

Shire of Manjimup

Annual Financial Report

2018/2019



SHIRE OF
MANJIMUP

SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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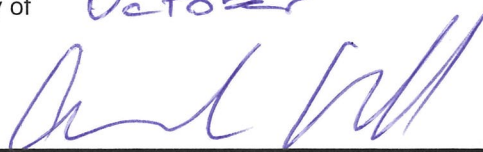
**SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Manjimup for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Manjimup at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 30th day of October 2019



**Andrew Campbell
CHIEF EXECUTIVE OFFICER**

Statement of Comprehensive Income by Nature or Type

		2019 ACTUAL \$	2019 BUDGET \$	2,018 ACTUAL \$
Revenues				
Rates	19e	9,481,579	9,480,637	9,153,643
Operating Grants, Subsidies and Contributions	2a	7,204,163	5,222,601	6,618,311
Fees & Charges	2a	3,937,899	3,406,838	3,167,975
Interest Earnings	2a	335,983	353,102	492,717
Other Revenue		1,315,464	1,127,118	1,080,596
		22,275,088	19,590,296	20,513,243
Expenses				
Employee Costs		(10,630,533)	(10,439,023)	(9,987,811)
Materials & Contracts		(7,094,900)	(8,924,683)	(5,873,412)
Utilities		(777,437)	(684,434)	(761,745)
Depreciation on Non-Current Assets	9d	(9,544,149)	(9,781,665)	(9,499,287)
Interest Expenses	13	(247,656)	(258,267)	(275,813)
Insurance Expenses		(688,281)	(604,987)	(551,400)
Other Expenditure		(641,758)	(831,225)	(1,068,395)
		(29,624,713)	(31,524,284)	(28,017,863)
sub-total		(7,349,625)	(11,933,988)	(7,504,620)
Non Operating Grants, Subsidies and Contributions	2a	4,517,683	7,154,123	7,820,735
Profit on Asset Disposal	9c	93,794	139,893	237,952
Loss of Asset Disposal	9c	(550,722)	(39,703)	(79,982)
		4,060,755	7,254,313	7,978,704
Net Result		(3,288,870)	(4,679,675)	474,084
Other Comprehensive Income:				
Change in revaluation of Non-current assets	10	-	-	(25,720,768)
Total Other Comprehensive Income		-	-	(25,720,768)
TOTAL COMPREHENSIVE INCOME		(3,288,870)	(4,679,675)	(25,246,683)

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

Statement of Comprehensive Income by Program

	Notes	2019 ACTUAL \$	2019 BUDGET \$	2,018 ACTUAL \$
Revenues				
Governance		1,557,675	1,422,808	1,474,546
General Purpose Funding		12,439,282	10,922,449	11,908,141
Law, Order & Public Safety		687,630	777,105	465,336
Health		85,325	69,000	66,786
Education & Welfare		2,400,571	1,834,642	1,847,286
Housing		72,253	96,100	91,327
Community Amenities		1,909,557	1,890,474	1,958,343
Recreation & Culture		1,018,478	1,087,376	773,076
Transport		1,744,336	1,039,770	1,570,887
Economic Services		75,581	76,250	101,810
Other Property & Services		263,028	374,322	210,184
		22,253,718	19,590,296	20,467,721
Expenses				
Governance		(3,198,064)	(3,184,422)	(2,850,718)
General Purpose Funding		(30,532)	(30,000)	(147,012)
Law, Order & Public Safety		(1,607,948)	(1,817,435)	(1,471,854)
Health		(303,255)	(345,748)	(286,231)
Education & Welfare		(2,399,356)	(1,988,730)	(1,718,976)
Housing		(984,994)	(2,100,052)	27,064
Community Amenities		(2,625,034)	(2,932,010)	(2,601,762)
Recreation & Culture		(5,339,278)	(5,489,473)	(5,854,549)
Transport		(10,279,695)	(10,706,683)	(9,987,391)
Economic Services		(2,346,661)	(2,399,743)	(2,471,566)
Other Property & Services		(488,525)	(529,988)	(609,344)
		(29,603,343)	(31,524,284)	(27,972,341)
Non Operating Grants, Subsidies and Contributions				
Governance		(2,645)	20,674	2,645
Law, Order & Public Safety		201,940	509,344	514,265
Education & Welfare		-	322,062	2,216,481
Community Amenities		276,377	276,377	-
Recreation & Culture		1,220,274	3,017,176	1,275,763
Transport		2,821,738	3,008,490	3,811,580
	2a	4,517,683	7,154,123	7,820,735
Profit on Asset Disposal				
Governance		3,116	1,128	1,796
Law, Order & Public Safety		35,312	8,662	153,693
Education & Welfare		-	-	73
Community Amenities		2,818	3,368	-
Recreation & Culture		-	-	90
Economic Services		-	-	18
Other Property & Services		52,548	126,735	82,282
	9c	93,794	139,893	237,952
Loss on Asset Disposal				
Governance		(80,561)	-	(43,447)
Law, Order & Public Safety		(46,646)	-	(504)
Health		-	-	(368)
Education & Welfare		(87,264)	-	(22,154)
Community Amenities		(14,696)	(6,455)	-
Recreation & Culture		(95,015)	-	(3,905)
Economic Services		(1,624)	(594)	(125)
Other Property & Services		(224,916)	(32,654)	(9,479)
	9c	(550,722)	(39,703)	(79,982)
Net Result		(3,288,870)	(4,679,675)	474,084
Other Comprehensive Income:				
Change in revaluation of Non-current assets	10	-	-	(25,720,768)
Total Other Comprehensive Income		-	-	(25,720,768)
TOTAL COMPREHENSIVE INCOME		(3,288,870)	(4,679,675)	(25,246,683)

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

Statement of Financial Position	Notes	ACTUAL 2019 \$	ACTUAL 2018 \$
Current Assets			
Cash and cash equivalents	3	12,812,459	23,299,525
Trade receivables	5	1,624,375	1,062,702
Other receivables	8a	16,252	90,929
Inventories	6	165,294	78,121
Other assets	7	54,339	417,611
Total Current Assets		14,672,720	24,948,889
Non-Current Assets			
Other receivables	5	198,594	163,900
Other Financial Assets	8b	259,138	171,055
Property, plant & equipment	9b	63,404,532	60,316,774
Infrastructure	9b	241,630,303	241,033,900
Total Non-Current Assets		305,492,567	301,685,629
TOTAL ASSETS		320,165,287	326,634,519
Current Liabilities			
Trade and other payables	11	1,688,044	4,343,712
Provisions	14a	1,612,776	1,614,292
Current Portion of Long Term Borrowings	13a	486,783	540,857
Total Current Liabilities		3,787,606	6,498,862
Non-Current Liabilities			
Long term borrowings	13a	4,070,100	4,557,911
Provisions	14b	483,507	464,796
Total Non-Current Liabilities		4,553,607	5,022,707
TOTAL LIABILITIES		8,341,212	11,521,568
NET ASSETS		311,824,078	315,112,949
Equity			
Accumulated losses		(11,985,228)	(12,438,295)
Reserves - Cash Backed	4	5,206,209	8,948,145
Reserves - Asset Revaluation	10	318,603,098	318,603,098
TOTAL EQUITY		311,824,078	315,112,949

Statement of Changes in Equity	Accumulated Losses \$	Reserves Cash Backed \$	Asset Revaluation Reserves \$	Total Equity \$
Balance as at 1 July 2017	(15,899,062)	11,934,828	344,323,866	340,359,633
Comprehensive Income				
Net Result	474,084	-	-	474,084
Change on Revaluation of Non-Current Assets	-	-	(25,720,768)	(25,720,768)
Total Comprehensive Income	474,084	-	(25,720,768)	(25,246,684)
Transfers from/(to) Reserves	2,986,683	(2,986,683)	-	-
Balance as at 30 June 2018	(12,438,295)	8,948,145	318,603,098	315,112,949
Comprehensive Income				
Net Result	(3,288,870)	-	-	(3,288,870)
Change on Revaluation of Non-Current Assets	-	-	-	-
Total Comprehensive Income	(3,288,870)	-	-	(3,288,870)
Transfers from/(to) Reserves	3,741,936	(3,741,936)	-	-
Balance as at 30 June 2019	(11,985,228)	5,206,209	318,603,098	311,824,078

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

Statement of Cash Flows	Notes	2019 ACTUAL \$	2018 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		9,223,637	9,031,971
Operating Grants, Subsidies and Contributions		7,259,447	7,751,778
Fees & Charges		3,943,929	3,232,794
Interest Earnings		336,376	494,441
Other Revenue		1,348,314	1,088,667
		22,111,704	21,599,652
Payments			
Employee Costs		(10,630,206)	(9,773,600)
Materials & Contracts		(7,517,877)	(5,751,167)
Utilities		(748,715)	(788,827)
Interest Expenses		(252,606)	(281,885)
Insurance Expenses		(688,134)	(551,547)
Other Expenditure		(727,586)	(900,745)
		(20,565,126)	(18,047,771)
Net Cash used in Operating Activities		1,546,578	3,551,880
Cash Flows from Investing Activities			
Purchase of Buildings		(5,011,257)	(4,494,582)
Purchase Infrastructure Assets		(7,073,128)	(12,631,990)
Purchase Plant & Equipment		(1,236,338)	(1,203,475)
Purchase Furniture & Equipment		(182,359)	(233,227)
Purchase Land		(53,139)	(143,288)
Payments for Investments		-	-
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		4,533,781	7,674,226
Bonds and deposits		(2,930,308)	80,695
Proceeds from Sale of Plant & Equipment	9c	369,553	512,253
Net Cash used in Investing Activities		(11,583,195)	(10,439,387)
Cash Flows from Financing Activities			
Proceeds from New Debentures		-	289,400
Proceeds from Self Supporting Loans		-	291,063
New Self Supporting Loan Issues	13e	91,437	(140,000)
Repayment of Debentures	13c	(541,883)	(760,911)
Net Cash used in Financing Activities		(450,447)	(320,449)
Net Increase in Cash Held / (Decrease)		(10,487,065)	(7,207,957)
Cash at Beginning of year		23,299,525	30,507,482
Cash and Cash Equivalents at End of the Year	3	12,812,459	23,299,525
NET MOVEMENT OF CASH HELD		(10,487,065)	(7,207,957)

