

Shire of Manjimup

Annual Financial Report

for Period 2010/2011



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SHIRE OF MANJIMUP

FINANCIAL REPORT

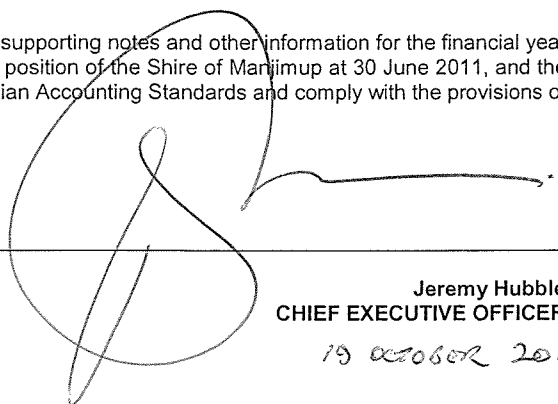
FOR THE YEAR ENDED 30TH JUNE 2011

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

Statement by Chief Executive Officer

The attached financial report of the Shire of Manjimup, being the annual financial report, supporting notes and other information for the financial year ended 30 June 2011, in my opinion, are properly drawn up to present fairly the financial position of the Shire of Manjimup at 30 June 2011, and the results of the operations for the financial year then ended, in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the



Jeremy Hubble
CHIEF EXECUTIVE OFFICER
19 October 2011

Statement of Comprehensive Income by Program

	Notes	2010/2011 ACTUAL \$	2010/2011 REV BUDGET \$	2009/2010 ACTUAL \$
REVENUE				
Governance		1,104,251	956,772	1,005,318
General Purpose Funding		8,399,420	7,891,570	8,137,975
Law, Order & Public Safety		563,537	703,496	950,981
Health		39,174	70,166	26,318
Education & Welfare		1,228,252	913,351	724,280
Housing		40,156	51,750	41,224
Community Amenities		1,630,924	1,664,759	1,842,780
Recreation & Culture		793,181	962,526	889,308
Transport		4,111,612	4,161,263	4,974,518
Economic Services		86,250	91,350	88,326
Other Property & Services		565,295	365,685	400,026
		18,562,051	17,832,688	19,081,053
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(1,915,481)	(1,798,311)	(1,799,808)
General Purpose Funding		(29,201)	(30,000)	(106,041)
Law, Order & Public Safety		(1,032,493)	(982,412)	(887,166)
Health		(248,370)	(317,950)	(318,045)
Education & Welfare		(892,634)	(986,371)	(708,212)
Housing		(1,961)	(2,000)	-
Community Amenities		(1,938,650)	(2,206,458)	(2,026,404)
Recreation & Culture		(3,602,018)	(3,572,750)	(3,410,954)
Transport		(8,916,257)	(8,966,653)	(8,486,088)
Economic Services		(1,653,943)	(1,283,007)	(1,544,471)
Other Property & Services		(431,079)	(92,086)	(54,255)
		(20,662,087)	(20,237,998)	(19,341,444)
FINANCE COSTS				
General Administration		(19,575)	(19,576)	(23,438)
Law, Order & Public Safety		(1,275)	(1,276)	(2,223)
Community Amenities		(30,814)	(30,813)	(32,968)
Recreation & Culture		(226,969)	(226,967)	(249,047)
Other Property & Services		(61,742)	(61,742)	(62,964)
		(340,375)	(340,374)	(370,639)
Net Result		(2,440,409)	(2,745,684)	(631,028)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	-	-	19,204,418
Total Other Comprehensive Income		-	-	19,204,418
TOTAL COMPREHENSIVE INCOME		(2,440,409)	(2,745,684)	18,573,390

Statement of Comprehensive Income by Nature and Type

		2010/2011 ACTUAL \$	2010/2011 REV BUDGET \$	2009/2010 ACTUAL \$
Revenues from Ordinary Activities	Notes			
Rates	15d	7,751,070	7,771,471	7,373,834
Operating Grants, Subsidies and Contributions		5,527,073	4,134,325	4,794,718
Fees & Charges	17	975,292	1,122,090	1,104,266
Service Charges		-	-	-
Interest Earnings	24	321,957	307,012	278,152
Other Revenue		806,851	613,919	777,301
		15,382,242	13,948,817	14,328,270
Expenses from Ordinary Activities				
Employee Costs		(6,862,777)	(7,175,149)	(6,566,258)
Materials & Contracts		(3,936,935)	(3,945,672)	(3,912,606)
Utilities		(558,006)	(544,035)	(535,568)
Depreciation on Non-Current Assets	25	(8,291,300)	(7,783,837)	(8,096,481)
Interest Expenses		(340,375)	(340,374)	(370,640)
Insurance Expenses		(429,327)	(434,497)	(416,547)
Other Expenditure		(548,401)	(324,658)	215,409
		(20,967,120)	(20,548,222)	(19,682,691)
sub-total		(5,584,878)	(6,599,405)	(5,354,421)
Non Operating Grants, Subsidies and Contributions		3,169,776	3,768,734	4,664,394
Profit on Asset Disposal	13	10,034	115,137	88,392
Loss of Asset Disposal	13	(35,340)	(30,150)	(29,391)
		3,144,470	3,853,721	4,723,395
Net Result		(2,440,409)	(2,745,684)	(631,028)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	-	-	19,204,418
Total Other Comprehensive Income		-	-	19,204,418
TOTAL COMPREHENSIVE INCOME		(2,440,409)	(2,745,684)	18,573,390

