

SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

We are a thriving region offering an excellent quality of life that is safe, liveable and welcoming.

We value and care for our natural environment, which sustains both economic and recreational pursuits.

Our industries are recognised for their resilience, quality and innovation and for their contribution to the state of Western Australia.

Our economic diversity provides business and employment opportunities for all.

Principal place of business:

37-39 Rose Street

Manjimup

WA 6258

**SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Manjimup at 30 June 2021 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 29th day of November 2021



Chief Executive Officer

Andrew Campbell

Name of Chief Executive Officer

SHIRE OF MANJIMUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	26(a)	9,729,507	9,711,358	9,693,146
Operating grants, subsidies and contributions	2(a)	7,495,197	5,688,267	8,549,699
Fees and charges	2(a)	5,254,641	4,024,018	4,126,743
Interest earnings	2(a)	138,830	165,273	148,182
Other revenue	2(a)	1,415,505	1,239,003	986,086
		24,033,680	20,827,919	23,503,856
Expenses				
Employee costs		(11,090,976)	(11,199,444)	(10,572,189)
Materials and contracts		(6,986,552)	(7,572,241)	(7,247,944)
Utility charges		(754,550)	(688,589)	(715,853)
Depreciation on non-current assets	11(c)	(9,597,151)	(9,767,640)	(9,880,764)
Interest expenses	2(b)	(250,163)	(219,102)	(228,839)
Insurance expenses		(607,189)	(644,364)	(669,813)
Other expenditure		(744,632)	(515,516)	(888,240)
		(30,031,213)	(30,606,896)	(30,203,642)
		(5,997,533)	(9,778,977)	(6,699,786)
Non-operating grants, subsidies and contributions	2(a)	3,905,513	9,199,719	7,403,974
Profit on asset disposals	11(a)	44,167	66,808	80,863
(Loss) on asset disposals	11(a)	0	(155,114)	(6,456)
		3,949,680	9,111,413	7,478,381
Net result for the period		(2,047,853)	(667,564)	778,595
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(2,047,853)	(667,564)	778,595

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



SHIRE OF MANJIMUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	1,440,944	1,430,003	1,390,054
General purpose funding		12,863,716	11,325,970	12,789,603
Law, order, public safety		936,284	837,714	662,628
Health		65,577	59,958	53,340
Education and welfare		3,169,193	2,391,526	2,392,513
Housing		71,707	92,300	1,172,938
Community amenities		2,223,299	2,114,267	2,128,782
Recreation and culture		938,944	955,950	662,961
Transport		1,784,082	986,737	1,781,131
Economic services		181,139	79,458	151,209
Other property and services		358,795	554,036	318,697
		24,033,680	20,827,919	23,503,856
Expenses				
Governance	2(b)	(3,345,824)	(3,261,950)	(3,292,626)
General purpose funding		(29,759)	(135,000)	(34,438)
Law, order, public safety		(1,911,648)	(1,888,102)	(1,537,732)
Health		(334,803)	(353,472)	(349,362)
Education and welfare		(3,073,811)	(2,517,851)	(2,399,066)
Housing		(45,032)	(37,472)	(1,089,489)
Community amenities		(3,043,234)	(2,942,654)	(3,060,555)
Recreation and culture		(5,867,221)	(6,178,270)	(5,460,188)
Transport		(10,161,129)	(10,641,293)	(10,407,111)
Economic services		(1,858,673)	(1,930,645)	(1,946,132)
Other property and services		(109,916)	(501,085)	(398,104)
		(29,781,050)	(30,387,794)	(29,974,803)
Finance Costs				
Governance	2(b)	(93,305)	(57,423)	(61,114)
Health		(18,261)	(18,261)	(19,598)
Community amenities		(21,885)	(22,330)	(23,704)
Recreation and culture		(96,363)	(100,739)	(102,043)
Other property and services		(20,349)	(20,349)	(22,380)
		(250,163)	(219,102)	(228,839)
		(5,997,533)	(9,778,977)	(6,699,786)
Non-operating grants, subsidies and contributions	2(a)	3,905,513	9,199,719	7,403,974
Profit on disposal of assets	11(a)	44,167	66,808	80,863
(Loss) on disposal of assets	11(a)	0	(155,114)	(6,456)
		3,949,680	9,111,413	7,478,381
Net result for the period		(2,047,853)	(667,564)	778,595
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(2,047,853)	(667,564)	778,595

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



SHIRE OF MANJIMUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	14,964,766	11,291,550
Trade and other receivables	6	1,679,484	1,490,415
Other financial assets	5(a)	17,581	16,904
Inventories	7	220,368	140,824
Contract assets	2(a)	534,962	40,999
Other assets	8	238,618	66,834
TOTAL CURRENT ASSETS		17,655,779	13,047,526
NON-CURRENT ASSETS			
Trade and other receivables	6	212,093	210,354
Other financial assets	5(b)	224,653	242,234
Property, plant and equipment	9	63,875,059	65,378,757
Infrastructure	10	236,645,092	238,792,239
Right-of-use assets	12(a)	156,851	231,705
TOTAL NON-CURRENT ASSETS		301,113,748	304,855,289
TOTAL ASSETS		318,769,527	317,902,815
CURRENT LIABILITIES			
Trade and other payables	14	1,929,052	1,638,573
Other liabilities	15	2,502,455	1,595,713
Lease liabilities	16(a)	85,428	137,939
Borrowings	17(a)	648,198	555,139
Employee related provisions	18	1,727,451	1,509,717
Other provisions	19	41,452	37,108
TOTAL CURRENT LIABILITIES		6,934,036	5,474,189
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	71,033	92,400
Borrowings	17(a)	5,881,762	4,329,961
Employee related provisions	18	465,630	541,346
TOTAL NON-CURRENT LIABILITIES		6,418,425	4,963,707
TOTAL LIABILITIES		13,352,461	10,437,896
NET ASSETS		305,417,066	307,464,919
EQUITY			
Retained surplus		(19,471,867)	(15,924,561)
Reserves - cash backed	4	6,285,835	4,786,382
Revaluation surplus	13	318,603,098	318,603,098
TOTAL EQUITY		305,417,066	307,464,919

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



SHIRE OF MANJIMUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		(17,122,984)	5,206,210	318,603,098	306,686,324
Comprehensive income					
Net result for the period		778,595	0	0	778,595
Other comprehensive income	13	0	0	0	0
Total comprehensive income		778,595	0	0	778,595
Transfers from reserves	4	1,741,631	(1,741,631)	0	0
Transfers to reserves	4	(1,321,803)	1,321,803	0	0
Balance as at 30 June 2020		(15,924,561)	4,786,382	318,603,098	307,464,919
Comprehensive income					
Net result for the period		(2,047,853)	0	0	(2,047,853)
Other comprehensive income	13	0	0	0	0
Total comprehensive income		(2,047,853)	0	0	(2,047,853)
Transfers from reserves	4	273,670	(273,670)	0	0
Transfers to reserves	4	(1,773,123)	1,773,123	0	0
Balance as at 30 June 2021		(19,471,867)	6,285,835	318,603,098	305,417,066