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

Statement of Cash Flows	Notes	2019 ACTUAL \$	2018 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	3	12,812,459	23,299,525
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result			
Net Result		3,288,870	(474,085)
Depreciation		(9,544,149)	(9,499,287)
Net profit-Loss on disposal of assets		(456,928)	157,970
Movement in rate debtors		257,942	121,672
Movement in sundry debtors		196,153	(578,581)
Movement in inventory		87,173	11,709
Movement in prepayments		(56,464)	(22,851)
Movement in accrued income		(306,808)	(482,992)
Movement in income in advance			-
Movement in employee hours bank		11,041	(11,071)
Movement in Restricted Cash			-
Movement in grants in advance			-
Movement in trade creditors		191,816	(60,473)
Movement in accrued expenses		8,540	(27,202)
Movement in accrued salary & wages		7,392	(27,147)
Movement in accrued employee deductions		(70)	245
Movement in provision for PAYG			-
Movement in accrued interest expense		4,950	6,072
Movement in provision for leave		(20,808)	(173,190)
Movement provision for doubtful debts		3,611	(35,347)
Movement other		105,103	
Movement in GST		142,276	(131,550)
Capital Grants		4,551,198	7,703,887
Capital Community Contributions		(17,418)	(29,661)
Net Cash from Operating Activities		(1,546,578)	(3,551,880)

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

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2019

	Notes	2019 ACTUAL \$	2019 BUDGET \$	2018 ACTUAL \$
OPERATING ACTIVITIES				
Net Current assets at start of financial year - surplus/(Deficit)		10,574,358	10,574,358	15,837,866
		10,574,358	10,574,358	15,837,866
Revenue from operating activities (excluding rates)				
General Purpose Funding		3,099,112	1,583,221	2,883,027
Governance		1,560,791	1,423,936	1,476,342
Law, Order & Public Safety		722,942	785,767	619,029
Health		85,325	69,000	66,786
Education & Welfare		2,400,571	1,834,642	1,847,359
Housing		72,253	96,100	91,327
Community Amenities		1,912,375	1,893,842	1,958,343
Recreation & Culture		1,018,478	1,087,376	773,166
Transport		1,744,336	1,039,770	1,570,887
Economic Services		75,581	76,250	101,828
Other Property & Services		315,576	501,057	292,466
		13,007,342	10,390,961	11,680,558
Expenditure from operating activities				
General Purpose Funding		(30,532)	(30,000)	(147,012)
Governance		(3,278,625)	(3,184,422)	(2,894,165)
Law, Order & Public Safety		(1,654,594)	(1,817,435)	(1,472,358)
Health		(303,255)	(345,748)	(286,599)
Education & Welfare		(2,486,620)	(1,988,730)	(1,741,130)
Housing		(984,994)	(2,100,052)	27,064
Community Amenities		(2,639,730)	(2,938,465)	(2,601,762)
Recreation & Culture		(5,434,293)	(5,489,473)	(5,858,454)
Transport		(10,279,695)	(10,706,683)	(9,987,391)
Economic Services		(2,348,285)	(2,400,337)	(2,471,691)
Other Property & Services		(713,441)	(562,642)	(618,823)
		(30,154,064)	(31,563,987)	(28,052,323)
Non-cash amounts excluded from operating activities	20a	9,919,997	9,910,500	9,520,929
Amount attributable to operating activities		(7,226,726)	(11,262,526)	(6,850,835)
INVESTING ACTIVITIES				
Non-operating grants. Subsidies and contributions	2a	4,517,683	7,154,123	7,820,735
Proceeds from Disposal of Assets	9c	369,553	464,000	512,253
Self-supporting Loan Principal Income	13c	91,437	90,929	291,065
Purchase of Property, Plant and Equipment	9b	(6,535,708)	(3,858,230)	(4,766,683)
Purchase and construction of infrastructure	9b	(7,519,083)	(18,593,412)	(13,522,870)
Amount attributable to investing activities		(9,076,118)	(14,742,590)	(9,665,500)
FINANCING ACTIVITIES				
Repayment of Loan Principal	13c	(541,883)	(547,989)	(760,911)
Proceeds from New Debentures	13g	-	675,000	289,400
Payment of SS Loans to Groups		-	-	(140,000)
Unexpended Loan Funds Brought Forward	13h	229,140	394,837	(147,457)
Transfers to Reserves	4	(2,027,218)	(1,428,858)	(6,718,807)
Transfers from Reserves	4	5,769,154	6,781,660	9,705,490
Restricted Cash		216,880	216,880	-
Net Cash from Investing Activities		3,646,073	6,091,530	2,227,714
Total amount raised from general Rates	19e	9,340,170	9,339,228	9,025,114
Surplus/(Deficit) after imposition of general rates	20b	7,257,756	-	10,574,358

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

1. **BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire 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.

2 REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
Governance	604,321	642,606	593,142
General purpose funding	2,918,252	1,441,221	2,709,708
Law, order, public safety	390,637	559,840	234,796
Health	1,179	0	
Education and welfare	1,167,319	1,120,897	1,260,386
Housing	0	0	
Community amenities	215,926	255,453	34,173
Recreation and culture	90,819	87,760	143,576
Transport	1,713,933	949,606	1,553,173
Economic services	10,843	0	
Other property and services	90,934	165,218	89,356
	7,204,163	5,222,601	6,618,311
Non-operating grants, subsidies and contributions			
Governance	(2,645)	20,674	2,645
General purpose funding	0	0	0
Law, order, public safety	201,940	509,344	514,265
Health	0	0	0
Education and welfare	0	322,062	2,216,481
Housing	0	0	0
Community amenities	276,377	276,377	0
Recreation and culture	1,220,274	3,017,176	1,275,763
Transport	2,821,738	3,008,490	3,811,580
Economic services	0	0	0
Other property and services	0	0	0
	4,517,683	7,154,123	7,820,735
Total grants, subsidies and contributions	11,721,846	12,376,724	14,439,046

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 18.

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.

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Other revenue

Reimbursements and recoveries

	2019 Actual \$	2019 Budget \$	2018 Actual \$
	712,896	805,380	715,113
	712,896	805,380	715,113

Fees and Charges

Governance

Law, order, public safety

Health

Education and welfare

Housing

Community amenities

Recreation and culture

Transport

Economic services

	75,048	72,000	64,703
	46,456	36,000	41,586
	59,409	51,000	46,454
	1,210,082	708,500	603,505
	28,810	35,000	30,227
	2,001,262	1,936,618	1,944,354
	443,693	492,620	368,977
	16,166	2,850	2,655
	56,973	72,250	65,515
	3,937,899	3,406,838	3,167,976

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Interest earnings

Loans receivable - clubs/institutions

General Purpose interest

Reserve accounts interest

Interest to HACC operational account

Other interest earnings

Interest on Instalments/Penalties

	8,083	7,373	18,537
	148,940	184,729	238,747
	27,435	77,000	66,077
	5,962	5,000	5,983
	21,371	0	44,492
	124,192	79,000	118,882
	335,983	353,102	492,717

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

2 REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings (ref note 13(C))

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	17,250	17,250	17,050
	25,290	19,750	4,010
	42,540	37,000	21,060
	247,656	258,267	275,813
	247,656	258,267	275,813

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		12,812,459	23,299,525
		12,812,459	23,299,525
Comprises:			
- Unrestricted cash and cash equivalents		2,619,949	6,698,770
- Restricted cash and cash equivalents		10,192,510	16,600,755
		12,812,459	23,299,525
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Airfield Construction & Maintenance Reserve	4	147,453	120,955
AquaCentre Building Reserve	4	78,722	81,278
AquaCentre Plant Reserve	4	36,552	82,110
Arts & Culture Reserve	4	31,238	26,774
Bridge Reserve	4	283,584	283,584
Building Asset Management Reserve	4	3,863	3,863
Community Bus Reserve	4	1,370	1,370
Construction & Resource Research Reserve	4	502,683	500,205
Future Car Park Reserve - Manjimup	4	14,300	14,300
Grants in Advance Reserve	4,18	946,906	1,719,319
HACC Annual & Long Service Leave reserve	4	143,837	119,877
HACC Asset Replacement Reserve	4	407,511	283,300
Heritage Reserve	4	22,146	23,812
Heritage Trail Reserve	4	55,000	40,000
Land Resumption Reserve	4	69,809	75,596
Northcliffe Town Hall Reserve	4	5,222	4,613
Occupational Health & Safety Reserve	4	21,000	21,000
Plant & Equipment Replacement Reserve	4	646,211	562,092
Recreation Floor Reserve	4	37,500	22,500
Recreation Ground/Facility Improvement Reserve	4	99,930	53,930
Revaluation Reserve	4	43,988	28,988
Staff Annual & Long Service Leave Reserve	4	504,535	450,615
Strategic Asset & Development Reserve	4	31,058	22,700
Supertown - Townsite Expansion Project	4	85,796	3,577,660
Telecommunications Reserve	4	6,000	6,000
Playground Major Repair Reserve	4	31,700	16,700
Waste Management & Site Development Reserve	4	177,508	62,817
Windy Harbour Infrastructure Reserve	4	704,732	639,429
Workers Compensation Reserve	4	66,059	102,758
		5,206,209	8,948,145
Other restricted cash and cash equivalents			
Unspent grants/contributions		4,820,604	7,257,773
Unspent loans	13(h)	165,697	394,837
Total restricted cash and cash equivalents		10,192,510	16,600,755