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2011

	Notes	2010/2011 Actual \$	2010/2011 Rev Budget \$	2009/2010 Actual \$
Operating Revenue				
General Purpose Funding		2,027,937	1,514,711	1,005,318
Governance		1,104,251	956,772	2,183,588
Law, Order & Public Safety		563,537	703,496	950,981
Health		39,174	70,166	26,318
Education & Welfare		1,228,252	913,351	724,280
Housing		40,156	51,750	41,224
Community Amenities		1,630,924	1,664,759	1,842,780
Recreation & Culture		793,181	962,526	889,308
Transport		4,111,612	4,161,263	4,974,518
Economic Services		86,250	91,350	88,326
Other Property & Services		565,295	365,685	400,026
		12,190,569	11,455,829	13,126,667
Operating Expenditure				
General Purpose Funding		(29,201)	(30,000)	(106,041)
Governance		(1,935,056)	(1,817,887)	(1,823,246)
Law, Order & Public Safety		(1,033,768)	(983,688)	(889,389)
Health		(248,370)	(317,950)	(318,045)
Education & Welfare		(892,634)	(986,371)	(708,212)
Housing		(1,961)	(2,000)	-
Community Amenities		(1,969,464)	(2,237,271)	(2,059,372)
Recreation & Culture		(3,828,987)	(3,799,717)	(3,660,001)
Transport		(8,916,257)	(8,966,653)	(8,486,088)
Economic Services		(1,653,943)	(1,283,007)	(1,544,471)
Other Property & Services		(492,821)	(153,828)	(117,219)
		(21,002,462)	(20,578,372)	(19,712,084)
Net Operating Result Excluding Rates		(8,811,893)	(9,122,543)	(6,585,417)
Adjustments for Cash Budget Requirements				
<i>Non-Cash Expenditure & Income</i>				
Net Profit on Sale of Assets	13	25,306	(84,986)	(59,001)
Deprecation on Assets	25	8,291,300	7,783,837	8,096,481
Leave Provisions to Reserves		77,885	144,668	49,350
Other		7,784	10,000	5,912
Net Non-Cash Expenditure and Revenue		8,402,275	7,853,519	8,092,742
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(432,233)	(1,001,414)	(1,382,873)
Purchase Infrastructure Assets		(2,694,503)	(4,008,821)	(5,192,308)
Purchase Plant & Machinery		(428,413)	(1,229,982)	(1,499,294)
Purchase Motor Vehicles		(362,506)	(316,697)	(250,738)
Purchase Furniture & Equipment		(150,505)	(226,067)	(284,737)
Proceeds from Disposal of Assets	13	182,828	424,282	302,322
Repayment of Loan Principal	23g	(489,386)	(489,386)	(483,198)
Proceeds from New Debentures	23g	-	-	-
Self-supporting Loan Principal Income	23c	19,478	19,478	18,270
Unexpended Loan Funds Brought Forward	23f	73,853	129,608	693,599
Transfers to Reserves	12e	(2,371,672)	(1,071,978)	(3,927,773)
Transfers from Reserves	12e	1,486,097	2,330,118	2,751,024
Restricted Cash		-	-	1,640,800
Net Cash from Investing Activities		(5,166,962)	(5,440,859)	(7,614,907)
Estimated Surplus/(Deficit) July 1 B/Fwd		333,029	333,029	530,122
Estimated (Surplus)/Deficit June 30 C/Fwd		(1,127,934)	-	(376,928)
AMOUNT REQUIRED TO BE RAISED FROM RATES	15d	(6,371,483)	(6,376,859)	(5,954,387)

Statement of Financial Position	Notes	ACTUAL 2010/2011 \$	ACTUAL 2009/2010 \$
Current Assets			
Cash and cash equivalents	2	5,490,966	3,257,754
Trade and other receivables	3a	814,991	1,206,304
Inventories	4	169,615	151,885
Other assets	5,6	50,152	114,749
Tax Assets	7	10,883	-
Total Current Assets		6,536,607	4,730,692
Non-Current Assets			
Other receivables	3b	150,332	146,986
Property, plant & equipment	8	34,314,649	36,143,530
Infrastructure	9	223,817,865	226,420,258
Total Non-Current Assets		258,282,846	262,710,774
TOTAL ASSETS		264,819,453	267,441,466
Current Liabilities			
Trade and other payables	10a	1,004,365	784,417
Provisions	10b	993,981	896,439
Current Portion of Long Term Borrowings	11a	428,312	489,386
Total Current Liabilities		2,426,658	2,170,243
Non-Current Liabilities			
Long term borrowings	11b	4,697,105	5,125,417
Provisions	10c	295,077	304,786
Total Non-Current Liabilities		4,992,182	5,430,203
TOTAL LIABILITIES		7,418,840	7,600,445
NET ASSETS		257,400,615	259,841,022
Equity			
Accumulated losses		(12,324,653)	(8,998,668)
Reserves - Cash Backed	2,12	4,210,119	3,324,543
Reserves - Asset Revaluation	12c	265,515,149	265,515,149
TOTAL EQUITY		257,400,615	259,841,023