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

SHIRE OF MANJIMUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		9,751,342	10,025,262	9,652,104
Operating grants, subsidies and contributions		7,802,608	5,338,267	5,079,348
Fees and charges		5,254,121	3,933,899	4,126,743
Interest received		138,830	165,273	148,182
Goods and services tax received		433,162	0	0
Other revenue		1,415,505	1,239,003	986,086
		24,795,568	20,701,704	19,992,463
Payments				
Employee costs		(11,033,681)	(11,535,290)	(10,303,121)
Materials and contracts		(6,851,756)	(7,564,517)	(7,512,068)
Utility charges		(754,550)	(688,589)	(715,853)
Interest expenses		(250,163)	(208,617)	(228,839)
Insurance paid		(607,189)	(644,364)	(669,813)
Goods and services tax paid		(546,495)	0	0
Other expenditure		(744,632)	(1,010,211)	(888,240)
		(20,788,466)	(21,651,588)	(20,317,930)
Net cash provided by (used in) operating activities	20	4,007,102	(949,884)	(325,467)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(1,570,350)	(5,460,841)	(5,218,043)
Payments for construction of infrastructure	10(a)	(4,399,367)	(10,144,738)	(4,005,451)
Non-operating grants, subsidies and contributions	2(a)	3,905,513	8,525,006	7,403,974
Proceeds from financial assets at amortised cost - self supporting loans		16,904	16,904	16,253
Proceeds from sale of property, plant & equipment	11(a)	218,613	397,500	471,921
Net cash provided by (used in) investment activities		(1,828,687)	(6,666,169)	(1,331,346)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(555,140)	(555,139)	(486,784)
Payments for principal portion of lease liabilities	16(b)	(150,059)	(137,939)	(192,311)
Proceeds from new borrowings	17(b)	2,200,000	7,700,000	815,000
Net cash provided by (used in) financing activities		1,494,801	7,006,922	135,905
Net increase (decrease) in cash held		3,673,216	(609,131)	(1,520,908)
Cash at beginning of year		11,291,550	11,158,124	12,812,459
Cash and cash equivalents at the end of the year	20	14,964,766	10,548,993	11,291,550

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

SHIRE OF MANJIMUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	4,041,982	3,967,324	3,066,907
		4,041,982	3,967,324	3,066,907
Revenue from operating activities (excluding rates)				
Governance		1,453,846	1,439,228	1,390,054
General purpose funding		3,134,209	1,614,608	3,026,236
Law, order, public safety		936,284	837,714	662,628
Health		65,577	59,958	53,340
Education and welfare		3,178,305	2,391,526	2,392,513
Housing		71,707	92,300	1,172,938
Community amenities		2,223,448	2,116,577	2,128,782
Recreation and culture		960,948	966,950	664,485
Transport		1,784,082	986,737	1,781,131
Economic services		181,139	79,458	151,209
Other property and services		358,795	598,310	398,036
		14,348,340	11,183,366	13,821,352
Expenditure from operating activities				
Governance		(3,439,129)	(3,319,373)	(3,353,740)
General purpose funding		(29,759)	(135,000)	(34,438)
Law, order, public safety		(1,911,648)	(1,888,102)	(1,537,732)
Health		(353,064)	(371,733)	(370,343)
Education and welfare		(3,073,811)	(2,517,851)	(2,399,066)
Housing		(45,032)	(37,472)	(1,091,185)
Community amenities		(3,065,119)	(2,964,984)	(3,084,259)
Recreation and culture		(5,963,584)	(6,279,009)	(5,562,231)
Transport		(10,161,129)	(10,641,293)	(10,407,111)
Economic services		(1,858,673)	(1,934,962)	(1,946,132)
Other property and services		(130,265)	(672,231)	(423,861)
		(30,031,213)	(30,762,010)	(30,210,098)
Non-cash amounts excluded from operating activities	27(a)	9,475,529	10,087,128	9,764,363
Amount attributable to operating activities		(2,165,362)	(5,524,192)	(3,557,476)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,905,513	9,199,719	7,403,974
Proceeds from disposal of assets	11(a)	218,613	397,500	471,921
Proceeds from financial assets at amortised cost - self supporting loans		16,904	16,904	16,253
Purchase of property, plant and equipment	9(a)	(1,570,350)	(5,383,034)	(5,218,043)
Purchase and construction of infrastructure	10(a)	(4,399,367)	(10,119,611)	(4,005,451)
Work in progress		0	0	(78,437)
Amount attributable to investing activities		(1,828,687)	(5,888,522)	(1,409,783)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(555,140)	(555,139)	(486,784)
Proceeds from borrowings	17(c)	2,200,000	7,700,000	815,000
Unexpended loan funds b/fwd	17(d)	(1,731,550)	458,428	(292,731)
Payments for principal portion of lease liabilities	16(b)	(150,059)	(137,939)	(192,311)
Transfers to reserves (restricted assets)	4	(1,773,123)	(7,870,757)	(1,321,803)
Transfers from reserves (restricted assets)	4	273,670	2,106,763	794,724
Amount attributable to financing activities		(1,736,202)	1,701,356	(683,905)
Surplus/(deficit) before imposition of general rates		(5,730,251)	(9,711,358)	(5,651,164)
Total amount raised from general rates	26(a)	9,729,507	9,711,358	9,693,146
Surplus/(deficit) after imposition of general rates	27(b)	3,999,256	0	4,041,982

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

SHIRE OF MANJIMUP
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FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Return limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestone and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	No applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annualised fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food. Health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on time of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	No applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price of terms	On entry or at conclusion of hire
Fees and charges - memberships	Gym and pool membership	Over time	Payment in full in advance or other monthly membership options	Refund for unused portion on application subject to terms and conditions	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price of terms	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatement and private works	Single point in time	Payment in full in advance or on normal trading terms if credit provided	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When the fine notice is issued
Other Revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	No applicable	When claim is agreed

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	214,136	682,658	662,336
General purpose funding	2,953,408	1,467,612	2,930,123
Law, order, public safety	704,463	618,949	608,249
Health	3,583	3,458	0
Education and welfare	1,329,837	1,423,426	1,064,223
Housing	0	0	1,086,364
Community amenities	141,245	148,097	119,905
Recreation and culture	158,582	79,736	73,322
Transport	1,775,283	968,237	1,759,510
Economic services	3,410	3,458	72,383
Other property and services	211,250	292,636	173,284
	7,495,197	5,688,267	8,549,699
Non-operating grants, subsidies and contributions			
Governance	0	50,000	0
Law, order, public safety	145,127	280,070	10,230
Education and welfare	0	15,000	322,062
Community amenities	27,642	480,000	121,115
Recreation and culture	879,372	1,487,032	1,789,787
Transport	2,853,372	6,887,617	5,160,780
	3,905,513	9,199,719	7,403,974
Total grants, subsidies and contributions	11,400,710	14,887,986	15,953,673
Fees and charges			
Governance	268,809	229,528	230,757
Law, order, public safety	58,554	37,500	45,947
Health	61,994	53,500	53,340
Education and welfare	1,836,556	961,900	1,316,379
Housing	2,800	31,200	24,357
Community amenities	2,082,054	1,992,670	2,018,106
Recreation and culture	729,426	641,220	382,930
Transport	10,026	4,500	12,380
Economic services	89,837	72,000	42,547
Other property and services	114,585	0	0
	5,254,641	4,024,018	4,126,743

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Fees and charges	4,786,695	3,664,990	3,816,130
Non-operating grants, subsidies and contributions	3,905,513	9,199,719	7,403,974
	8,692,208	12,864,709	11,220,104

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	1,595,713	1,595,713	0
Revenue from contracts with customers recognised during the year	3,190,982	2,069,277	3,816,130
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	3,905,513	9,199,719	7,403,974
	8,692,208	12,864,709	11,220,104

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	456,299	0	340,223
Contract assets	534,962	0	40,999
Contract liabilities from contracts with customers	(2,502,455)	0	(1,595,713)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020. Assets associated with contracts with customers were not subject to an impairment charge. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	9,729,507	9,711,358	9,693,146
Statutory permits and licences	284,105	191,000	145,436
Fines	28,813	13,000	10,149
Windy Harbour Lease Fees	155,028	155,028	155,028
	10,197,453	10,070,386	10,003,759
Other revenue			
Reimbursements and recoveries	1,192,528	1,239,003	986,086
Sale of inventory	11,693	0	0
Other	211,284	0	0
	1,415,505	1,239,003	986,086
Interest earnings			
Financial assets at amortised cost - self supporting loans	5,570	5,524	6,174
Interest on reserve funds	11,382	73,249	19,957
Rates instalment and penalty interest (refer Note 26c)	110,637	81,500	112,841
Other interest earnings	11,241	5,000	9,210
	138,830	165,273	148,182

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.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other Services

Interest expenses (finance costs)

- Borrowings
- Other interest expenses
- Lease liabilities

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	37,000	27,250	17,550
	1,400	19,750	10,488
	38,400	47,000	28,038
17(b)	215,143	208,620	223,885
	31,578	7,969	(630)
16(b)	3,442	2,513	5,584
	250,163	219,102	228,839

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		14,964,766	11,291,550
Total cash and cash equivalents		14,964,766	11,291,550
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		10,606,076	6,971,841
		10,606,076	6,971,841
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	6,285,835	4,786,382
Contract liabilities from contracts with customers	15	2,502,455	1,595,713
Bonds and deposits held	14	86,236	131,318
Unspent loans	17(d)	1,731,550	458,428
Total restricted assets		10,606,076	6,971,841

Non-council controlled funds

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 2021 including interest is \$547,963.