NON-COUNCIL CONTROLLED FUNDS

At 30 June 2019 the Shire of Manjimup held funds totalling \$4,820,603.83 with WA Treasury Corporation relating to Royalties for Regions projects. Project balances held at 30 June 2019 by WA Treasury are \$3,709,568.99 Town Revitalisation Project and \$1,111,034.84 Affordable Seniors Housing Project. Funds held by WA Treasury are in a non-council controlled account as required in the Financial Assistance Agreements, these accounts require joint signatures of both Council and the Department of Primary Industries and Regional Development to withdraw funds as milestones are met.

On the 8 November 2017 the Shire of Manjimup and ARC Infrastructure Pty Ltd opened an escrow account held at Westpac Banking Corporation for \$500,000. The funds were required to be set aside as part of the Town Centre Revitalisation Stage 2, in particular, related to the removal of rail infrastructure within the townsite of Manjimup. The funds are to be used should there be a requirement to reinstate the rail infrastructure within the Shire of Manjimup lease term with ARC Infrastructure Pty Ltd (expiry 17 June 2049). The \$500,000 is deemed not to be an asset of the Shire of Manjimup and as such does not appear in the annual financial accounts. The balance as at 30 June 2019 including interest is \$512,250.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

4 **RESERVES - CASH BACKED**

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

ACCOUNT TITLE	Rev Budget 2018/2019 \$	Actual 2018/2019 \$	Actual 2017/2018 \$
<u>Airfield Construction & Maintenance Reserve</u>			
To be applied upon recommendations from the Airfield Committee.			
Opening Balance	120,955	120,955	99,591
Interest Earned	2,192	1,680	1,363
Transfer to Reserve	20,000	24,818	20,000
Transfer from Reserve	-	-	-
Closing Balance	143,147	147,453	120,955
<u>AquaCentre Building Reserve</u>			
Monies for programmed replacement of the AquaCentre building, in particular the Hoecker inflated roof component of the building.			
Opening Balance	81,278	81,278	63,590
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(44,596)	(22,556)	(2,312)
Closing Balance	56,682	78,722	81,278
<u>AquaCentre Plant Reserve</u>			
Monies for the replacement of the AquaCentre plant and equipment, in particular the pumps, heat pumps and airconditioning plant.			
Opening Balance	82,110	82,110	62,110
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(100,000)	(65,558)	-
Closing Balance	2,110	36,552	82,110
<u>Arts and Culture Reserve</u>			
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	26,774	26,774	21,774
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(600)	(536)	-
Closing Balance	31,174	31,238	26,774
<u>Bridge Reserve</u>			
For the construction and maintenance of bridges within the Shire, and for the possible development of a bridge crew to attend to work inside and outside the Shire boundaries.			
Opening Balance	283,584	283,584	283,584
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	283,584	283,584	283,584

4 RESERVES - CASH BACKED Cont...

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2018/2019</u> \$	<u>Actual 2018/2019</u> \$	<u>Actual 2017/2018</u> \$
<u>Building Asset Management Reserve</u>			
For the construction, maintenance, replacement or substantial repair of buildings and associated infrastructure owned by the Shire of Manjimup.			
Opening Balance	3,863	3,863	3,863
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	3,863	3,863	3,863
<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	500,205	500,205	509,983
Interest Earned	-	-	-
Transfer to Reserve	70,000	2,478	2,100
Transfer from Reserve	-	-	(11,879)
Closing Balance	570,205	502,683	500,205
<u>Future Car park Reserve - Whole Shire</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	14,300	14,300	14,300
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	-	-	-
Closing Balance	19,300	14,300	14,300
<u>Grants in Advance Reserve</u>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	1,719,319	1,719,319	1,801,805
Interest Earned	-	-	-
Transfer to Reserve	-	681,091	1,512,459
Transfer from Reserve	(1,413,460)	(1,453,504)	(1,594,945)
Closing Balance	305,859	946,906	1,719,319
<u>HACC Annual & Long Service Leave Reserve</u>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	119,877	119,877	130,504
Interest Earned	2,788	1,713	1,498
Transfer to Reserve	17,770	25,394	2,676
Transfer from Reserve	-	(3,146)	(14,801)
Closing Balance	140,435	143,837	119,877

4 RESERVES - CASH BACKED Cont...

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2018/2019</u> \$	<u>Actual 2018/2019</u> \$	<u>Actual 2017/2018</u> \$
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	283,301	283,301	367,228
Interest Earned	7,958	4,249	4,485
Transfer to Reserve	137,191	143,399	48,484
Transfer from Reserve	(20,800)	(23,437)	(136,897)
Closing Balance	407,650	407,511	283,301
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	23,812	23,812	20,612
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(8,200)	(6,666)	(1,800)
Closing Balance	20,612	22,146	23,812
<u>Heritage Trail Reserve</u>			
funds set aside to promote our unique heritage for residents and visitors.			
Opening Balance	40,000	40,000	25,000
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	-	-	-
Closing Balance	55,000	55,000	40,000
<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	75,596	75,596	86,669
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(20,000)	(5,787)	(11,073)
Closing Balance	55,596	69,809	75,596
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	4,613	4,613	4,558
Interest Earned	92	61	54
Transfer to Reserve	-	547	-
Transfer from Reserve	-	-	-
Closing Balance	4,705	5,222	4,613

4 RESERVES - CASH BACKED Cont...

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2018/2019</u> \$	<u>Actual 2018/2019</u> \$	<u>Actual 2017/2018</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	21,000	21,000	18,000
Interest Earned	-	-	-
Transfer to Reserve	-	-	3,000
Transfer from Reserve	-	-	-
Closing Balance	21,000	21,000	21,000
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	562,092	562,092	137,560
Interest Earned	-	-	-
Transfer to Reserve	753,000	638,539	688,200
Transfer from Reserve	(1,247,181)	(554,421)	(263,667)
Closing Balance	67,911	646,211	562,092
<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	22,500	22,500	7,500
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	-	-	-
Closing Balance	37,500	37,500	22,500
<u>Recreation Ground /Facility Improvement Reserve</u>			
For funding the improvement or development of recreation grounds and facilities of any recreational sportsground equipment failure or breakdown.			
Opening Balance	53,930	53,930	7,930
Interest Earned	-	-	-
Transfer to Reserve	46,000	46,000	46,000
Transfer from Reserve	(10,000)	-	-
Closing Balance	89,930	99,930	53,930
<u>Revaluation Reserve</u>			
For the funding of future revaluation cycles, for GRV valuations and Building revaluations.			
Opening Balance	28,988	28,988	109,500
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	36,500
Transfer from Reserve	-	-	(117,012)
Closing Balance	43,988	43,988	28,988
<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	-
Transfer from Reserve	(15,000)	(15,000)	-
Closing Balance	-	-	-

4 RESERVES - CASH BACKED Cont...

<u>ACCOUNT TITLE</u>	<u>Rev Budget 2018/2019</u> \$	<u>Actual 2018/2019</u> \$	<u>Actual 2017/2018</u> \$
<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	53,920	53,920	-
Transfer from Reserve	-	-	-
Closing Balance	504,535	504,535	450,615
<u>Strategic Asset Development Reserve</u>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	22,700	22,700	13,128
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	22,700
Transfer from Reserve	(15,000)	(1,642)	(13,128)
Closing Balance	17,700	31,058	22,700
<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	3,577,660	3,577,660	6,969,496
Interest Earned	-	22,413	63,383
Transfer to Reserve	-	-	4,000,000
Transfer from Reserve	(3,514,277)	(3,514,277)	(7,455,219)
Closing Balance	63,383	85,796	3,577,660
<u>Telecommunications Reserve</u>			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	6,000	6,000	6,000
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	6,000	6,000	6,000
<u>Playground Major Repair Reserve</u>			
To set aside funds for future major repairs required for playgrounds within the Shire of Manjimup.			
Opening Balance	16,700	16,700	15,000
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	-	-	(13,300)
Closing Balance	31,700	31,700	16,700
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	62,817	62,817	37,666
Interest Earned	-	-	-
Transfer to Reserve	50,000	117,970	61,449
Transfer from Reserve	(58,775)	(3,280)	(36,298)
Closing Balance	54,042	177,508	62,817
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	639,429	639,429	593,133
Interest Earned	-	-	-
Transfer to Reserve	70,705	70,705	57,605
Transfer from Reserve	(291,921)	(5,403)	(11,309)
Closing Balance	418,213	704,732	639,429