Statement of Changes in Equity	Notes	Accumulated Losses \$	Reserves Cash Backed \$	Asset Revaluation Reserves \$	Total Equity \$
Balance as at 1 July 2009		(7,190,891)	2,147,794	246,310,731	241,267,634
Net Result		(631,028)	-	-	(631,028)
Total Other Comprehensive Income	12c	-	-	19,204,418	19,204,418
Transfers from/(to) Reserves	12e	(1,176,749)	1,176,749	-	-
Balance as at 30 June 2010		(8,998,668)	3,324,543	265,515,149	259,841,023
Net Result		(2,440,409)	-	-	(2,440,409)
Total Other Comprehensive Income	12c	-	-	-	-
Transfers from/(to) Reserves	12e	(885,576)	885,576	-	-
Balance as at 30 June 2011		(12,324,653)	4,210,119	265,515,149	257,400,614

Statement of Cash Flows	Notes	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		7,704,658	7,324,424
Grants & Subsidies		5,406,798	4,762,614
Fees & Charges		977,619	1,140,774
Interest Earnings		322,704	278,776
Other Revenue		787,094	808,520
		15,198,873	14,315,108
Payments			
Employee Costs		(6,744,573)	(5,761,326)
Materials & Contracts		(3,911,052)	(3,915,542)
Utilities		(576,786)	(534,153)
Interest Expenses		(347,592)	(377,690)
Insurance Expenses		(429,328)	(416,548)
Other Expenditure		(552,261)	(534,084)
		(12,561,592)	(11,539,343)
Net Cash Provided by Operating Activities		2,637,283	2,775,766
Cash Flows from Investing Activities			
Purchase of Buildings		(299,810)	(717,960)
Purchase Infrastructure Assets		(2,659,800)	(5,712,621)
Purchase Plant & Equipment		(774,228)	(1,765,617)
Purchase Furniture & Equipment		(148,968)	(419,568)
Purchase Tools		-	(798)
Purchase Land		(10,683)	(499,836)
Grants and Contributions for the Development of Assets		3,780,258	4,177,435
Bonds and deposits		(3,758)	2,056
Proceeds from Sale of Plant & Equipment		182,828	302,322
Net Cash provided by (used in) Investing Activities		65,839	(4,634,588)
Cash Flows from Financing Activities			
Proceeds from Self Supporting Loans		19,478	18,270
Repayment of Debentures	23g	(489,386)	(483,198)
Net Cash used in Financing Activities		(469,908)	(464,928)
Net Increase / (Decrease) in Cash Held		2,233,214	(2,323,750)
Cash at Beginning of year		3,257,754	5,581,505
Cash and Cash Equivalents at End of the Year	2	5,490,966	3,257,754
NET MOVEMENT OF CASH HELD		2,233,214	(2,323,750)

Statement of Cash Flows	Notes	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
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a) *Reconciliation of Cash*

For the purpose of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

Cash does not include any Trust Accounts	2	5,490,966	3,257,754
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b) *Reconciliation of Net Cash Provided by Operating Activities to Net Result*

Net Result	2,440,409	631,028
Depreciation	(8,291,300)	(8,096,481)
Net profit-Loss on disposal of assets	(25,306)	59,001
Movement in rate debtors	46,412	49,409
Movement in sundry debtors	(416,242)	437,589
Movement in inventory	17,730	32,234
Movement in prepayments	(3,352)	(18,127)
Movement in accrued income	(61,245)	46,580
Movement in income in advance	3,960	(33,460)
Movement in employee hours bank	(9,001)	71,737
Movement in grants in advance	-	-
Movement in trade creditors	80,688	(14,817)
Movement in accrued expenses	(73,970)	36,095
Movement in accrued salary & wages	(51,617)	(33,909)
Movement in accrued employee deductions	(1,580)	-
Movement in provision for PAYG	7,489	(21,426)
Movement in accrued interest expense	7,217	7,050
Movement in provision for leave	(80,050)	(94,039)
Movement provision for doubtful debts	(7,784)	(5,912)
Movement in GST	-	(5,754)
Capital Grants	3,762,209	4,211,847
Capital Community Contributions	18,049	(34,412)
Net Cash from Operating Activities	(2,637,283)	(2,775,766)

1. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

a) **Basis of Preparation**

The financial statements are general purpose financial report which has been prepared in accordance Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

b) **The Local Government Reporting Entity**

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

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

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

c) **Goods & Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

d) **Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short term borrowings in current liabilities on the Statement of Financial Position.

e) **Trade and Other Receivables**

Trade receivables, which generally have 30- 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

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

(f) **Inventories**

General

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

Inventories held from trading are classified as current even if not expected to be realized in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income as at the time of signing a binding contract of sale.

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

g) **Fixed Assets**

Initial Recognition

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

Revaluation

Certain assets may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefit of the asset.

Those assets carried at revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

Land Under Roads

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation percentages are:

Land	0%	Roads	2.5%
Buildings	4%	Footpaths	2%
Plant and Equipment	5% - 40%	Drainage	1.25%
Light Vehicles	15%	Bridges	1.67%
Furniture and Equipment	13% - 27%	Other Infrastructure	4 - 5%

i) Investments and Other Financial Assets

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

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

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

j) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. The Shire of Manjimup has no assessed impairment loss to the 30th June 2011.

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

(i) Buildings

Buildings are recognised at their fair value.

The last independent assessment of fair value was undertaken in May 2009.

Buildings acquired after this date have been recognised at cost.

(ii) Plant and equipment

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

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

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

(iii) Furniture and equipment

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

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

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

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

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

(iv) Tools

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

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

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

(v) Land

Land is recognised at fair value.

The last independent assessment of fair value was undertaken in May 2010. Land acquired after this date has been recognised at cost.

(vi) Infrastructure

Infrastructure has been recognised at fair value.