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 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.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	504,535	0	0	504,535	504,535	0	0	504,535	504,535	0	0	504,535
(b) Airfield construction and maintenance reserve	167,453	28,498	(37,376)	158,575	167,453	22,192	(68,000)	121,645	147,453	20,000	0	167,453
(c) AquaCentre building reserve	83,612	20,000	0	103,612	83,612	20,000	(90,013)	13,599	78,722	20,000	(15,110)	83,612
(d) AquaCentre plant reserve	0	20,000	0	20,000	0	20,000	0	20,000	36,552	20,000	(56,552)	0
(e) Arts and culture reserve	31,238	0	0	31,238	31,238	0	0	31,238	31,238	0	0	31,238
(f) Bridge reserve	283,584	0	0	283,584	283,584	0	0	283,584	283,584	0	0	283,584
(g) Building asset management reserve	272,560	0	0	272,560	272,560	0	(250,000)	22,560	3,863	268,697	0	272,560
(h) Community bus reserve	1,370	0	0	1,370	1,370	0	0	1,370	1,370	0	0	1,370
(i) Construction and resource research reserve	502,682	0	(14,441)	488,241	502,682	70,000	(50,000)	522,682	502,682	0	0	502,682
(j) Future carpark reserve - Manjimup	5,190	0	0	5,190	5,190	5,000	0	10,190	14,300	24,750	(33,860)	5,190
(k) Grants in advance reserve	0	178,427	0	178,427	0	0	0	0	946,906	0	(946,906)	0
(l) MHCC annual and long service leave reserve	155,075	31,632	0	186,707	143,837	25,438	0	169,275	143,837	11,238	0	155,075
(m) MHCC asset replacement reserve	537,360	203,491	(28,655)	712,196	499,306	130,893	(34,000)	596,199	407,510	167,259	(37,409)	537,360
(n) Heritage reserve	27,146	5,000	0	32,146	27,146	5,000	0	32,146	22,146	5,000	0	27,146
(o) Heritage trail reserve	55,000	0	0	55,000	55,000	0	0	55,000	55,000	0	0	55,000
(p) ICT hardware replacement reserve	0	21,850	(21,850)	0	0	21,850	(21,850)	0	0	21,850	(21,850)	0
(q) Land resumption reserve	69,091	0	(17,425)	51,666	69,091	0	(20,000)	49,091	69,809	0	(718)	69,091
(r) Northcliffe town hall reserve	1,859	0	0	1,859	1,859	36	0	1,895	5,222	0	(3,363)	1,859
(s) Occupational health and safety reserve	21,000	0	0	21,000	21,000	0	0	21,000	21,000	0	0	21,000
(t) Plant and equipment replacement reserve	803,736	507,000	(101,186)	1,209,550	803,736	650,000	(1,112,000)	341,736	646,211	580,764	(423,239)	803,736
(u) Playground major repair reserve	46,700	15,000	0	61,700	46,700	15,000	0	61,700	31,700	15,000	0	46,700
(v) Recreation floor reserve	41,141	0	0	41,141	41,141	0	0	41,141	37,500	15,000	(11,359)	41,141
(w) Recreation ground/facility improvement reserve	107,722	587,422	(27,721)	667,423	107,722	6,752,904	(50,571)	6,810,054	99,930	41,540	(33,748)	107,722
(x) Revaluation reserve	68,988	25,000	0	93,988	68,988	25,000	(90,000)	3,988	43,988	25,000	0	68,988
(y) Self insurance reserve	0	0	0	0	0	15,000	(15,000)	0	0	15,000	(15,000)	0
(z) Strategic asset and development reserve	610	0	0	610	610	0	(610)	0	31,058	0	(30,448)	610
(I) Supertown - Townsite expansion project	211	0	(211)	0	211	0	0	211	85,796	0	(85,585)	211
(II) Telecommunications reserve	6,000	0	0	6,000	6,000	0	0	6,000	6,000	0	0	6,000
(III) Waste management and site development reserve	153,623	26,615	0	180,238	165,665	21,739	(53,945)	133,459	177,507	0	(23,884)	153,623
(IV) Windy Harbour infrastructure reserve	772,837	70,705	(24,805)	818,737	772,837	70,705	(250,774)	592,768	704,732	70,705	(2,600)	772,837
(V) Workers compensation reserve	66,059	32,483	0	98,542	66,059	0	0	66,059	66,059	0	0	66,059
	4,786,382	1,773,123	(273,670)	6,285,835	4,749,131	7,870,757	(2,106,763)	10,513,125	5,206,210	1,321,803	(1,741,631)	4,786,382

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021
4. RESERVES - CASH BACKED (continued)

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	funding entitlements (other than MHCC) for annual leave and long service.
(b) Airfield construction and maintenance reserve	Ongoing	to be applied upon recommendations from the Airfield Committee.
(c) AquaCentre building reserve	Ongoing	monies for the programmed replacement of the Aqua Centre building, in particular the Hoecker inflated roof component of the building.
(d) AquaCentre plant reserve	Ongoing	monies for the replacement of the Aqua Centre plant and equipment, in particular the pumps, heat pumps and air-conditioning plant.
(e) Arts and culture reserve	Ongoing	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.
(f) Bridge reserve	Ongoing	for the construction, maintenance, replacement or substantial repair of bridges or major culverts within the Shire, and for the possible development of a bridge crew to attend to work inside and outside the Shire boundaries.
(g) Building asset management reserve	Ongoing	for the construction, maintenance, replacement or substantial repair of buildings and associated infrastructure owned or managed by the Shire of Manjimup
(h) Community bus reserve	Ongoing	monies not used during the year, set aside for future maintenance on the bus.
(i) Construction and resource research reserve	Ongoing	monies to be used to fund construction resources.
(j) Future carpark reserve - Manjimup	Ongoing	funding from developer contributions for developments to be applied to specific car parking works in the Shire of Manjimup.
(k) Grants in advance reserve	Ongoing	to set aside grants and contributions paid in advance of the funded projects completion.
(l) MHCC annual and long service leave reserve	Ongoing	monies set aside for the purpose of annual and long service leave liability specifically relating to the Home and Community Care Scheme.
(m) MHCC asset replacement reserve	Ongoing	monies set aside for the purpose of asset replacement, including vehicles, specifically relating to the Home and Community Care Scheme.
(n) Heritage reserve	Ongoing	grant monies allocated to the Shire of Manjimup for heritage building maintenance & general heritage functions.
(o) Heritage trail reserve	Ongoing	funds set aside to promote our unique heritage for residents and visitors.
(p) ICT hardware replacement reserve	Annual	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.
(q) Land resumption reserve	Ongoing	funding for the resumption of land for infrastructure purposes (i.e. road reserves, footpaths, boundary setbacks etc.) where the resumption is not part of a budgeted
(r) Northcliffe town hall reserve	Ongoing	monies to be used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.
(s) Occupational health and safety reserve	Ongoing	for the funding of any unbudgeted issues arising in the area of Occupational Safety and Health
(t) Plant and equipment replacement reserve	Ongoing	monies set aside to offset costs associated with the implementation of the annual plant replacement program, including purchase of new plant. "Plant" means light
(u) Playground major repair reserve	Ongoing	to set aside fund for future major repairs required for playgrounds within the Shire of Manjimup.
(v) Recreation floor reserve	Ongoing	set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities.
(w) Recreation ground/facility improvement reserve	Ongoing	for funding the improvement or development of recreation grounds and facilities.
(x) Revaluation reserve	Ongoing	for the funding of future revaluation cycles for GRV valuations (currently four years), and Building revaluations (currently four years).
(y) Self insurance reserve	Annual	funding to meet the cost of excess and/or the cost of insurance claims which may be below the excess level under the Shires insurance policy.
(z) Strategic asset and development reserve	Ongoing	to enable Council to capture and address capital and operational strategic issues as opportunities arise.
(I) Supertown - Townsite expansion project	2020/21	to assist in isolating project specific funds, allowing funding to be released as required over the life of the project.
(II) Telecommunications reserve	Ongoing	replacement of Shire managed television and radio retransmission equipment.
(III) Waste management and site development reserve	Ongoing	funding for the development of waste facility sites upon the expiry of existing landfill sites and the rehabilitation of existing land fill sites.
(IV) Windy Harbour infrastructure reserve	Ongoing	for the development of core infrastructure at Windy Harbour as outlined in the Windy Harbour Management Plan.
(V) Workers compensation reserve	Ongoing	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.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
Financial assets at amortised cost	17,581	16,904
	17,581	16,904
Other financial assets at amortised cost		
Self supporting loans	17,581	16,904
	17,581	16,904
Financial assets at amortised cost	119,550	137,131
Financial assets at fair value through profit and loss	105,103	105,103
	224,653	242,234
Financial assets at amortised cost		
Self supporting loans	119,550	137,131
	119,550	137,131
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	105,103	105,103
	105,103	105,103