4 RESERVES - CASH BACKED Cont...

<u>ACCOUNT TITLE</u>	Rev Budget 2018/2019 \$	Actual 2018/2019 \$	Actual 2017/2018 \$
<u>Workers Compensation Premium Reserve</u>			
For the purpose of providing funding to meet any additional premium demand by LGIS in any particular year, and direct any workers compensation insurance premium savings into such account sufficient to cover 2 years maximum additional premium claim.			
Opening Balance	102,759	102,759	72,759
Interest Earned	-	-	-
Transfer to Reserve	35,392	35,392	30,000
Transfer from Reserve	-	(72,092)	-
Closing Balance	138,151	66,059	102,759
<u>TOTAL RESERVES - CASH BACKED</u>	3,595,344	5,206,209	8,948,145

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
Infringement Debtors	
GST receivable	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

2019	2018
\$	\$
973,602	750,358
469,994	273,841
7,150	7,150
173,629	31,353
1,624,375	1,062,702
198,594	163,900
198,594	163,900

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

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

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

6. INVENTORIES

Current

	2019 \$	2018 \$
Other inventories - Bitumen Products	7,475	9,595
Other inventories - Fuel	29,381	41,831
Other inventories - Other	126,369	24,492
Other inventories - Manjimup Regional AquaCentre	2,069	2,203
	<hr/> 165,294	<hr/> 78,121

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

7 OTHER ASSETS

	2019	2018
	\$	\$
Other current assets		
Prepayments	36,360	92,824
Accrued Income Debtors	16,465	322,880
Accrued Interest - Self Supporting Loans	1,514	1,907
	54,339	417,611

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

8. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
(a) Current assets		
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	16,252	90,929
	16,252	90,929
(b) Non-current assets		
Other financial assets at amortised cost - bond	-	260
Units in Local Government House at Fair Value	105,103	-
	105,103	260
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	154,035	170,795
	154,035	170,795
Total non-current other financial assets	259,138	171,055

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(c) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

9. PROPERTY, PLANT & EQUIPMENT

	2019 ACTUAL \$	2018 ACTUAL \$
a) Assets classified by Function/Activity		
General Administration	6,461,796	6,578,798
Law, Order & Public Safety	4,005,109	4,238,725
Health	84,847	93,270
Welfare	5,675,683	5,795,852
Housing	943,930	991,979
Community Amenities	1,385,382	1,477,759
Recreation & Culture	46,090,867	43,298,201
Transport	238,965,637	238,035,865
Economic Services	1,402,620	814,250
Other Property & Services	18,965	25,976
	305,034,835	301,350,674
b) Assets classified by Type		
Land (At Fair Value)	3,204,427	3,156,788
Buildings (At Fair Value)	94,263,832	89,202,865
less Accumulated Depreciation	(40,865,180)	(39,054,712)
	56,603,080	53,304,941
Plant & Equipment (At Fair Value)	13,625,710	14,439,889
less Accumulated Depreciation	(7,931,074)	(8,641,529)
	5,694,636	5,798,361
Furniture & Equipment (At Fair Value)	1,462,442	2,422,822
less Accumulated Depreciation	(355,626)	(1,209,350)
	1,106,817	1,213,472
SUB TOTAL Property, Plant & Equipment	63,404,532	60,316,774
Infrastructure Assets (At Fair Value)	437,980,050	430,883,897
less Accumulated Depreciation	(196,349,748)	(189,849,997)
	241,630,303	241,033,900
NET BOOK VALUE	305,034,835	301,350,674

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	Total
Balance at the beginning of the year	53,304,941	1,213,472	5,798,361	60,316,774
Reclassification	-	-	-	-
Additions	5,114,106	187,338	1,234,264	6,535,708
Disposals	(5,500)	(267,326)	(368,403)	(641,229)
Revaluation increments/(decrements)	-	-	-	-
Impairment (losses)/reversals	-	-	-	-
Depreciation Expense	(1,810,468)	(26,667)	(969,585)	(2,806,720)
Carrying amount at the end of year	56,603,080	1,106,817	5,694,636	63,404,532

9. PROPERTY, PLANT & EQUIPMENT (Continued)

Land and Buildings:

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

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

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

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

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

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2016 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Furniture and Equipment:

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

9. INFRASTRUCTURE

	2019 ACTUAL \$	2018 ACTUAL \$
Roads - at Fair Value	329,571,382	324,159,974
Less Accumulated Depreciation	(148,808,052)	(144,272,966)
	180,763,331	179,887,008
Footpaths - at Fair Value	4,174,874	3,208,981
Less Accumulated Depreciation	(1,426,058)	(1,373,160)
	2,748,816	1,835,821
Drainage - at Fair Value	30,303,147	30,044,917
Less Accumulated Depreciation	(15,697,897)	(15,111,749)
	14,605,250	14,933,168
Bridges - at Fair Value	53,110,700	52,492,700
Less Accumulated Depreciation	(21,335,409)	(20,480,700)
	31,775,291	32,012,000
Refuse Sites & Waste Transfer Stations - at Fair Value	994,630	994,630
Less Accumulated Depreciation	(527,105)	(487,230)
	467,525	507,400
Carparks - at Fair Value	2,837,303	2,793,285
Less Accumulated Depreciation	(1,234,315)	(1,185,182)
	1,602,988	1,608,103
Cemeteries - at Fair Value	449,313	466,230
Less Accumulated Depreciation	(258,022)	(261,730)
	191,291	204,500
Airfield & Runways - at Fair Value	5,784,507	5,715,790
Less Accumulated Depreciation	(2,460,618)	(2,270,990)
	3,323,889	3,444,800
Parks & Ovals - at Fair Value	10,754,194	11,007,390
Less Accumulated Depreciation	(4,602,272)	(4,406,290)
	6,151,922	6,601,100
	241,630,303	241,033,900

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	179,887,008	1,835,821	14,933,168	32,012,000	12,365,903	241,033,900
Reclassification	-	-	-	-	-	-
Additions	5,411,408	965,893	258,230	618,000	265,552	7,519,083
Disposals	-	-	-	-	(185,252)	(185,252)
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(4,535,086)	(52,898)	(586,148)	(854,709)	(708,588)	(6,737,429)
Carrying amount at the end of year	180,763,331	2,748,816	14,605,250	31,775,291	11,737,615	241,630,303

Infrastructure

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

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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 Shire 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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under control

In accordance with Local Government (Financial Management) *Regulation 16(a)(ii)*, the Shire 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.

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 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 Shire.

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)(Continued)

(c) Disposal of Assets

In accordance with Regulation 36, the following is disclosed.

Asset Description & Reference	Net Book	Rev Budget	Sale Price	Rev	(Profit)/	Rev Budget
	Value			Budget	Loss	
	\$	\$	\$	\$	\$	\$
Furniture & Equipment	267,326	-	-	-	267,326	-
Motor Vehicles						-
Profit on Sale	109,200	72,842	157,411	86,000	(48,212)	(13,158)
Loss on Sale	115,217	170,787	98,834	132,000	16,383	38,787
	<u>224,417</u>	<u>243,629</u>	<u>256,245</u>	<u>218,000</u>	<u>(31,829)</u>	<u>25,629</u>
Plant & Equipment	143,986	125,181	113,308	246,000	30,678	(125,819)
Infrastructure	185,252	-	-	-	185,252	-
Buildings						-
Land	5,500				5,500	-
TOTAL	826,481	368,810	369,553	464,000	456,928	(100,190)

Summary - All Asset Classes

Profit on Sale of Assets		(93,794)	(139,893)
Loss on Sale of Assets		550,722	39,703
TOTAL		456,928	(100,190)

(d) Depreciation

Classified by Function/Activity	2019	2018
	Actual	Actual
	\$	\$
General Administration	220,115	239,118
Law, Order & Public Safety	254,776	256,890
Health	8,424	8,851
Welfare	183,254	112,447
Housing	35,967	39,957
Community Amenities	91,927	99,747
Recreation & Culture	1,748,235	1,768,934
Transport	6,941,741	6,916,600
Economic Services	54,755	50,655
Other Property & Services	4,955	6,088
	9,544,149	9,499,287
Classified by Type		
Furniture & Equipment	26,667	81,063
Infrastructure Assets	6,737,429	6,720,802
Land	-	-
Buildings	1,810,468	1,673,559
Plant & Equipment	969,585	1,023,863
Tools		
	9,544,149	9,499,287

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)(Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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 in the period in which they arise.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	25 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	2.5 to 20 years
Sealed roads and streets	
formation	not depreciated
pavement	80 years
seal	
- bituminous seals	27 years
- asphalt surfaces	27 years
Bridges	60 - 70 years
Gravel roads	
formation	not depreciated
pavement	80 years
Footpaths - slab	50 years
Sewerage piping	50 years
Water supply piping and drainage	
systems	50 years
Other Infrastructure	25 - 30 Years

Depreciation (Continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

10. REVALUATION SURPLUS

RESERVES - ASSET REVALUATION

The Shire of Manjimup did not undertake a revaluation of any class of assets in the 2018/2019 financial year.