Infrastructure Assets were revalued in 2009/2010. In the 2006/2007 financial year Council's ROMAN's data base was reviewed by an external consultant in conjunction with Council's Technical Services and the resulting revaluation posted through the accounts. In 2009/2010 a further refinement of Council's ROMAN's data base was carried out by Council's Technical Services department and the appropriate adjustments made.

k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Employee Entitlements

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount that the Municipality has a present obligation to pay resulting from employees' services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expected to pay and includes related on-costs.

(ii) Long Service Leave (Long Term Benefits)

The liability for long service leave is recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit cost method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(iii) Superannuation & Workers Compensation

Council currently accrues superannuation at 9% and workers compensation at 3% of the total provision for Long Service Leave.

m) Provisions

Provisions are recognised when: The Council has a legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

n) Current and Non-Current Classification

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

o) Interest bearing loans and borrowings

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

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

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

Borrowing Costs

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

p) Leases

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

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

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

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

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

q) Rates, Grants, Donations and Other Contributions

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

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

r) Superannuation Fund

Normal

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

Occupational

The Municipality contributes to the Occupational Superannuation fund managed by National Mutual and currently contributes at the rate of 9%, in accordance with the Superannuation Guarantee Legislation. Provision has been made in this budget for contributions for all employees over the minimum threshold.

s) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quote market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments to trade receivables and payables are assumed approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

t) Rounding off Figures

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

u) Comparative Information

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

v) Budget Comparative Figures

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 & Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(v)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii)	AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	1 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(viii)	AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix)	AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

1. Significant Accounting Policies (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(xi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2009 – 5
AASB 2009 – 8
AASB 2009 – 10
AASB 2009 – 13
AASB 2010 – 1
AASB 2010 – 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
2. CASH AND CASH EQUIVALENTS		
Cash at Bank	1,280,186	(67,450)
Cash at Bank - Restricted	-	-
Cash Floats / Tills	662	662
Reserve Funds (Note 12 (a))	4,210,119	3,324,543
	5,490,966	3,257,754
The following restrictions have been imposed by regulations or other externally imposed requirements.		
Reserve Funds	4,210,119	3,324,543
Loan Funds Carried Forward (Note 23(f))	55,755	129,607
	4,265,873	3,454,151
3. TRADE AND OTHER RECEIVABLES		
a) <u>Current</u>		
Rate Debtors	304,941	276,504
Self-Supporting Loan Debtors	15,969	19,478
Sundry Debtors	494,081	910,322
	814,991	1,206,304
b) <u>Non-Current</u>		
Rate Debtors	103,483	85,508
Bonds- Housing	1,880	540
Sporting Bodies - Loans	44,969	60,939
	150,332	146,986
4. INVENTORIES		
Bitumen Products	1,161	1,366
Fuel (valued at cost)	28,241	14,377
Other - Guide Posts etc	132,072	130,518
Manjimup Aqua Centre	8,142	5,624
	169,615	151,885
5. PREPAYMENTS		
Materials & Contracts	17,556	8,828
Subscriptions	3,549	12,312
Software		3,317
	21,105	24,457
6. ACCRUED INCOME		
Interest on Self-Supporting Loans	446	747
Accrued Income Debtors	28,601	89,545
	29,047	90,292
7. TAX ASSETS		
<u>Current</u>		
Goods & Services Tax	10,883	-
	10,883	-

	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
8. PROPERTY, PLANT & EQUIPMENT		
a) Assets classified by Function/Activity		
General Administration	2,615,743	2,722,024
Law, Order & Public Safety	2,572,418	2,554,037
Health	69,221	152,468
Welfare	1,524,506	1,489,062
Housing	827,034	866,234
Community Amenities	1,708,105	1,784,072
Recreation & Culture	24,896,768	25,886,885
Transport	223,341,855	226,574,559
Economic Services	569,683	525,201
Other Property & Services	7,181	9,246
	258,132,513	262,563,788
b) Assets classified by Type		
Land & Buildings (At Fair Value)	47,002,622	46,734,576
less Accumulated Depreciation	(17,834,531)	(16,168,501)
	29,168,091	30,566,075
Plant & Equipment (At Cost)	10,183,202	9,721,561
less Accumulated Depreciation	(5,580,408)	(4,663,908)
	4,602,794	5,057,653
Furniture & Equipment (At Cost)	1,758,307	1,653,460
less Accumulated Depreciation	(1,214,544)	(1,133,658)
	543,763	519,802
SUB TOTAL Property, Plant & Equipment	34,314,648	36,143,530
Infrastructure Assets (At Fair Value)	375,153,486	372,293,640
less Accumulated Depreciation	(151,335,621)	(145,873,382)
	223,817,865	226,420,258
NET BOOK VALUE	258,132,514	262,563,788

Movements in Carrying Amounts

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

	Land & Buildings	Furniture & Equipment	Plant & Equipment	Leased Plant & Equipment	Total
Balance at the beginning of the year	30,566,075	519,802	5,057,653	-	36,143,530
Reclassification	(63,636)	-	-	-	(63,636)
Additions	332,898	148,970	791,299	-	1,273,167
Disposals	-	(5,412)	(202,722)	-	(208,134)
Revaluation increments/(decrements)	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(1,667,248)	(119,596)	(1,043,436)	-	(2,830,280)
Carrying amount at the end of year	29,168,091	543,763	4,602,794	-	34,314,648