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) 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 28.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Infringement Debtors	

Non-current

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

2021	2020
\$	\$
1,283,612	1,313,764
456,299	340,223
187,334	74,001
(253,511)	(242,803)
5,750	5,230
1,679,484	1,490,415
212,093	210,354
212,093	210,354

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 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

7. INVENTORIES

Current

Fuel and materials
Bitument Products
Other Inventories

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	36,470	17,486
	9,078	13,687
	174,820	109,651
	220,368	140,824
	140,824	165,294
	363,979	375,395
	(284,435)	(399,865)
	220,368	140,824

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.

8. OTHER ASSETS

Other assets - current

Prepayments
Accrued income
Accrued Interest - Self Supporting Loans

2021	2020
\$	\$
87,133	52,067
150,271	12,416
1,214	2,351
238,618	66,834

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.

Accrued income represents the recognition of future income to be claimed for expenditure incurred in the current period.

Accrued interest on loans recognises the prorata amount of interest for the current period being paid in the future period.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	3,204,427	53,398,652	56,603,079	1,106,816	5,694,636	63,404,531
Additions	33,045	3,484,365	3,517,410	690,703	1,009,930	5,218,043
(Disposals)	(90,000)	(183,880)	(273,880)	0	(123,634)	(397,514)
Depreciation (expense)	0	(1,911,751)	(1,911,751)	(57,531)	(877,021)	(2,846,303)
Balance at 30 June 2020	3,147,472	54,787,386	57,934,858	1,739,988	5,703,911	65,378,757
Comprises:						
Gross balance amount at 30 June 2020	3,147,472	97,265,198	100,412,670	2,153,145	14,071,604	116,637,419
Accumulated depreciation at 30 June 2020	0	(42,477,812)	(42,477,812)	(413,157)	(8,367,693)	(51,258,662)
Balance at 30 June 2020	3,147,472	54,787,386	57,934,858	1,739,988	5,703,911	65,378,757
Additions	152,449	830,077	982,526	47,957	539,867	1,570,350
(Disposals)	0	0	0	0	(174,446)	(174,446)
Depreciation (expense)	0	(1,971,908)	(1,971,908)	(85,971)	(841,723)	(2,899,602)
Balance at 30 June 2021	3,299,921	53,645,555	56,945,476	1,701,974	5,227,609	63,875,059
Comprises:						
Gross balance amount at 30 June 2021	3,299,921	98,095,275	101,395,196	2,201,102	14,314,641	117,910,939
Accumulated depreciation at 30 June 2021	0	(44,449,720)	(44,449,720)	(499,128)	(9,087,032)	(54,035,880)
Balance at 30 June 2021	3,299,921	53,645,555	56,945,476	1,701,974	5,227,609	63,875,059

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2017	Basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost					
Furniture and equipment					
		Cost	Cost		Purchase cost
Plant and equipment					
		Cost	Cost		Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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10. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads \$	Infrastructure - footpaths \$	Infrastructure - drainage \$	Infrastructure - bridges \$	Infrastructure - refuse sites and transfer stations \$	Infrastructure - carparks \$	Infrastructure - cemeteries \$	Infrastructure - airfield and runways \$	Infrastructure - parks and ovals \$	Total Infrastructure \$
Balance at 1 July 2019	180,763,330	2,748,816	14,605,250	31,775,291	467,525	1,602,988	191,291	3,323,889	6,151,922	241,630,302
Additions	2,900,468	552,058	130,697	0	0	167,037	0	0	255,191	4,005,451
Depreciation (expense)	(4,608,436)	(70,072)	(590,411)	(863,248)	(39,680)	(48,580)	(13,810)	(189,797)	(419,480)	(6,843,514)
Balance at 30 June 2020	179,055,362	3,230,802	14,145,536	30,912,043	427,845	1,721,445	177,481	3,134,092	5,987,633	238,792,239
Comprises:										
Gross balance at 30 June 2020	332,471,850	4,726,932	30,433,844	53,110,700	994,630	3,004,341	449,313	5,784,507	11,009,385	441,985,502
Accumulated depreciation at 30 June 2020	(153,416,488)	(1,496,130)	(16,288,308)	(22,198,657)	(566,785)	(1,282,896)	(271,832)	(2,650,415)	(5,021,752)	(203,193,263)
Balance at 30 June 2020	179,055,362	3,230,802	14,145,536	30,912,043	427,845	1,721,445	177,481	3,134,092	5,987,633	238,792,239
Additions	3,576,056	382,303	119,859	72,000	0	69,763	0	74,537	104,849	4,399,367
Depreciation (expense)	(4,293,212)	(80,793)	(589,943)	(863,251)	(39,680)	(51,479)	(13,810)	(189,804)	(424,542)	(6,546,514)
Balance at 30 June 2021	178,338,206	3,532,312	13,675,452	30,120,792	388,165	1,739,729	163,671	3,018,825	5,667,940	236,645,092
Comprises:										
Gross balance at 30 June 2021	336,047,906	5,109,235	30,553,703	53,182,700	994,630	3,074,104	449,313	5,859,044	11,114,234	446,384,869
Accumulated depreciation at 30 June 2021	(157,709,700)	(1,576,923)	(16,878,251)	(23,061,908)	(606,465)	(1,334,375)	(285,642)	(2,840,219)	(5,446,294)	(209,739,777)
Balance at 30 June 2021	178,338,206	3,532,312	13,675,452	30,120,792	388,165	1,739,729	163,671	3,018,825	5,667,940	236,645,092

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value						
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - refuse sites and transfer stations	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - carparks	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - cemeteries	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - airfield and runways	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs
	Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remianing useful life assessments inputs

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.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

11. FIXED ASSETS

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

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

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

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements 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.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

