENT**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial Assets				
Cash and cash equivalents	31,642,816	14,609,887	31,642,816	14,609,887
Receivables	1,200,094	1,066,141	1,200,094	1,066,141
	32,842,910	15,676,028	32,842,910	15,676,028
Financial Liabilities				
Payables	1,424,289	1,623,944	1,424,289	1,623,944
Borrowings	4,517,681	4,340,982	4,517,681	4,340,982
	5,941,970	5,964,926	5,941,970	5,964,926

Fair value is determined as follows:

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investment with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-16	30-Jun-15
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	316,428	146,099
- Statement of Comprehensive Income	316,428	146,099

Notes:

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

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

(b) Receivables

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

Credit risk on rates and annual charged is minimised by the ability of Council to recover these debts as secured over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to the Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtor.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	30-Jun-16	30-Jun-15
Percentage of Rates and Annual Charges		
- Current	50.22%	61.10%
- Overdue	49.78%	38.90%
Percentage of Other Receivables		
- Current	59.50%	73.20%
- Overdue	40.50%	26.80%

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 \$
2016					
Payables	1,424,289	0	0	1,424,289	1,424,289
Borrowings	748,410	3,159,014	2,312,549	6,219,973	4,517,682
	<u>2,172,699</u>	<u>3,159,014</u>	<u>2,312,549</u>	<u>7,644,261</u>	<u>5,941,970</u>
2015					
Payables	1,623,944	0	0	1,623,944	1,623,944
Borrowings	695,862	2,910,581	2,251,485	5,857,928	4,340,983
	<u>2,319,806</u>	<u>2,910,581</u>	<u>2,251,485</u>	<u>7,481,872</u>	<u>5,964,927</u>

Borrowings are also subject to interest rate risk –the risk that movements in interest rates could be adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of the negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2016								
Borrowings								
Fixed Rate								
Debentures	30,047	162,330	11,294	45,060	112,670	4,156,281	4,517,682	5.68%
Weighted Average Effective Interest Rate	6.61%	6.64%	6.45%	6.15%	5.96%	5.63%		
Year Ended 30 June 2015								
Borrowings								
Fixed Rate								
Debentures	14,198	58,202	248,796	14,606	54,720	3,950,459	4,340,983	5.96%
Weighted Average Effective Interest Rate	5.98%	6.61%	6.64%	6.45%	6.15%	5.91%		

(d) **Interest Rate Risk**

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

35. **Primary Place of Business**

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

36. **Subsequent Event**

Nil

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Manjimup, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2016, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view 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's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Opinion

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

- i. gives a true and fair view of the Shire of Manjimup's financial position as at 30 June 2016 and of its performance for the financial year ended 30 June 2016;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls or any other written law noted during the course of our audit, with exception to the matter detailed in (iv) below.
- iii. The asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.
- iv. The asset renewal funding ratio is not included in the annual financial report, as required by Local Government (Financial Management) Regulations 1996 Section 50 (1) (c).
- v. All necessary information and explanations were obtained by us.
- vi. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 21st day of October 2016