9. <u>INFRASTRUCTURE</u>	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
Roads - management valuation	319,458,232	317,363,379
Less Accumulated Depreciation	(131,353,183)	(126,853,164)
	188,105,049	190,510,215
Footpaths - management valuation	2,706,985	2,513,405
Less Accumulated Depreciation	(1,489,706)	(1,439,495)
	1,217,279	1,073,910
Drainage - management valuation	18,393,755	18,393,755
Less Accumulated Depreciation	(6,984,310)	(6,754,388)
	11,409,445	11,639,366
Bridges - management valuation	25,264,444	25,264,444
Less Accumulated Depreciation	(7,813,764)	(7,391,848)
	17,450,680	17,872,596
Refuse Sites & Waste Transfer Stations - cost	381,619	380,381
Less Accumulated Depreciation	(123,480)	(114,070)
	258,139	266,313
Carparks - cost	742,348	742,348
Less Accumulated Depreciation	(301,976)	(284,575)
	440,372	457,773
Cemeteries - cost	229,287	226,181
Less Accumulated Depreciation	(113,072)	(105,781)
	116,215	120,399
Airfield & Runways - cost	2,163,523	1,851,123
Less Accumulated Depreciation	(1,144,618)	(1,067,268)
	1,018,906	783,856
Parks & Ovals - cost	5,813,293	5,558,624
Less Accumulated Depreciation	(2,011,512)	(1,862,793)
	3,801,781	3,695,830
	223,817,865	226,420,258

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Bridges	Others	Total
Balance at the beginning of the year	190,510,215	1,073,910	11,639,366	17,872,596	5,324,171	226,420,258
Reclassification	-	-	-	-	63,635	63,635
Additions	2,094,853	193,580	-	-	506,559	2,794,991
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(4,500,019)	(50,211)	(229,922)	(421,916)	(258,952)	(5,461,020)
Carrying amount at the end of year	188,105,049	1,217,279	11,409,445	17,450,680	5,635,413	223,817,865

10. TRADE AND OTHER PAYABLES

	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
a) <u>Creditors - Current</u>		
Creditors	89,657	159,462
Accrued Employee deductions	87,079	92,988
Accrued Expenses	424,074	175,434
Accrued Interest on Loans	57,166	64,383
Accrued Salaries and Wages	196,154	144,537
Bonds & Deposits	5,481	7,899
Income in Advance	-	3,960
Funding Payable (Note 29)	22,819	22,819
Hours Bank	92,435	83,434
Unearned Revenue	29,500	29,500
	<u>1,004,365</u>	<u>784,417</u>
Provisions		
b) <u>Provisions - Current</u>		
Provision for Annual Leave	403,546	422,238
Provision for Long Service Leave	420,055	339,524
Provision for Workers Compensation	22,990	21,439
Provision for Superannuation	61,918	56,956
Provision for Doubtful Debts	17,152	12,434
Provision for Rates Debtors	24,858	21,792
Provision for Salary Sacrifice Retirement	43,463	22,056
	<u>993,981</u>	<u>896,439</u>
Creditors & Provisions - Current	<u>1,998,346</u>	<u>1,680,856</u>
c) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	295,077	304,786
	<u>295,077</u>	<u>304,786</u>

11. Borrowings

a) <u>Current</u>		
Council Loans	412,343	469,908
Self-Supporting Loans	15,969	19,478
	<u>428,312</u>	<u>489,386</u>
b) <u>Non-Current</u>		
Council Loans	4,652,136	5,064,478
Self-Supporting Loans	44,969	60,939
	<u>4,697,105</u>	<u>5,125,417</u>
TOTAL Borrowings	<u>5,125,417</u>	<u>5,614,802</u>

Additional detail on borrowings is provided in Note 23.

12. RESERVES - CASH BACKED

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

(a) Reserve Account Revenue/Expenses:

<u>ACCOUNT TITLE</u>	Budget 2010/2011 \$	Actual 2010/2011 \$	Actual 2009/2010 \$
<u>Airfield Construction & Maintenance Reserve</u>			
To be applied upon recommendations from the Airfield Committee.			
Opening Balance	14,651	14,651	17,288
Interest Earned	350	297	438
Transfer to Reserve	25,000	787	-
Transfer from Reserve	(40,000)	(15,734)	(3,075)
Closing Balance	<u>-</u>	<u>-</u>	<u>14,651</u>

<u>ACCOUNT TITLE</u>	<u>Budget</u> 2010/2011	<u>Actual</u> 2010/2011	<u>Actual</u> 2009/2010
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$

AquaCentre Building Reserve

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

Opening Balance	40,000	40,000	30,000
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	10,000
Transfer from Reserve	-	(50,000)	-
Closing Balance	50,000	-	40,000

AquaCentre Plant Reserve

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

Opening Balance	35,117	35,117	30,000
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	10,000
Transfer from Reserve	-	-	(4,883)
Closing Balance	45,117	45,117	35,117

Arts and Culture Reserve

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

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

Bridge Reserve

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

Opening Balance	215,085	215,085	175,085
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	40,000
Transfer from Reserve	-	-	-
Closing Balance	235,085	235,085	215,085

Building Asset Management Reserve

For the construction, maintenance, replacement or substantial repair of buildings and associated infrastructure owned by the Shire of Manjimup.

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

Centenary Celebration Reserve

Funding to meet Council determined expenditure for celebrations for Shire of Manjimup 2008 and town of Manjimup 2010.

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

<u>ACCOUNT TITLE</u>	Budget 2010/2011	Actual 2010/2011	Actual 2009/2010
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$

Community Bus Reserve

Monies not used during the year, set aside for future maintenance on the bus.