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11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	90,000	90,000	0	0
Buildings - non-specialised	0	0	0	0	0	0	0	0	183,880	182,184	0	(1,696)
Plant and equipment	174,446	218,613	44,167	0	485,806	397,500	66,808	(155,114)	123,634	199,737	80,863	(4,760)
	174,446	218,613	44,167	0	485,806	397,500	66,808	(155,114)	397,514	471,921	80,863	(6,456)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
4853 - Toyota Fortuner	26,109	32,727	6,618	0
4986 - Toyota Prado	39,808	45,455	5,647	0
5010 - Toyota Fortuner	42,999	43,636	637	0
Education and welfare				
4707 - Toyota Rav4	9,971	19,083	9,112	0
Community amenities				
4987 - Toyota Kluger	29,393	29,542	149	0
Recreation and culture				
4429 - Ford Ranger	0	15,678	15,678	0
4981 - Mitsubishi Triton	26,166	32,492	6,326	0
	174,446	218,613	44,167	0

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2021	2020
	\$	\$
Buildings - non-specialised	49,300	2,920
Furniture and equipment	308,870	308,870
Plant and equipment	5,047,560	2,939,439
Infrastructure - parks and ovals	59,520	0
	5,465,250	3,251,229

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11. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	1,971,908	1,937,869	1,911,751
Furniture and equipment	85,971	53,690	57,531
Plant and equipment	841,723	758,296	877,021
Infrastructure - roads	4,293,212	4,688,152	4,608,436
Infrastructure - footpaths	80,793	66,494	70,072
Infrastructure - drainage	589,943	593,276	590,411
Infrastructure - bridges	863,251	877,950	863,248
Infrastructure - refuse sites and transfer stations	39,680	40,001	39,680
Infrastructure - carparks	51,479	50,062	48,580
Infrastructure - cemeteries	13,810	12,841	13,810
Infrastructure - airfield and runways	189,804	190,864	189,797
Infrastructure - parks and ovals	424,542	498,145	419,480
Right-of-use assets - plant and equipment	151,035	0	190,946
	9,597,151	9,767,640	9,880,764

Revision of useful lives of plant and equipment

The Shire of Manjimup has undertaken a cursory review of useful lives and as a result of that review, has made no changes during the 2020/21 financial year

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. No changes were made.

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 60 years
Furniture and equipment	4 to 10 years
Plant and equipment	2.5 to 25 years
Sealed roads and streets - formation	not depreciated
Sealed roads and streets - pavement	80 years
seal - bituminous seals	27 years
seal - asphalt surfaces	27 years
Gravel roads - formation	not depreciated
Gravel roads - pavement	80 years
Bridges	60 years
Footpaths - slab	50 years
Sewerage piping	50 years
Water supply piping and drainage systems	50 years
Refuse Sites and transfer stations	25 to 40 years
Carparks	25 to 60 years
Cemeteries	25 to 40 years
Airfield and runways	30 years
Parks and ovals	20 to 40 years
Right-of-use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 years

Depreciation on revaluation

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:

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

12. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	422,651	422,651
Depreciation (expense)	(190,946)	(190,946)
Balance at 30 June 2020	231,705	231,705
Additions	175,373	175,373
Disposals	(99,192)	(99,192)
Depreciation (expense)	(151,035)	(151,035)
Balance at 30 June 2021	156,851	156,851

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(151,035)	(190,946)
Interest expense on lease liabilities	(3,442)	(5,584)
Low-value asset lease payments recognised as expense	(62,300)	(51,152)
Total amount recognised in the statement of comprehensive income	(216,778)	(247,682)
Total cash outflow from leases	(153,502)	(197,894)

The Shire of Manjimup's leasing activity is targeted at high depreciated, short life assets, being computer hardware, light vehicles and miscellaneous equipment. The useable life of the asset is assessed and an appropriate lease term is determined based on that assessment. Assets are returned at the completion of the lease term.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,441,236	0	0	0	1,441,236	1,441,236	0	0	0	1,441,236
Revaluation surplus - Buildings - specialised	51,204,883	0	0	0	51,204,883	51,204,883	0	0	0	51,204,883
Revaluation surplus - Furniture and equipment	798,087	0	0	0	798,087	798,087	0	0	0	798,087
Revaluation surplus - Infrastructure - roads	265,158,892	0	0	0	265,158,892	265,158,892	0	0	0	265,158,892
	318,603,098	0	0	0	318,603,098	318,603,098	0	0	0	318,603,098

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued expenses
Accrued interest on loans
Accrued employee deductions/Hours bank

2021	2020
\$	\$
807,421	311,890
304,302	310,880
260,147	182,880
0	166,334
86,236	131,318
275,156	352,003
51,855	46,513
143,935	136,755
1,929,052	1,638,573

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

Prepaid rates

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

15. OTHER LIABILITIES

Current

Contract liabilities

2021	2020
\$	\$
2,502,455	1,595,713
2,502,455	1,595,713

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities
\$
2,502,455
2,502,455

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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16. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
	\$	\$
	85,428	137,939
	71,033	92,400
	156,461	230,339

(b) Movements in Carrying Amounts

Movements in Carrying Amounts					Actual	30 June 2021	Actual	30 June 2021	Actual	30 June 2021	Actual	30 June 2021	Budget	30 June 2021	Budget	30 June 2021	Budget	30 June 2021	Actual	30 June 2020	Actual	30 June 2020	Actual	30 June 2020	Actual	30 June 2020	
Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Lease Principal 1 July 2020	New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments				Lease Principal 1 July 2020	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments			Lease Principal 1 July 2020	New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments				
Governance																											
Switch (5412R Admin Office)	E6N0158919	MAIA	2.00%	60 Months	6,718	0	0	(6,718)	0	0	(45)		6,718		(6,718)	0	0	45		18,056	0	(11,338)	6,718	(255)			
Dell Poweredge Servers	E6N0158921	MAIA	2.10%	48 Months	0	0	0	0	0	0	0		0	0	0	0	0	0		6,930	0	(6,930)	0	(48)			
KACE Appliance	E6N0158922	MAIA	2.00%	60 Months	2,963	0	(2,963)	0	(19)			2,963	(2,963)	0	(20)	7,964	0	(5,001)	2,963								
KACE Appliance with Licences	E6N0158603	MAIA	2.00%	57 Months	816	0	(816)	0	(7)			816	(816)	0	(7)	1,865	0	(1,069)	816								
Antail Switch (CDO)	E6N0158635	MAIA	2.10%	48 Months	277	0	(277)	0	(1)			277	(277)	0	(1)	3,559	0	(3,282)	277								
Nutanix Storage Network	E6N0162341	MAIA	2.00%	36 Months	32,884	0	(32,884)	0	(221)			32,884	(32,884)	0	(220)	88,383	0	(55,499)	32,884								
Fuji Xerox Copiers			2.10%	36 Months	0	0	0	0	0	0	0		0	0	0	0	0	0		1,462	0	(1,462)	0	(3)			
	120-0395884-DLL Financial		2.10%	36 Months	36,093	0	(17,130)	18,963	(590)			36,093	(17,130)	18,963	(589)		51,567		(15,474)	36,093							
Copier OCE 500			2.00%	60 Months	21,307	0	(12,700)	8,607	(308)			21,307	(12,700)	8,607	(65)	33,757	0	(12,451)	21,307								
SOPHOS Firewalls	E6N0162564	MAIA	2.10%	36 Months	24,920	0	(12,330)	12,590	(403)			24,920	(12,330)	12,590	(143)	0	37,016	(12,096)	24,920								
Network Equipment	E6N0163073	MAIA	2.10%	48 Months	24,235	0	(6,137)	18,098	(447)			24,235	(6,137)	18,098	(446)	0	25,275	(1,040)	24,235								
Switching Equipment ICT	5546295549A/HP Financial		1.10%	48 Months	0	45,369	(4,429)	40,940	(236)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Law, order, public safety																											
Ford Ranger - 1009WA	SG Fleet	SG Fleet	2.00%	36 Months	6,624	0	(6,624)	0	0	(45)		6,624	(6,624)	0	(44)	17,804	0	(11,180)	6,624								
Education and welfare																											
Toyota Camry - 1026WA	SG Fleet	SG Fleet	2.10%	36 Months	0	0	0	0	0	0	0		0	0	0	0	0	0	0	4,348	0	(4,348)	0	(34)			
Toyota Camry - 1027WA	SG Fleet	SG Fleet	2.10%	36 Months	0	0	0	0	0	0	0		0	0	0	0	0	0	3,808	0	(3,808)	0	(26)				
Toyota Camry - 1028WA	SG Fleet	SG Fleet	1.60%	36 Months	17,574	0	(6,503)	11,071	(233)			17,574	(6,503)	11,071	(232)	0	19,725	(2,151)	17,574								
Ford Focus - 1027WA	SG Fleet	SG Fleet	2.00%	36 Months	13,793	0	(5,259)	8,537	(227)			13,793	(5,259)	8,537	(226)	0	15,959	(2,186)	13,793								
Switch (MHCC)	E6N0158608	MAIA	2.00%	60 Months	9,347	0	(6,621)	726	(198)			9,347	(6,621)	726	(107)	17,768	0	(8,452)	9,347								
Fuji Xerox Copier			2.10%	49 Months	0	0	0	0	0	0	0		0	0	0	0	0	0	358	0	(358)	0	(1)				
Fuji Xerox Copier	120-0395884-DLL Financial		2.10%	36 Months	7,219	0	(3,426)	3,793	(119)			7,219	(3,426)	3,793	(118)	0	10,314	(3,095)	7,219								
Recreation and culture																											
Ford Ranger - 1028WA	SG Fleet	SG Fleet	2.02%	36 Months	2,026	0	(2,026)	0	0	(9)		2,026	(2,026)	0	(9)	9,899	0	(7,873)	2,026								
Coffee Machine (MRAC)	E6N0151115	MAIA	2.00%	36 Months	1,900	0	(1,900)	0	(16)			1,900	(1,900)	0	(16)	4,389	0	(2,489)	1,900								
Switch Library	E6N0159636	MAIA	2.10%	48 Months	357	0	(357)	0	(1)			357	(357)	0	(1)	4,594	0	(4,237)	357								
Switches Depot & MRAC	E6N0160741	MAIA	2.10%	60 Months	16,909	0	(6,894)	10,015	(268)			16,909	(6,894)	10,015	(267)	23,662	0	(6,753)	16,909								
Ford Ranger - 1028WA	SG Fleet	SG Fleet	1.20%	6 Months	0	5,615	(5,615)	0	0	(28)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Economic services																											
Ford Ranger - 1030WA	SG Fleet	SG Fleet	2.10%	36 Months	4,377	0	(4,377)	0	0	(28)		4,376	(4,376)	0	(27)	11,511	2,624	(9,759)	4,376								
Ford Ranger - 1030WA	SG Fleet	SG Fleet	1.20%	36 Months	0	25,197	(2,076)	23,121	(62)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
					230,339	76,181	(150,059)	156,461	(3,442)			230,339	(137,938)	92,400	(2,513)				260,189	162,480	(192,311)	230,339					