	2019 ACTUAL \$	2018 ACTUAL \$
Plant & Equipment		
Opening Balance	798,087	798,087
Revaluation	0	0
	798,087	798,087
Land		
Opening Balance	1,441,237	1,441,237
Revaluation	0	0
	1,441,237	1,441,237
Buildings		
Opening Balance	51,204,884	52,268,562
Revaluation	0	(1,063,678)
	51,204,884	51,204,884
Infrastructure		
Opening Balance	265,158,892	289,815,982
Revaluation	0	(24,657,090)
	265,158,892	265,158,892
TOTAL		
Opening Balance	318,603,098	344,323,866
Total Revaluation	0	(25,720,768)
	318,603,098	318,603,098

11. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Current		
Sundry creditors	506,768	393,718
Accrued Employee Deductions	1,481	1,411
Accrued Expenses	669,498	484,335
Accrued Interest on Loans	47,142	52,092
Accrued Salaries and Wages	126,731	134,123
Bonds and Deposits	-	96,902
Developer Contributions	60,000	60,000
Hours Bank	110,090	121,131
Restricted cash	-	3,000,000
ATO Liability	166,335	-
	<u>1,688,044</u>	<u>4,343,712</u>

Restricted Cash - The Shire of Manjimup recognised as at the 30 June 2018 \$3,000,000 of restricted cash due to the request to return funds received for the Town Centre Revitalisation Project to the Department of Primary Industries and Regional Development. This funding was returned in the 2018/19 financial year.

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire 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.

12. SHORT-TERM BORROWINGS

	2019	2018
	\$	\$
Unsecured		
Bank overdraft	0	0
- The Shire of Manjimup has no Overdraft Facility		

13. INFORMATION ON BORROWINGS

a) Borrowings	2019	2018
	\$	\$
Current	486,783	540,857
Non Current	4,070,100	4,557,911
	<u>4,556,883</u>	<u>5,098,768</u>

13 (b) Loan Interest and Capital 2018/2019 Proposed Budget

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 01-Jul-18	Loans negotiated	Total interest paid to 30-Jun-19	Reduction of principal to 30-Jun-19	Total repayments 30-Jun-19	Principal liability 30-Jun-19	Interest accrual at 30-Jun-19
SHIRE LOANS												
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$171,990		\$10,570	\$34,024	\$44,594	\$137,966	\$4,113
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$4,007		\$192	\$4,006	\$4,198	\$0	\$37
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$137,335		\$8,484	\$19,391	\$27,875	\$117,945	\$1,290
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$23,893		\$1,294	\$11,585	\$12,879	\$12,308	\$395
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$523,756		\$30,199	\$62,344	\$92,543	\$461,412	\$3,932
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$629,933		\$36,657	\$68,802	\$105,458	\$561,131	\$4,709
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$66,247		\$3,576	\$25,338	\$28,914	\$40,909	\$494
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$357,823		\$21,894	\$35,581	\$57,475	\$322,242	\$6,454
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$248,836		\$16,508	\$15,888	\$32,397	\$232,948	\$1,146
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$317,214		\$21,045	\$20,254	\$41,299	\$296,959	\$1,460
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$196,558		\$8,672	\$10,368	\$19,040	\$186,190	\$192
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$124,475		\$5,133	\$22,814	\$27,947	\$101,661	\$1,161
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$478,871		\$19,534	\$19,139	\$38,673	\$459,733	\$8,557
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$84,093		\$2,775	\$10,023	\$12,797	\$74,071	\$1,240
221	WATC	\$91,000	5	MPA - Driveway and Fitout	2.60%	\$73,728		\$1,802	\$17,724	\$19,527	\$56,004	\$521
223	WATC	\$450,000	20	Brockman St (RGC)	4.02%	\$434,983		\$17,331	\$15,627	\$32,958	\$419,356	\$4,752
224	WATC	\$842,000	20	Freehold Land Acquisition (RGC)	4.02%	\$813,901		\$32,428	\$29,240	\$61,668	\$784,661	\$8,891
225	WATC	\$149,400	5	Solar PV System AquaCentre	3.61%	\$149,400		\$5,145	\$27,781	\$32,926	\$121,619	\$1,195
227	TBA	\$175,000	10	Air Source Heat Pumps	4.20%		\$175,000	\$3,675	\$7,131	\$10,806	\$167,869	\$1,734
228	TBA	\$500,000	10	CBD Solar Efficiency Project	4.20%		\$500,000	\$0	\$0	\$0	\$500,000	\$0
Total Shire Loans						\$4,837,044	\$675,000	\$246,913	\$457,059	\$703,974	\$5,054,985	\$52,271
SELF SUPPORTING LOANS (CLUBS)												
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$45,918		\$1,894	\$8,416	\$10,309	\$37,502	\$428
222	WATC	\$150,000	2	Dunreath Cottages Inc	2.17%	\$75,809		\$1,236	\$75,809	\$77,045	\$0	\$447
226	WATC	\$160,000	15	Pemberton Golf Club	3.55%	\$140,000		\$6,239	\$6,705	\$12,945	\$133,295	\$931
Total Self Supporting Loans (Clubs)						\$261,726	\$0	\$9,368	\$90,929	\$100,298	\$170,795	\$1,805
Total all loans						\$5,098,768	\$675,000	\$256,281	\$547,989	\$804,272	\$5,225,779	\$54,076

13 (c) Loan Interest and Capital Actuals to 30 June 2019

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-18	Loans negotiated	Total interest 30-Jun-19	Reduction of 30-Jun-19	Total repayments 30-Jun-19	Principal liability 30-Jun-19	Interest accrual at 30-Jun-19
SHIRE LOANS												
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$171,990		\$10,570	\$34,024	\$44,594	\$137,966	\$3,299
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$4,007		\$192	\$4,006	\$4,198	\$0	\$0
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$137,335		\$8,484	\$19,391	\$27,875	\$117,945	\$1,108
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$23,893		\$1,294	\$11,585	\$12,879	\$12,308	\$204
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$523,756		\$30,199	\$62,344	\$92,543	\$461,412	\$3,464
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$629,933		\$36,657	\$68,802	\$105,458	\$561,131	\$4,194
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$66,247		\$3,576	\$25,338	\$28,914	\$40,909	\$305
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$357,823		\$21,894	\$35,581	\$57,475	\$322,242	\$5,812
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$248,836		\$16,508	\$15,888	\$32,397	\$232,948	\$1,072
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$317,214		\$21,045	\$20,254	\$41,299	\$296,959	\$1,367
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$196,558		\$8,672	\$10,368	\$19,040	\$186,190	\$182
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$124,475		\$5,133	\$22,814	\$27,947	\$101,661	\$948
219	WATC	\$523,439	20	Medical Professionals Accommodation (MPA)	5.00%	\$478,871		\$19,534	\$19,139	\$38,673	\$459,733	\$8,215
220	WATC	\$107,720	10	Walpole Country Club	5.00%	\$84,093		\$2,775	\$10,023	\$12,797	\$74,071	\$1,092
221	WATC	\$91,000	5	MPA - Driveway and Fitout	2.60%	\$73,728		\$1,802	\$17,724	\$19,527	\$56,004	\$396
223	WATC	\$450,000	20	Brockman St (RGC)	4.02%	\$434,983		\$17,331	\$15,627	\$32,958	\$419,356	\$4,581
224	WATC	\$842,000	20	Freehold Land Acquisition (RGC)	4.02%	\$813,901		\$32,428	\$29,240	\$61,668	\$784,661	\$8,572
225	WATC	\$149,400	5	Solar PV System AquaCentre	3.61%	\$149,400		\$5,145	\$28,299	\$33,444	\$121,101	\$817
Total Shire Loans						\$4,837,044	\$0	\$243,238	\$450,445	\$693,685	\$4,386,596	\$45,628
SELF SUPPORTING LOANS (CLUBS)												
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$45,918		\$1,894	\$8,416	\$10,309	\$37,502	\$350
222	WATC	\$150,000	2	Dunreath Cottages Inc	2.17%	\$75,809		\$1,236	\$75,809	\$77,045	\$0	\$0
226	WATC	\$160,000	15	Pemberton Golf Club	3.55%	\$140,000		\$6,239	\$7,212	\$13,451	\$132,788	\$1,166
Total Self Supporting Loans (Clubs)						\$261,726	\$0	\$9,368	\$91,437	\$100,805	\$170,290	\$1,514
Total all loans						\$5,098,768	\$0	\$252,606	\$541,883	\$794,490	\$4,556,884	\$47,142

13 . INFORMATION ON BORROWINGS (Continued)

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

The loans set down in the 2018/19 adopted budget were not drawn down as funding had not been utilised in the reporting period. The proposed loans for the Air Source Heat Pumps \$175,000 and CBD Solar Efficiency Project \$450,000 form part of the 2019/2020 adopted budget.

e) Self Supporting Loans

Loan #	Balance	New Borrowings	Interest	Principal	Annual Liability	Balance	Interest Accrual
	30-Jun-18		30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
	\$	\$	\$	\$	\$	\$	\$
218	45,918	-	1,894	8,416	10,309	37,502	350
222	75,809	-	1,236	75,809	77,045	0	0
226	140,000	-	6,239	7,212	13,451	132,788	1,166
TOTAL	261,726	-	9,368	91,437	100,805	170,290	1,514

f) Existing Borrowings - Other Purpose

As part of the 2018/2019 budget adoption process loans with minor residual project funding no longer required was reallocated to Communications Infrastructure – Glenoran.