Opening Balance	27,321	27,321	17,321
Interest Earned	-	-	-
Transfer to Reserve	-	-	10,000
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>27,321</u>	<u>27,321</u>	<u>27,321</u>

Construction & Resource Research Reserve

Monies set aside to assist in resourcing materials for construction.

Opening Balance	376,314	376,314	409,968
Interest Earned	-	-	-
Transfer to Reserve	70,000	5,805	70,641
Transfer from Reserve	(28,400)	(50,209)	(104,294)
<i>Closing Balance</i>	<u>417,915</u>	<u>331,910</u>	<u>376,314</u>

Future Car park Reserve - Manjimup

Funding from developer contributions to be applied for specific car parking works in close proximity.

Opening Balance	22,990	22,990	26,600
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	(11,390)	(8,428)	(3,610)
<i>Closing Balance</i>	<u>16,600</u>	<u>14,563</u>	<u>22,990</u>

Future Car park Reserve - Northcliffe

Funding from developer contributions to be applied for specific car parking works in close proximity.

Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>

Future Car park Reserve - Pemberton

Funding from developer contributions to be applied for specific car parking works in close proximity.

Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>

Future Car park Reserve - Walpole

Funding from developer contributions to be applied for specific car parking works in close proximity.

Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>

Grants in Advance Reserve

To set aside Grants and Contributions paid in advance of the funded projects completion

Opening Balance	1,174,864	1,174,864	-
Interest Earned	-	-	-
Transfer to Reserve	-	1,346,897	2,590,380
Transfer from Reserve	(1,140,015)	(1,112,961)	(1,415,516)
<i>Closing Balance</i>	<u>34,849</u>	<u>1,408,800</u>	<u>1,174,864</u>

<u>ACCOUNT TITLE</u>	<u>Budget 2010/2011</u>	<u>Actual 2010/2011</u>	<u>Actual 2009/2010</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>HACC Annual & Long Service Leave Reserve</u>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	58,437	58,619	55,476
Interest Earned	2,214	2,376	1,380
Transfer to Reserve	9,655	7,481	5,919
Transfer from Reserve	-	(7,773)	(4,156)
Closing Balance	70,307	60,704	58,619
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	145,777	146,425	31,322
Interest Earned	5,019	2,545	957
Transfer to Reserve	24,730	227,923	119,143
Transfer from Reserve	(29,511)	(39,950)	(4,997)
Closing Balance	146,014	336,943	146,425
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	20,421	20,421	15,421
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(15,000)	(19,931)	-
Closing Balance	10,421	5,490	20,421
<u>Land Resumption Reserve</u>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	68,942	68,942	48,942
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	20,000
Transfer from Reserve	(20,000)	(5,263)	-
Closing Balance	58,942	73,679	68,942
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	3,332	3,332	6,551
Interest Earned	117	43	205
Transfer to Reserve	-	4,931	4,538
Transfer from Reserve	-	(5,824)	(7,963)
Closing Balance	3,448	2,482	3,332
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	134,024	130,915	372,512
Interest Earned	-	-	-
Transfer to Reserve	742,500	506,259	640,166
Transfer from Reserve	(799,000)	(86,517)	(881,764)
Closing Balance	77,524	550,656	130,915
<u>Reseal Reserve</u>			
For the funding of future road reseals, asphalt overlays and associated preparatory works.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Road Grant & Latent Conditions Reserve</u>			
For co-funding, over expenditure in Road Grants due to fluctuations and bad weather conditions			
Opening Balance	65,573	65,573	65,573
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	65,573	65,573	65,573

<u>ACCOUNT TITLE</u>	<u>Budget</u> 2010/2011 \$	<u>Actual</u> 2010/2011 \$	<u>Actual</u> 2009/2010 \$
<u>RESERVES - CASH BACKED Cont...</u>			
<u>Self Insurance Fund</u>			
Funding to meet costs of excess and/or insurance claims which may be below the excess level.			
Opening Balance	3,830	3,830	-
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	(15,000)	(18,830)	(11,170)
<i>Closing Balance</i>	<i>3,830</i>	<i>-</i>	<i>3,830</i>
<u>Staff Annual & Long Serve Leave Reserve</u>			
Funding for employee entitlements for Annual and Long Service Leave.			
Opening Balance	665,964	665,964	665,964
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<i>665,964</i>	<i>665,964</i>	<i>665,964</i>
<u>Strategic Asset Development Reserve</u>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	42,050	42,050	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<i>42,050</i>	<i>42,050</i>	<i>-</i>
<u>Telecommunications Reserve</u>			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	24,000	24,000	16,500
Interest Earned	-	-	-
Transfer to Reserve	7,500	7,500	7,500
Transfer from Reserve	-	(10,079)	-
<i>Closing Balance</i>	<i>31,500</i>	<i>21,421</i>	<i>24,000</i>
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	135,255	113,469	156,599
Interest Earned	-	-	-
Transfer to Reserve	50,000	70,442	247,177
Transfer from Reserve	(74,611)	(21,277)	(290,307)
<i>Closing Balance</i>	<i>110,644</i>	<i>162,634</i>	<i>113,469</i>
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	116,712	116,712	6,672
Interest Earned	-	-	-
Transfer to Reserve	42,057	42,057	129,330
Transfer from Reserve	(154,034)	(33,323)	(19,290)
<i>Closing Balance</i>	<i>4,734</i>	<i>125,445</i>	<i>116,711</i>
<u>Workers Compensation Premium Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	34,280	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<i>-</i>	<i>34,280</i>	<i>-</i>
<u>TOTAL RESERVES - CASH BACKED</u>	<u>2,117,838</u>	<u>4,210,119</u>	<u>3,324,543</u>

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2010/2011 financial year.