17. INFORMATION ON BORROWINGS

2021	2020
\$	\$
648,198	555,139
5,881,762	4,329,961
6,529,960	4,885,100

Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021				
			Principal	Actual	Actual	Actual	Actual		Budget	Budget	Budget	Budget		Actual	Actual	Actual	Actual		Actual	Actual	Actual	Actual				
			1 July 2020	New Loans	Principal repayments	Interest repayments	Principal outstanding							1 July 2019	New Loans	Principal repayments	Interest repayments									
			\$	\$	\$	\$	\$							\$	\$	\$	\$									
223	WATC	4.02%	403,094	0	(16,923)	(15,851)	386,171	403,094	0	(16,922)	(16,036)	386,172	419,356	0	(16,262)	(16,696)	403,094									
224	WATC	4.02%	754,234	0	(31,663)	(29,659)	722,571	754,234	0	(31,663)	(30,005)	722,571	784,661	0	(30,427)	(31,241)	754,234									
229	WATC	1.78%	140,000	0	(5,885)	(2,433)	134,115	140,000	0	(5,885)	(2,466)	134,115	0	140,000	0	0	140,000									
219	WATC	5.00%	439,796	0	(20,765)	(17,530)	419,031	439,797	0	(20,765)	(17,908)	419,032	459,733	0	(19,936)	(18,738)	439,796									
221	WATC	2.60%	37,816	0	(18,664)	(731)	19,152	37,816	0	(18,664)	(863)	19,152	56,004	0	(18,188)	(1,339)	37,816									
213	WATC	6.74%	215,971	0	(18,141)	(14,172)	197,830	215,971	0	(18,141)	(14,256)	197,830	232,948	0	(16,977)	(15,419)	215,971									
215	WATC	4.57%	175,353	0	(11,326)	(7,702)	164,027	175,353	0	(11,326)	(7,713)	164,027	186,190	0	(10,837)	(8,203)	175,353									
228	WATC	1.25%	500,000	0	(47,243)	(5,916)	452,757	500,000	0	(47,243)	(6,103)	452,757	0	500,000	0	0	500,000									
196	WATC	6.56%	101,674	0	(38,712)	(5,023)	62,962	101,674	0	(38,712)	(5,953)	62,962	137,966	0	(36,292)	(8,336)	101,674									
202	WATC	6.50%	97,272	0	(22,036)	(5,672)	75,236	97,273	0	(22,037)	(5,879)	75,236	117,945	0	(20,672)	(7,223)	97,272									
205	WATC	6.15%	0	0	0	0	0	0	0	0	0	0	12,308	0	(12,308)	(571)	0									
206	WATC	5.94%	395,309	0	(70,066)	(21,930)	325,223	395,310	0	(70,067)	(22,456)	325,223	461,412	0	(66,102)	(26,441)	395,309									
207	WATC	5.98%	488,153	0	(77,407)	(27,472)	410,746	488,153	0	(77,407)	(28,051)	410,746	561,313	0	(72,978)	(32,481)	488,153									
208	WATC	5.96%	14,038	0	(14,038)	(313)	0	14,038	0	(14,039)	(418)	0	40,909	0	(26,871)	(2,044)	14,038									
210	Westpac	6.27%	284,447	0	(40,254)	(16,495)	244,193	284,447	0	(40,254)	(17,221)	244,193	322,242	0	(37,795)	(19,680)	284,447									
216	WATC	4.42%	77,851	0	(24,850)	(2,866)	53,001	77,851	0	(24,850)	(3,098)	53,001	101,661	0	(23,810)	(4,137)	77,851					</				

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Pemberton Colocation Redevelopment	WATC	Principle/Int	20	2.43%	\$ 700,000	\$ 700,000	\$ (8,590)	\$ (700,000)	\$ 0	\$ 691,410
Stage 1 - Recreation/Community Amenities Upgrade	WATC	Principle/Int	20	2.43%	\$ 1,500,000	\$ 1,500,000	\$ (794,189)	\$ (1,500,000)	\$ 0	\$ 705,811
* WA Treasury Corporation					\$ 2,200,000	\$ 2,200,000	\$ (802,779)	\$ (2,200,000)	\$ 0	\$ 1,397,221

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		\$	\$	\$	\$
Communications Infrastructure - Glenoran	Various	16,297	0	0	16,297
CBD Solar Efficiency Project	2019/20	302,131	0	(14,605)	287,526
Archive Storage Facility	2019/20	140,000	0	(109,494)	30,506
Pemberton Colocation Redevelopment	2020/21	0	700,000	(8,590)	691,410
Stage 1 - Recreation/Community Amenities Upgrade	2020/21	0	1,500,000	(794,189)	705,811
* WA Treasury Corporation		458,428	2,200,000	(926,878)	1,731,550

(e) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	60,000	60,000
Credit card balance at balance date	(7,968)	(1,794)
Total amount of credit unused	52,032	58,206

Loan facilities

Loan facilities - current	648,198	555,139
Loan facilities - non-current	5,881,762	4,329,961
Lease liabilities - current	85,428	137,939
Lease liabilities - non-current	71,033	92,400
Total facilities in use at balance date	6,686,421	5,115,439

Unused loan facilities at balance date

	1,731,550	458,428
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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 28.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	762,788	746,929	1,509,717
Non-current provisions	0	541,346	541,346
	762,788	1,288,275	2,051,063
Additional provision	198,011	739,298	937,309
Amounts used	(122,493)	(672,798)	(795,291)
Balance at 30 June 2021	838,306	1,354,775	2,193,081
Comprises			
Current	838,306	889,145	1,727,451
Non-current	0	465,630	465,630
	838,306	1,354,775	2,193,081

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date
Expected reimbursements from other WA local governments

	2021	2020
	\$	\$
Less than 12 months after the reporting date	874,818	705,655
More than 12 months from reporting date	1,342,417	1,433,320
Expected reimbursements from other WA local governments	(24,153)	(87,912)
	2,193,081	2,051,063

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

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.