Purpose	Year Borrowed	Outstanding 30-Jun-17	Rev Budget 2018/2019	Actual 2018/2019
2 way Glenoran	2005/06	334	334	0
Repeater upgrade Mt Burnside	2005/06	10,000	10,000	0
Walpole Aged Accommodation	2008/09	1,925	1,925	0
Manjimup Volunteer Resource Centre	2011/12	4,728	4,728	690
TOTAL		16,987	16,987	690

g) Exercise to Borrow - Section 6.20 Local Government Act 1995

Purpose of Loan Borrowing	Rev Budget 2018/2019	Actual 2018/2019	Financier	Nature of Loan	Repayment Term	Interest Rate
Air Source Heat Pumps	175,000	0		Principal / Interest	10 years	
CBD Solar Efficiency Project	500,000	0		Principal / Interest	10 years	
TOTAL	675,000	0				

The Loans proposed as part of the 2018/2019 Adopted Budget have been deferred and will be drawn down in 2019/2020 when funding is to be utilised.

13 . INFORMATION ON BORROWINGS (Continued)

h) Unspent Loans Funds Brought Forward

Purpose	Year Borrowed	B/Fwd 1/07/2018	New Loans 2018/2019	Expended 2018/2019	C/Fwd 30/06/2019
Townscape – Northcliffe	2003/04	2,004	-	2,004	-
Communications Infrastructure - Glenoran	Various	16,987	-	690	16,297
Freehold Land Acquisition (TCR)	2016/17	226,446	-	226,446	-
Solar PV System AquaCentre	2017/18	149,400	-	-	149,400
TOTAL		394,837	0	229,140	165,697

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. 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.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or

production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time

as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at note 20

14. EMPLOYEE RELATED PROVISIONS

Provisions	2019 Actual \$	2018 Actual \$
a) <u>Provisions - Current</u>		
Provision for Annual Leave	647,073	649,958
Provision for Long Service Leave	593,742	588,985
Provision for Workers Compensation	33,210	33,165
Provision for Superannuation	98,276	98,098
Provision for Salary Sacrifice Retirement	-	-
Provision for Doubtful Debts	15,434	19,046
Provision for Rates Debtors	225,040	225,040
	1,612,776	1,614,294
b) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	483,507	464,796
	483,507	464,796
c) <u>Reconciliation of provisions</u>		
Opening Balance at 1 July 2018	649,958	1,053,781
Additional provision	646,332	176,898
Amounts used	(649,217)	(153,430)
Balance 30 June 2019	647,073	1,077,249

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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 of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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 remeasurements 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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

Provisions

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

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

15. CONTINGENT LIABILITIES AND COMMITMENTS

In compliance with the *Contaminated Sites Act 2003* Section 11, the Shire has listed sites to be possible sources of contamination. Details of those sites are:

- 596 Mottram St, Manjimup WA 6258
- 682 Franklin St, Manjimup WA 6258
- 634 Mottram St, Manjimup WA 6258
- Lot 314, Plan 42635 Manjimup WA 6258

The above contaminated sites have affected the list of adjoining parcels of land below:

- 1 Chopping St, Manjimup WA 6258
- 3 Chopping St, Manjimup WA 6258
- 3 Springall St, Manjimup WA 6258
- 29 Springall St, Manjimup WA 6258
- Parcel 12197 Road Reserve Mottram St, Manjimup WA 6258
- Parcel 12205 junction of Springall and Chopping St, Manjimup WA 6258
- Parcel 12206 junction of Springall and Chopping St, Manjimup WA 6258

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

Capital Expenditure Commitments	Rev Budget	Actuals	Outstanding	Completion Date
	2018/2019	2018/2019	30 June 19	
	\$	\$	\$	
Capital Project				
Solar CBD Project	500,000	-	500,000	2019/20
Townsite Revitalisation Project Stage 2	12,991,577	8,256,076	4,735,501	2019/20
Roads - Nth Walpole Rd	450,000	450,000	-	
Roads - Windy Harbour Rd	420,000	409,030	-	
Roads - Graphite Rd Rd	450,000	450,956	-	
Roads - Perup Rd	450,000	450,000	-	
	15,261,577	10,016,063	5,235,501	

	2019 Actual	2018 Actual
	\$	\$
Finance Lease Commitments		
Nil	-	-

Operating Lease Commitments

Non-cancellable leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	177,191	207,352
- later than one year but not later than five	191,450	386,350
- later than five years	-	-
	368,641	593,702

SIGNIFICANT ACCOUNTING POLICIES

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 Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of 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.

Leases (Continued)

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 on a straight line basis over the lease term.

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

17. RELATED PARTY DISCLOSURES

	Actuals 2018/2019 \$	Actuals 2017/2018 \$
(a) Key Management Personnel Compensation		
Short-term employee benefits	1,032,348	916,422
Post-employment benefits	119,876	114,917
Long-term benefits	18,181	21,121
	<u>1,170,405</u>	<u>1,052,459</u>

Fees and allowances paid to Councillors and the Shire President totalling \$166,889 are included in total short term employee benefits above. Note 25 includes a breakdown of all fees, expenses and allowances relating to Council.

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

b) Transactions with related parties

Purchase of materials and services from entities controlled by key management personnel

28,688	56,912
<u>28,688</u>	<u>56,912</u>

The Shire of Manjimup purchased Landscaping Design Services from Vickie Winfield & Associates Pty Ltd an entity controlled by a close family member of a key management personnel. The purchased services were made at arm's length and were in the normal course of Shire operations. In 2018/19 \$28,688 of consultancy was provided, during this time Councillor Cliff Winfield was a close family member to the Director of Vicki Winfield and Associates.

c) Outstanding balances

Nil

d) Loans and guarantees to/from related parties

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

e) Commitments to/from other related parties

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

18. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Purpose	Function / Activity	Open Bal 1/7/18	Received 2018/2019	Expended 2018/2019	Closing Balance 30/6/19
<i>Funds Held in Grants In Advance Reserve</i>		\$			\$
ADF - LDAT Community Action Plan	Education & Welfare	10,000	-	3,059	6,941
Australian Youth Orchestra	Recreation & Culture	955	-	-	955
CANWA - Print Making Workshop	Recreation & Culture	48	-	-	48
Childrens Book Council - Book Week	Recreation & Culture	3,000	-	2,420	580
CLGF - Youth Scholarship - MRAC	Recreation & Culture	3,660	-	3,660	-
CLGF - Youth Scholarship - Works	Transport	10,000	-	9,798	202
Commonwealth Home Care Packages - Client Funds	Education & Welfare	72,951	252,898	-	325,849
Commonwealth Home Care Packages - Surplus	Education & Welfare	58,848	-	58,848	-
Community Contribution - WP Skate Park	Recreation & Culture	3,021	-	-	3,021
Country Arts WA - Regional Art	Recreation & Culture	4,013	-	2,513	1,500
Curtain University - Tobacco Control	Health	865	-	-	865
DAWR - Pest & Weeds During Drought	Community Amenities	-	200,000	-	200,000
Dementia Australia - DFC CommEngagement	Education & Welfare	10,000	2,610	10,000	2,610
Dept Fire & Emergency Services - Northcliffe Fire & Rescue	Law & Order	-	93,740	-	93,740
Dept of Communities - Volunteers Day	Education & Welfare	1,400	-	1,066	334
Dept Prem & Cab - National Reconciliation Week	Recreation & Culture	5,000	-	2,753	2,247
DLG - Cattery Fitout	Law & Order	1,940	-	-	1,940
DLGSC - Seniors Activation	Education & Welfare	-	543	-	543
DPAW - Chesapeake/Deeside Rehab	Transport	2,366	-	-	2,366
DSR - Club Development Officer	Recreation & Culture	16,875	-	-	16,875
DSS - Broadband for Seniors	Education & Welfare	27	-	-	27
ESL - Advance Payment 19/20 BFB	Law & Order	-	28,059	-	28,059
ESL - Advance Payment 19/20 SES	Law & Order	-	4,064	-	4,064
ESL - SES - Equipment \$1200 to \$5000	Law & Order	286	-	-	286
ESL - Surplus 19/20 BFB	Law & Order	-	5,221	-	5,221
ESL - Surplus 19/20 SES	Law & Order	-	9,922	-	9,922
ESL BFB Operational Levy (17/18)	Law & Order	30,615	-	-	30,615
ESL Linfarne BFB - 17/18 Small Equipment Purchase (91.8989)	Law & Order	3,795	-	1,839	1,956
ESL Operational BFB Levy (16/17)	Law & Order	29,485	-	29,485	-
ESL Operational SES Advance Payment (16/17)	Law & Order	4,823	-	4,823	-
ESL SES Operational Levy (17/18)	Law & Order	1,411	-	-	1,411
ESL Small Equipment Grant 16/17	Law & Order	4,073	-	-	4,073
ESL Springfield BFB - 17/18 Small Equipment Purchase (91.8990)	Law & Order	3,795	-	1,703	2,092
ESL Springfield BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
ESL Walpole SES - 17/18 Small Equipment Purchase (91.8988)	Law & Order	174	-	-	174
ESL Yanmah BFB - Fast Fill Pump	Law & Order	2,500	-	-	2,500
FAG - Special Projects Grant	Transport	62,137	-	62,137	-
FARE - Alcohol Management Project	Health	270	-	-	270
FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip)	Law & Order	198	-	-	198
FESA - SES minor Capital (F&E 92.8543 Furniture)	Law & Order	111	-	-	111
Good Things Foundation - Be Connected	Education & Welfare	1,500	573	1,500	573
Good Things Foundation - Get Online	Education & Welfare	-	455	-	455
GROW - Client Funds	Education & Welfare	9,741	-	-	9,741
GROW - Surplus	Education & Welfare	39,759	-	11,063	28,696
GROW Packages (Excess)	Education & Welfare	21,688	-	-	21,688
GSDC - Pioneer Park Enhancement	Recreation & Culture	218	-	218	-
HACC - Non Recurrent Funding (Computers)	Education & Welfare	25,500	-	25,500	-
HACC - Non Recurrent Grant (Capital)	Education & Welfare	4,761	-	4,597	164
Home & Community Care 17/18 Surplus	Education & Welfare	2,847	-	2,847	-
LGIS - Experience Fund (20054.755.50)	Governance	9,206	-	-	9,206
Lotterywest - Seniors Wellness & Lifestyle	Education & Welfare	3,800	-	-	3,800
Manjimup Lions Club - Super Readers	Recreation & Culture	-	776	-	776
Medicare Local - WB Healthy Communities	Health	1,622	-	1,622	-
National Youth Week	Recreation & Culture	1,500	-	1,500	-
NRM - Protecting Threaten Flora	Community Amenities	-	11,720	-	11,720
NRM Grant - Mottram Reserve	Community Amenities	12,578	-	-	12,578
Pemberton Colocation Grant (\$50k)	Recreation & Culture	1,748	-	5,700	7,448
Regional Investment Plan - Waste	Community Amenities	5,989	-	5,989	-
Regional Road Group Grant (180.9270 & 180.9297)	Transport	1,690	-	-	1,690
Roads to Recovery - 17/18 Allocation	Transport	128,633	-	128,633	-
Roads to Recovery - Various	Transport	7,850	-	-	7,850
Royalties for Regions - Aged Accommodation Project	Education & Welfare	1,000,000	-	1,000,000	-
Safer Communities CCTV (150.9571)	Governance	-	69,803	-	69,803
Southern Forest Arts - Alternative Archive	Recreation & Culture	-	707	-	707
Stay on Your Feet	Education & Welfare	219	-	-	219
SWDC - Manjimup Health Infrastructure (L&B 93.8607)	Health	360	-	-	360
SWDC - Pioneer Park Enhancement	Recreation & Culture	68,825	-	63,490	5,335
Vouchers - Kids Sport	Recreation & Culture	18,140	-	18,140	-
Total of Grants in Advance Reserve		1,719,319	681,091	1,453,503	946,906