(c) RESERVES - ASSET REVALUATION

During the year infrastructure assets were revalued to the "fair valuation basis" in accordance with Accounting Standard AASB116. Infrastructure was revalued in accordance with revised ROMANS determinations following an external review in June 2007, a further review was carried out by Council's Technical Services department with some anomalies from the external review rectified. Buildings were independently valued in May 2009 and Land May 2010, these values were used for fair value replacement and current fair value.

	2010/2011 ACTUAL \$	2009/2010 ACTUAL \$
Land		
Opening Balance	3,976,176	1,849,561
Revaluation increment 30/6/11		2,126,615
Revaluation increment 30/6/10	0	0
	3,976,176	3,976,176
Buildings		
Opening Balance	24,781,490	24,781,490
Revaluation increment 30/6/11	0	0
Revaluation increment 30/6/10	0	0
	24,781,490	24,781,490
Infrastructure		
Opening Balance	236,757,484	219,679,681
Revaluation increment 30/6/11	0	0
Revaluation increment 30/6/10		17,077,803
	236,757,484	236,757,484
TOTAL		
Opening Balance	265,515,149	246,310,731
Total Revaluation increment 30/6/11	0	0
Total Revaluation increment 30/6/10	0	19,204,418
	265,515,149	265,515,149

d) When Council anticipates to Utilise Funds held in Reserve

Ongoing Reserves - fund utilisation determined yearly at budget deliberations.

e) Transfers to and from Reserve Accounts

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

	2010/2011 Budget \$	2010/2011 Actual \$	2009/2010 Actual \$
Transfers to Reserve Accounts (including interest)	1,096,191	2,371,672	3,927,774
Transfers from Reserve Accounts	(2,326,961)	(1,486,097)	(2,751,024)
Net Transfers to/(from) Reserve Accounts	(1,230,769)	885,576	1,176,749

13. DISPOSAL OF ASSETS

In accordance with Regulation 36, the following is disclosed.

Asset Description & Reference	Net Book Value \$	Budget \$	Sale Price \$	Budget \$	(Profit)/Loss \$	Budget \$
Furniture & Equipment	5,412	-	1,023	-	4,389	-
Motor Vehicles	-	-	-	-	-	-
Profit on Sale	11,252	23,671	13,319	24,546	(2,067)	(875)
Loss on Sale	139,499	164,005	112,033	139,236	27,466	24,769
	156,163	187,676	126,374	163,782	29,789	23,894
Plant & Equipment	51,971	123,675	56,454	235,500	(4,483)	(111,825)
Infrastructure	-	-	-	-	-	-
Buildings	-	27,946	-	25,000	-	2,946
Land	-	-	-	-	-	-
TOTAL	208,134	339,297	182,828	424,282	25,306	(84,986)

Assets transferred from Department to
Department creating an internal financial
transaction. Asset remains in Council control.

	-	-	-	-	-	-
TOTAL	208,134	339,297	182,828	424,282	25,306	(84,986)

14. TRUST FUND INFORMATION

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

Class Purpose	2009/2010 C/Fwd \$	2010/2011 Received \$	2010/2011 Paid \$	2010/2011 C/Fwd \$
<u>General</u>				
Building Bonds (Cat 3)	22,500	14,100	15,600	21,000
Development Bonds (Cat 5)	92,747	18,288	86,739	24,296
Hall Hire Bonds (Cat 6)	220	8,220	7,745	695
Kerb Bonds (Cat 7)	32,056	2,500	6,515	28,041
Miscellaneous Bonds (Cat 8)	57,463	453	2,277	55,639
Seven Day Rd Bond (Cat 9)	496	-	-	496
Southern Forests Tourism Group Bond (Cat 10)	2,887	3,987	2,984	3,890
	208,369	47,548	121,860	134,058

15. RATING INFORMATION

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

a) Objects of and Reasons for each Differential Rate

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

b) Specified Area Rates

There were no proposals to raise any Specified Area Rates for the financial year ending 30 June 2011.

c)

Statement of Rating Information - Rate Yield - 2010/2011 Budget

	Rateable Value \$	Rate in \$	Rate Yield \$	No.	Minimum Yield \$	TOTAL \$
General Rate - GRV						
Residential	30,449,034	8.1930	3,493,405	1,874	1,229,344	4,722,749
Adjust for Minimums	12,189,870		(998,716)			(998,716)
Adjust for Concessions	-		-	3		(40,355)
General Rate - UV						
Rural	594,971,000	0.4197	2,627,841	299	196,144	2,823,989
Adjust for Minimums	31,152,635		(130,752)			(130,752)
CALM Dam	800	0.4197	-	2	100	100
Adjust for Minimums	-		-			-
CALM Grazing	3,220	0.4197		5	500	500
Adjust for Waivers						(656)
	668,766,559		4,991,777	2,183	1,426,088	6,376,859
Ex-Gratia/Non-Rateable						
Interim Rates 10/11	-		-	-	-	-
	-		-	-	-	-
TOTAL RATES LEVIED	668,766,559		4,991,777	2,183	1,426,088	6,376,859

d)