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

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.

19. OTHER PROVISIONS

	Workers compensation	Total
	\$	\$
Opening balance at 1 July 2020		
Current provisions	37,108	37,108
	<u>37,108</u>	<u>37,108</u>
Additional provision	4,344	4,344
Balance at 30 June 2021	<u>41,452</u>	<u>41,452</u>
Comprises		
Current	41,452	41,452
	<u>41,452</u>	<u>41,452</u>

Workers compensation

A provision is recognised when:

- there is a present obligation as a result of activities undertaken;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes 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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	14,964,766	10,548,993	11,291,550
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(2,047,853)	(667,564)	778,595
Non-cash flows in Net result:			
Depreciation on non-current assets	9,597,151	9,767,640	9,880,764
(Profit)/loss on sale of asset	(44,167)	88,306	(74,407)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(190,808)	283,648	(120,603)
(Increase)/decrease in other assets	(171,784)	1,137	(12,495)
(Increase)/decrease in inventories	(79,544)	7,724	24,470
(Increase)/decrease in contract assets	(493,963)	(1,085,713)	(40,999)
Increase/(decrease) in payables	290,479	0	10,529
Increase/(decrease) in employee provisions	142,018	(153,418)	234,691
Increase/(decrease) in other provisions	4,344	(183,474)	0
Increase/(decrease) in other liabilities	906,742	(483,164)	(3,602,042)
Non-operating grants, subsidies and contributions	(3,905,513)	(8,525,006)	(7,403,974)
Net cash from operating activities	4,007,102	(949,884)	(325,467)

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	4,851,225	4,815,002
Law, order, public safety	3,727,278	3,801,840
Health	78,312	86,747
Education and welfare	5,763,649	5,524,408
Housing	2,097,852	2,156,873
Community amenities	1,254,647	1,314,267
Recreation and culture	46,636,164	47,964,504
Transport	234,029,954	236,277,186
Economic services	2,072,007	2,137,622
Other property and services	9,064	14,014
Unallocated	18,249,375	13,810,352
	318,769,527	317,902,815

22. CONTINGENT LIABILITIES

Contaminated sites

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:

- Lot 778, Plan 189109 Manjimup WA 6258 (Starkies Pit - Remediated)
- 16 Wetherell St, Manjimup WA 6258 (Shire of Manjimup Depot)
- Lot 501 Ralston Road Ringbark (Manjimup Refuse Site)
- Lot 305 Ralston Road Ringbark (Closed Landfill Site)
- R24003 Pemberton-Northcliffe Rd, Yeagarup (Pemberton Transfer Station)
- R29991 Pemberton-Northcliffe Rd, Northcliffe (Northcliffe Transfer Station)
- R21092 South West Hwy, Walpole (Walpole Transfer Station)
- R38881 Windy Harbour Rd, Windy Harbour (Windy Harbour Refuse Site)
- Lease 1451/140, State Forest 38 Wheatley Coast Rd, Quinninup Closed Sanitary Site)
- Lease 1451/140, State Forest 38 Kurandra Rd, Middlesex (Closed Liquid Waste Facility)
- Lot 314, Plan 42635 Manjimup WA 6258

The Shire has undertaken full remediation of Lot 778, Plan 189109 Manjimup WA 6258 and the site is currently being monitored through regular ground water bore testing. For 16 Wetherell St, Manjimup WA 6258 (Depot), the Shire has set aside funding in the 2021/22 Annual Budget to investigate the level of contamination.

Until the Shire conducts an investigation on the remaining sites 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.

Litigation

A writ of summons dated 23 February 2021 has been issued to the Shire of Manjimup as the first defendant and another State government agency as the second defendant. The writ relates to a vehicle accident that occurred on Channybearup Road, Beedelup on the 9 March 2018. The Shire have lodged a claim to their insurer. A lawyer's firm have been appointed representing the insurer. The financial impact(if any) and any contingent liability cannot be determined at this time.

23. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	1,977,988	460,480
- plant & equipment purchases	0	0
	<u>1,977,988</u>	<u>460,480</u>

Payable:

- not later than one year	1,977,988	460,480
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The capital expenditure commitment of \$1,977,988 relates to tender RFT04-20 awarded for the construction of the Pemberton Community Colocation due for completion in June 2022.

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr Omodei			
President's annual allowance	39,366	39,366	39,366
Meeting attendance fees	23,007	23,007	23,007
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	8,019	1,636	4,977
	72,392	66,009	69,350
Elected member Cr Darin			
Deputy President's annual allowance	9,842	9,842	6,206
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	129	1,636	223
	31,019	32,526	27,477
Elected member Cr Winfield			
Deputy President's annual allowance	0	0	2,963
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	21,048	22,684	24,011
Elected member Cr Dawson Vidovich			
Meeting attendance fees	19,048	19,048	12,010
Annual allowance for ICT expenses	2,000	2,000	1,262
Travel and accommodation expenses	0	1,636	256
	21,048	22,684	13,528
Elected member Cr Eiby			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	1,889	1,636	1,335
	22,937	22,684	22,383
Elected member Cr Taylor			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	21,048	22,684	21,048
Elected member Cr Skoss			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	519
	21,048	22,684	21,567
Elected member Cr Tapley			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	6,947	1,637	6,414
	27,995	22,685	27,462
Elected member Cr Ventris			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,637	0
	21,048	22,685	21,048

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr Lawrence			
Meeting attendance fees	19,048	19,048	13,057
Annual allowance for ICT expenses	2,000	2,000	1,371
Travel and accommodation expenses	831	1,637	734
	21,879	22,685	15,162
Elected member Cr Jenkins			
Meeting attendance fees	19,048	19,048	19,048
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,637	0
	21,048	22,685	21,048
Elected member Ex Cr Herbert			
Meeting attendance fees	0	0	5,735
Annual allowance for ICT expenses	0	0	602
Travel and accommodation expenses	0	0	751
	0	0	7,088
Elected member Ex Cr Daubney			
Meeting attendance fees	0	0	5,735
Annual allowance for ICT expenses	0	0	602
	0	0	6,337
	302,510	302,695	297,509
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	39,366	39,366	39,366
Deputy President's allowance	9,842	9,842	9,169
Meeting attendance fees	213,487	213,487	211,928
Annual allowance for ICT expenses	22,000	22,000	21,837
Travel and accommodation expenses	17,815	18,000	15,209
	302,510	302,695	297,509

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,185,992	1,212,218
Post-employment benefits	120,107	127,849
Other long-term benefits	20,007	19,440
	1,326,106	1,359,507

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.