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
- (3) Grants / contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which
- (4) Reimbursements and Recoveries have been calculated at \$712,896. This figure is contained and calculated from the "Operating Grants, Subsidies

19. 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 2019.

c) **Statement of Rating Information - Rate Yield - 2018/2019 Budget**

	Rateable Value \$	Rate in \$	Rate Yield \$	No.	Minimum Yield \$	TOTAL \$
General Rate - GRV						
Residential	44,598,230	9.0410	4,906,928	1,534	1,415,882	6,322,810
Adjust for Minimums	9,675,947		(874,802)			(874,802)
Adjust for Phase In	-		-			-
General Rate - UV						
Rural	517,954,000	0.72207	3,872,297	224	206,752	4,079,049
Adjust for Minimums	18,323,233		(132,307)			(132,307)
CALM Dam	6,300	0.72207	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	800	0.72207	-	2	200	200
Adjust for Concessions	-		-	-		(44,796)
Adjust for Waivers	-		-	-		(11,076)
	590,558,510		7,772,115	1,763	1,622,984	9,339,228
Specified Area - GRV						
Ex-Gratia - GRV	-		-	-	-	-
	-		-	-	-	-
TOTAL RATES LEVIED	590,558,510		7,772,115	1,763	1,622,984	9,339,228

19. RATING INFORMATION (Continued)

e) General Purpose Income

RATES	2018/2019 REV BUDGET	No.	2018/2019 ACTUAL	Valuations	2017/2018 ACTUAL
	\$		\$	\$	\$
General Rate					
GRV Rate in \$0.09041	4,032,126	2,480	4,032,126	44,598,230	3,699,352
UV Rate in \$0.0072207	3,739,990	1,381	3,739,990	517,954,000	3,616,853
Minimum Rate					
GRV @ \$923	1,415,882	1,534	1,415,882	9,675,947	1,562,784
UV @ \$923	206,752	224	206,752	18,323,233	197,132
CALM Leases @ \$50	150	3	150	6,300	150
CALM Leases @ \$100	200	2	200	800	300
Interim Rate					
GRV Rate in \$0.09041	-		1,293		5,172
UV Rate in \$0.0072207	-		(349)		(6,812)
TOTAL RATES LEVIED	9,395,100		9,396,043	590,558,510	9,074,929
Discounts Allowed	-		-		-
Waived Rates	(11,076)		(11,076)		(1,406)
Concessions Sporting Clubs	(44,796)		(44,796)		(48,410)
Sub Total NET RATES	9,339,228		9,340,170		9,025,114
Ex-Gratia Rates					
Other Rate Charges					
Windy Harbour Lease Fees	141,409		141,409		128,529
NET RATES	9,480,637		9,481,579	-	9,153,643
Waste Collection Fees	1,469,118		1,469,040		1,387,888
Late Payment Penalties	50,000		90,182		86,844
Instalment Interest	29,000		34,011		32,038
Rates Written Off	-		-		-
TOTAL NET RATES	11,028,756		11,074,812	-	10,660,413
GENERAL PURPOSE INCOME					
Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off)	9,418,229		9,464,363		9,143,996
Administration Fees	36,000		36,249		34,757
Property Information Fees	27,000		20,419		19,680
General Purpose Grant					
General Grants (Untied)	1,441,221		2,918,252		2,709,708
Other General Purpose Income					
Interest on Investments					
TOTAL GENERAL PURPOSE INCOME	10,922,449		12,439,282		11,908,141

19. Rating Information (Continued)

f) 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 2019 \$	2019 \$	2018 \$
Interest on Rates	50,000	90,181	86,854
Total Interest on Rates	50,000	90,181	86,854

g) 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	14 September 2018
Second Instalment	16 November 2018
Third Instalment	18 January 2019
Fourth & Final Instalment	22 March 2019

h) 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 2019 \$	2019 \$	2018 \$
Interest on Instalments	29,000	34,011	32,038
TOTAL Interest for Instalments	29,000	34,011	32,038

i) Administration Charge for Instalment Option

An administration charge was applied at the rate of \$25.50 per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Budget 2019 \$	2019 \$	2018 \$
Administration Charge on Instalments	33,000	34,328	33,567
TOTAL Charges for Instalments	33,000	34,328	33,567

j) Discount

The 2018/2019 budget did not provide a discount for early payment of rates.

k) 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 2019 \$	2019 \$	2018 \$
Waiver - Rates	11,076	11,076	1,406
Concessions - Sporting Groups	44,796	44,796	48,410
TOTAL	55,872	55,872	49,816

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 \$55,872 in 2018/2019.

(c) Incentive

Council offered no incentive prizes for early payment of Rates for 2018/2019

20. RATE SETTING STATEMENT INFORMATION

a) Non-cash amounts excluded from operating activities

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

	2019 Actual	2019 Budget	2018 Actual
Net Loss on Sale of Assets	456,928	(100,190)	(157,970)
Depreciation on Assets	9,544,149	9,781,665	9,499,287
Leave Provisions to Reserves	27,635	219,026	144,265
Other	(108,715)	10,000	35,347
Non cash amounts excluded	9,919,997	9,910,500	9,520,929

b) Surplus / Deficit brought forward

	1 July 2018 Surplus B/Fwd	30 June 2019 Surplus C/Fwd
Surplus / (Deficit) Brought Forward	10,574,358	7,257,756
Comprises		
Cash Unrestricted	14,134,500	7,606,250
Cash Restricted	9,165,025	5,206,209
Rates - Current	750,358	973,602
Sundry Debtor	371,920	667,025
Other Receivables	417,611	54,339
GST Receivable	31,353	-
Inventories	78,121	165,294
Less		
Reserves - Restricted Cash	(8,948,145)	(5,206,209)
SuperTown - Restricted Cash (WATC)	(216,880)	-
Unexpended Loan Funds	(394,837)	(165,697)
Creditors	(393,718)	(506,768)
Accrued Employee deductions	(1,411)	(1,481)
Accrued Expenses	(484,335)	(669,498)
Accrued Interest on Loans	(52,092)	(47,142)
Accrued Salaries and Wages	-	-
Bonds & Deposits	(96,902)	-
Income In Advance	(60,000)	(60,000)
Funding Payable	-	-
Hours bank	(121,131)	(110,090)
Restricted Cash	(3,000,000)	(166,335)
Unearned Revenue	-	-
Current Provisions	(1,614,292)	(1,612,776)
Add Back Liabilities funded by Reserves	570,492	648,372
Adjustment for unfunded provision increases	438,720	482,660
Surplus / (Deficit)	10,574,358	7,257,756

21. 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	
	2019 \$	2018 \$	2019 \$	2018 \$
Financial Assets				
Cash and cash equivalents	12,812,459	23,299,525	12,812,459	23,299,525
Receivables	1,822,969	1,457,229	1,822,969	1,457,229
	14,737,189	24,756,754	14,737,189	24,756,754
Financial Liabilities				
Payables	1,688,044	4,343,712	1,688,044	4,343,712
Borrowings	4,556,883	5,098,768	4,556,883	5,098,768
	5,893,670	9,442,480	5,893,670	9,442,480

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 with similar risk profiles.