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2021	2020
	Actual	Actual
	\$	\$
Sale of goods and services	0	75
Purchase of goods and services	34,162	117,627

Related Parties

The Shire's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Other Related Parties*
An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.
- iii. Entities subject to significant influence by the Shire*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF MANJIMUP
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26. RATING INFORMATION

(a) Rates

Rates												
RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV	0.093479	2,540	45,877,762	4,288,607	15,414	3,168	4,307,189	4,288,608	0	0	4,288,608	4,284,139
Unimproved valuations												
UV	0.007264	1,346	525,661,000	3,818,559	509	(1,396)	3,817,672	3,818,564	0	0	3,818,564	3,817,879
CALM Lease Grazing	0.007264	2	49,000	356	0	0	356	356	0	0	356	254
CALM Lease Dam	0.007264	1	10,000	73	0	0	73	0	0	0	0	0
Sub-Total		3,889	571,597,762	8,107,595	15,923	1,772	8,125,290	8,107,528	0	0	8,107,528	8,102,272
Minimum payment	Minimum \$											
Gross rental valuations												
GRV	955	1,543	9,692,657	1,473,565	0	0	1,473,565	1,473,565	0	0	1,473,565	1,446,825
Unimproved valuations												
UV	955	219	18,158,104	209,145	0	0	209,145	209,145	0	0	209,145	213,920
CALM Lease Grazing	100	1	20,000	100	0	0	100	200	0	0	200	200
CALM Lease Dam	50	2	10,000	100	0	0	100	100	0	0	100	150
Sub-Total		1,765	27,880,761	1,682,910	0	0	1,682,910	1,683,010	0	0	1,683,010	1,661,095
		5,654	599,478,523	9,790,505	15,923	1,772	9,808,200	9,790,538	0	0	9,790,538	9,763,367
Discounts/concessions (Note 26(b))							(78,693)				(79,180)	(70,221)
Total amount raised from general rate							9,729,507				9,711,358	9,693,146

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

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26. RATING INFORMATION (Continued)

(b) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General Rates - Sports Clubs	Concession	0.00%	0	30,101	30,101	49,209
General Rates - Social Clubs	Concession	0.00%	0	19,155	19,155	10,505
General Rates - Disclaimed	Waiver	0.00%	0	10,505	10,505	2,170
General Rates - NFP	Waiver	0.00%	0	18,932	19,419	8,337
Total discounts/concessions (Note 26(a))				78,693	79,180	70,221
General Rates	Writeoff			475	0	284
				79,168	79,180	70,505

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates - Sports Clubs	Clubs with liquor licences applied for concession	Support community groups	Council never intended to raise full rates on sporting groups
General Rates - Social Clubs	Social clubs not exempt under legislation applied for concession	Support community groups	Council do not wish to raise rates on social groups
General Rates - Disclaimed	Owners legally gave up land title	Waive rates	No owner to recover rates from
General Rates - NFP	Housing sector group applied for waiver	Support NFP housing sector	Council wish to support these community groups

26. RATING INFORMATION (Continued)

c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	2/10/2020	0.00	0.00%	8.00%
Option Two				
First instalment	2/10/2020	8.60	4.00%	8.00%
Second instalment	7/12/2020	8.60	4.00%	8.00%
Third instalment	8/02/2021	8.60	4.00%	8.00%
Fourth instalment	12/04/2021	8.60	4.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	81,693	51,500	76,845
Interest on instalment plan	28,944	30,000	35,996
Charges on instalment plan	32,204	35,500	33,358
	142,841	117,000	146,199

27. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget (30 June 2021) Carried Forward)	2019/20 (30 June 2020) Carried Forward)
Note		\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	Less: Profit on asset disposals	11(a) (44,167)	(66,808)
	Less: Movement in liabilities associated with restricted cash	0	(88,073)
	Movement in pensioner deferred rates (non-current)	(1,739)	0
	Movement in employee benefit provisions (non-current)	(75,716)	221,182
	Movement in other provisions	0	10,000
	Add: Loss on disposal of assets	11(a) 0	155,114
	Add: Depreciation on non-current assets	11(c) 9,597,151	9,767,640
	Non cash amounts excluded from operating activities	9,475,529	10,087,128
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
	Less: Reserves - cash backed	4 (6,285,835)	(10,513,125)
	Less: Financial assets at amortised cost - self supporting loans	5(a) (17,581)	(16,905)
	Less: Current assets not expected to be received at end of year		
	- Assets WIP	0	(78,437)
	- Unexpended loan funds	(1,731,550)	(458,428)
	Add: Current liabilities not expected to be cleared at end of year		
	- Current portion of borrowings	17(a) 648,198	648,198
	- Current portion of lease liabilities	85,428	85,428
	- Employee benefit provisions	578,853	673,610
	Total adjustments to net current assets	(6,722,487)	(9,581,222)
Net current assets used in the Rate Setting Statement			
	Total current assets	17,655,779	13,365,417
	Less: Total current liabilities	(6,934,036)	(3,784,195)
	Less: Total adjustments to net current assets	(6,722,487)	(9,581,222)
	Net current assets used in the Rate Setting Statement	3,999,256	0

28. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire 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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	0.17%	14,964,766	0	14,962,016	2,750
2020					
Cash and cash equivalents	1.00%	11,291,550	0	11,290,746	804

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Impact of a 1% movement in interest rates on profit and loss and equity*

* Holding all other variables constant

	2021	2020
	\$	\$
	149,648	112,916

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Consideration has also been given to the Shire's ability collect rates on sale of properties so an assessment has been undertaken to ensure level of rates does not exceed estimated value of the rated property.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	15,564	598,224	444,784	225,040	1,283,612
Loss allowance	0	0	0	225,040	225,040
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	8,339	641,389	438,996	225,040	1,313,764
Loss allowance	0	0	0	225,040	225,040

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	50.00%	74.00%	
Gross carrying amount	399,922	16,872	3,151	36,354	456,299
Loss allowance	0	0	1,575	26,896	28,471
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	50.00%	32.00%	
Gross carrying amount	345,983	21,184	5,311	46,976	419,454
Loss allowance	0	0	2,656	15,107	17,763

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire 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 and disclosed in Note 17(e).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	1,929,052	0	0	1,929,052	1,929,052
Borrowings	888,864	2,903,596	4,325,942	8,118,402	6,529,960
Contract liabilities	2,502,455	0	0	2,502,455	2,502,455
Lease liabilities	85,428	71,033	0	156,461	156,461
	5,405,799	2,974,629	4,325,942	12,706,370	11,117,928
2020					
Payables	1,638,573	0	0	1,638,573	1,638,573
Borrowings	763,758	2,658,759	2,669,611	6,092,128	4,885,100
Contract liabilities	1,595,713	0	0	1,595,713	1,595,713
Lease liabilities	137,939	92,400	0	230,339	230,339
	4,135,983	2,751,159	2,669,611	9,556,753	8,349,725

29. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Public open space bond	39,650	0	0	39,650
	39,650	0	0	39,650

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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 original 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 end of the reporting period.

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31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	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.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.
HOUSING To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
COMMUNITY AMENITIES To provide services required by the community	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.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community	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.
TRANSPORT To provide safe, effective and efficient transport services to the community	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.
ECONOMIC SERVICES To help promote the local government and its economic wellbeing	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.
OTHER PROPERTY AND SERVICES To monitor and control operating accounts	Private works operation, plant repair and costs

32. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.91	1.22	1.43
Asset consumption ratio	0.53	0.55	0.55
Asset renewal funding ratio	0.63	0.67	0.73
Asset sustainability ratio	0.49	0.53	0.91
Debt service cover ratio	5.06	4.90	2.51
Operating surplus ratio	(0.36)	(0.44)	(0.49)
Own source revenue coverage ratio	0.55	0.50	0.53

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Manjimup

To the Councillors of the Shire of Manjimup

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Manjimup (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Manjimup:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire'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.

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my 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 my 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. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years and the Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 2 years. The financial ratios are reported in Note 32 of the annual financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Monthly reconciliations of fixed assets and payroll were not completed for the majority of the financial year. This increased the risk of misstatements, fraud and errors not being detected in a timely manner.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Manjimup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire'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.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
29 November 2021