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

	2019 \$	2018 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	128,125	232,995
- Statement of Comprehensive Income	128,125	232,995

Notes:

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

21. Financial Risk Management (Continued)

(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.

	30-Jun-19	30-Jun-18
Percentage of Rates and Annual Charges		
- Current	60.45%	60.82%
- Overdue	39.55%	39.18%
Percentage of Other Receivables		
- Current	12.48%	29.70%
- Overdue	87.52%	70.30%

The Shire applies the AASB9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. A credit loss assessment has been completed for 30 June 2019 and the value of expected credit losses is immaterial.

(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 \$
2019					
Payables	1,688,044	0	0	1,688,044	1,688,044
Borrowings	725,330	2,611,083	2,775,994	6,112,407	4,556,884
	<u>2,413,374</u>	<u>2,611,083</u>	<u>2,775,994</u>	<u>7,800,451</u>	<u>6,244,928</u>
2018					
Payables	4,343,712	0	0	4,343,712	4,343,712
Borrowings	819,458	3,361,631	2,770,602	6,951,691	5,098,768
	<u>5,163,170</u>	<u>3,361,631</u>	<u>2,770,602</u>	<u>11,295,403</u>	<u>9,442,480</u>

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.

21. Financial Risk Management (Continued)

c) Payables

Borrowings (Continued)

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 2019								
Borrowings								
Fixed Rate								
Debentures	12,308	40,909	56,004	398,230	117,945	3,931,488	4,556,884	5.05%
Weighted Average Effective Interest Rate	6.15%	5.96%	2.60%	4.58%	6.40%	5.08%		
Year Ended 30 June 2018								
Borrowings								
Fixed Rate								
Debentures	79,886	23,893	66,247	73,728	491,782	4,363,232	5,098,768	5.00%
Weighted Average Effective Interest Rate	2.38%	6.15%	5.96%	2.60%	4.58%	5.15%		

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.

22. EMPLOYEE NUMBERS

	2018/2019 Actual #	2017/2018 Actual #
The number of full-time equivalent Employees at balance date	121	119

23. 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 within the Statement of Comprehensive Income.

24. PRIMARY PLACE OF BUSINESS

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

25. 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 2019	Actual 2019	Actual 2018
Attendance Fees - Shire President	17,170	17,170	16,352
Attendance Fees - Councillors	125,040	122,752	116,753
Local Government Allowance - President & Deputy	24,679	24,679	23,504
Travelling/Accommodation Allowance	21,000	21,560	22,238
Telecommunications Allowance	23,100	22,715	21,608
	210,989	208,875	200,455

26. 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 arrangements or any other deductions

	Actual 2019	Actual 2018
\$100,000 to \$109,999	-	2
\$110,000 to \$119,999	6	4
\$120,000 to \$129,999	1	2
\$130,000 to \$139,999	2	2
\$140,000 to \$149,999	2	-
\$150,000 to \$159,999	-	-
\$160,000 and above	1	1

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

Note	AASB 118 carrying amount		AASB 15 carrying amount	
	30 June 2019	Reclassification	01 July 2019	
	\$	\$	\$	
Contract assets				0
Contract liabilities - current				
Unspent grants, contributions and reimbursements	18	0	946,906	946,906
Restricted Cash held WATC OCDF		0	4,190,848	4,190,848
Developer contributions				0
Contract liabilities non-current				
Developer contributions	11	0	60,000	60,000
Cash in lieu of parking	4	0	14,300	14,300
Adjustment to retained surplus from adoption of AASB 15			(5,212,054)	(5,212,054)

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

The right to use asset recognised at 1 July 2019 is \$128,901

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

Note	AASB 1004 carrying amount 30 June 2019	Reclassification	AASB 1058 carrying amount 01 July 2019
Trade and other payables	\$ 1,688,044	\$ 196,067	\$ 1,884,111
Adjustment to retained surplus from adoption of AASB 1058		(196,067)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
Retained surplus - 30 June 2019			\$ (11,985,228)
Adjustment to retained surplus from adoption of AASB 15	27a	(5,212,054)	
Adjustment to retained surplus from adoption of AASB 16	27b	128,901	
Adjustment to retained surplus from adoption of AASB 1058	27c	(196,067)	(5,279,220)
Retained surplus - 01 July 2019			(17,264,448)

28. TRUST FUNDS

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

Purpose	2017/2018 C/Fwd \$	2018/2019 Received \$	2018/2019 Paid \$	2018/2019 C/Fwd \$
Construction Bonds (Cat 4)	207,320	690,582	166,912	730,990
Development Bonds (Cat 5)	16,820	7,300	12,117	12,003
Hall Hire Bonds (Cat 6)	860	6,470	6,420	910
Kerb Bonds (Cat 7)	12,410	12,911	24,821	500
Miscellaneous Bonds (Cat 8)	34,812	11,815	43,698	2,928
Southern Forests Tourism Group Bond (Cat 10)	9,750	2,500	2,000	10,250
Public Open Space (Cat 11)	47,900	-	8,250	39,650
Community Bus Bonds (Cat 13)	700	700	700	700
Private Services in Road Reserve (Cat 14)	-	2,000	-	2,000
	<u>330,573</u>	<u>734,278</u>	<u>264,918</u>	<u>799,933</u>

A review was undertaken of all current trust balances, assessing if the funds were appropriately held in trust and/or still required. The review identified \$33,975 of bonds/deposits having been held for in excess of 10 years and many that had been held over from the Shire of Manjimup's legacy system LOGIS. These trust funds were transferred to the Shire of Manjimup's Municipal fund account.

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Manjimup has a newly registered site listed as contaminated requiring remediation. Lot 778 Starkies Road Manjimup was identified and registered on 28 August 2019. At the time of completing this report Shire Officers in consultation with the Department of Water and Environmental Regulation have been undertaking initial investigation works to understand the extent of contamination from this legacy issue.

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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.

h) 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 Shire 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 Shire 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 the service capacity of an asset.

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 Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. 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 are 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.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 (e.g. 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

31. ACTIVITIES / PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers matters which do not concern specific local government services</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services</p>
<p>HEALTH To provide an operational framework for environmental and community health</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services</p>
<p>HOUSING To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of elderly residents housing</p>
<p>COMMUNITY AMMENITIES To provide services required by the community</p>	<p>Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community</p>	<p>Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres, and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and cultural facilities.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community</p>	<p>Construction and maintenance of roads, streets, footpaths, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting et.</p>
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing</p>	<p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts</p>	<p>Private works operation, plant repair and costs</p>

32. FINANCIAL INFORMATION BY RATIO

a) **Current Ratio**

Current Assets minus Restricted Assets	4,480,210
Current Liabilities minus Liabilities associated with Restricted Assets	3,139,234
2018/2019 Ratio	1.43
2017/2018 Ratio	1.41
2016/2017 Ratio	1.34

b) **Debt Service Ratio**

Operating Surplus before Depreciation and Interest	1,985,145
Principal and Interest	789,539
2018/2019 Ratio	2.51
2017/2018 Ratio	2.34
2016/2017 Ratio	1.95

c) **Own Source Revenue Coverage**

Own Source Operating Revenue	15,877,525
Operating Expenses	30,175,542
2018/2019 Ratio	0.53
2017/2018 Ratio	0.53
2016/2017 Ratio	0.46

d) **Operating Surplus Ratio**

Operating Revenue minus Operating Expense	-7,806,660
Own Source Operating Revenue	15,877,525
2018/2019 Ratio	-0.49
2017/2018 Ratio	-0.49
2016/2017 Ratio	-0.57

e) **Asset Consumption Ratio**

Depreciated Replacement Costs of Depreciable Assets	301,830,408
Current Replacement Costs of Depreciable Assets	547,332,045
2018/2019 Ratio	0.55
2017/2018 Ratio	0.56
2016/2017 Ratio	0.58

f) **Asset Sustainability Ratio**

Capital Renewal and Replacement Expenditure	8,719,232
Depreciation	9,544,149
2018/2019 Ratio	0.91
2017/2018 Ratio	0.93
2016/2017 Ratio	0.87

g) **Asset Renewal Funding Ratio**

NPV of Planned Capital Renewals over 10 years	37,348,452
NPV of Required Capital Expenditure over 10 years	51,201,616
2018/2019 Ratio	0.73
2016/2017 Ratio	-
2015/2016 Ratio	-

The value of reimbursements and recoveries included in the operating grants, subsidies and contributions total within the statement of comprehensive income is \$712,896

INDEPENDENT AUDITOR'S REPORT**To the Council of Shire of Manjimup****Report on the Audit of the Financial Report*****Opinion***

We have audited the annual financial report of the Shire of Manjimup which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire of Manjimup for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Manjimup in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, the following matters indicate significant adverse trends in the financial position or the financial management practices of the Shire of Manjimup:
 - a. Operating surplus ratio as reported in Note 32 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years (2017: -0.57, 2018: -0.49 and 2019: -0.49).
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit.
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset renewal funding ratio and asset consumption ratio included in the annual financial report is supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of Shire of Manjimup for the year ended 30 June 2019 included on the Shire of Manjimup's website. Shire of Manjimup's management is responsible for the integrity of the Shire of Manjimup website. This audit does not provide assurance on the integrity of the Shire of Manjimup's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

AMD Chartered Accountants



TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 30th day of October 2019