General Purpose Income

	2010/2011 BUDGET \$	2010/2011 ACTUAL \$	Valuations \$	2009/2010 ACTUAL \$
RATES				
General Rate				
GRV Rate in \$0.08193	2,494,689	2,494,689	30,449,034	2,343,131
UV Rate in \$0.004197	2,497,093	2,497,090	594,971,000	2,323,427
CALM Leases Rate in \$0.004197	-	-	-	528
Phased GRV				
Minimum Rate				
GRV @ \$656	1,229,344	1,228,689	12,189,870	1,118,040
UV @ \$656	196,144	196,144	31,152,635	186,648
CALM Leases @ \$50	100	100	800	350
CALM Leases @ \$100	500	500	3,220	400
Phased GRV				
Interim Rate				
GRV Rate in \$0.08193	-	7,653	306,345	21,443
UV Rate in \$0.004197	-	2,870	(1,457,083)	(2,716)
TOTAL RATES LEVIED	6,417,870	6,427,735	667,615,821	5,991,251
Discounts Allowed	-	0		-
Waived Rates	(1,537)	(1,537)		(616)
Adjustments GRV	-	(1,751)		
Adjustments UV	-	(11,688)		
Concessions Phase In	-	-		-
Concessions Sporting Clubs	(39,474)	(41,276)		(36,248)
Sub Total NET RATES	6,376,859	6,371,483		5,954,387
Ex-Gratia Rates				
Rubbish Rates & Charges				
Waste Collection Fees	1,297,899	1,282,930		1,325,988
Other Rate Charges				
Windy Harbour Lease Fees	96,713	96,657		93,459
NET RATES	7,771,471	7,751,070	-	7,373,834
Late Payment Penalties	32,000	59,744		43,629
Instalment Interest	24,000	24,153		24,088
Rates Written Off	-	-		23,009
TOTAL NET RATES	7,827,471	7,834,966	-	7,464,560

GENERAL PURPOSE INCOME

Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off)	6,432,859	6,455,380	6,022,103
Administration Fees	23,000	23,994	22,196
Property Information Fees	32,000	16,313	27,283
General Purpose Grant			
General Grants (Untied)	1,403,711	1,903,734	2,066,396
Other General Purpose Income			
Interest on Investments			
TOTAL GENERAL PURPOSE INCOME	7,891,570	8,399,420	8,137,977

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2011.

17. **FEES & CHARGES**

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

Function/Activity	Rev Budget 2010/2011 \$	Actual 2010/2011 \$	Actual 2009/2010 \$
Governance/General Administration	59,535	46,120	52,811
Law, Order & Public Safety	22,580	19,432	20,538
Health	26,500	35,859	22,640
Welfare	70,180	55,100	76,796
Housing	51,750	40,156	41,224
Community Amenities	312,500	300,761	335,608
Recreation & Culture	482,105	400,932	467,099
Transport	14,090	1,614	2,827
Economic Services	82,850	75,319	84,723
Other Property & Services	-	-	-
TOTAL	1,122,090	975,292	1,104,266

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

18. **DISCOUNT OR INCENTIVE FOR EARLY PAYMENT OF RATES**

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

(a) **Discount**

The 2010/2011 budget did not provide a discount for early payment of rates.

Item	Budget 2010/2011 \$	Actual 2010/2011 \$	Actual 2009/2010 \$
Early Payment Discount	0	0	0

(b) **Waiver or Concession**

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

Item	Budget 2010/2011 \$	Actual 2010/2011 \$	Actual 2009/2010 \$
Penalty Interest	0	0	0
Rates - Rubbish	0	0	0
Hire Fees	0	0	0
Concessions - Sporting Groups	39,474	41,276	36,864
TOTAL	39,474	41,276	36,864

(c) **Incentive**

Council, through external sponsorship, offers incentive prizes to all eligible ratepayers who make payment of rates in full by the due date. The cost to Council of such incentives was NIL.

Incentive Prize	Value
AquaCentre Family 6 Month Pass	\$ 436
City & Regional Fuels Voucher	\$ 300
Overnight Accommodation Goodearth Hotel Perth	\$ 280
2 x 2 tickets to WA Symphony Orchestra concert	\$ 150

Incentive prize winners were determined by random selection from among eligible ratepayers, via a computer program.

19. LATE PAYMENT INTEREST

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

(a) Interest on Rates

During the financial year, interest applied to late payment of rates, including rubbish rates and waste disposal rates. Such interest rate was set at 11%, and applied to general and rubbish rates. Interest is applied 35 days from the date of issue of notice.

Item	Budget 2010/2011 \$	Actual 2010/2011 \$	Actual 2009/2010 \$
Interest on Rates	32,000	59,768	43,629
TOTAL Interest on Rates	32,000	59,768	43,629

(b) Interest on Other Monies

Interest under Section 6.13 Local Government Act 1995 was not applied to any other class of debtor for the 2010/2011 financial year. There was no amount budgeted for 2010/2011.

(c) Instalment Option - Rates

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

First Instalment	24 September 2010
Second Instalment	30 November 2010
Third Instalment	31 January 2011
Fourth & Final Instalment	31 March 2011

(d) Interest Rate for Instalments

The rate of interest applicable to payments by instalments pursuant to Section 6.45(3) Local Government Act 1995 is 5.5%, to be applied to the second, third and fourth instalments.

Item	Budget 2010/2011	Actual 2010/2011	Actual 2009/2010
Interest on Instalments	24,000	24,153	24,088
TOTAL Interest for Instalments	24,000	24,153	24,088

(e) Administration Charge for Instalment Option

An administration charge was applied at the rate of \$17.00 per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Budget 2010/2011	Actual 2010/2011	Actual 2009/2010
Administration Charge on Instalments	23,000	23,994	22,196
TOTAL Charges for Instalments	23,000	23,994	22,196

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

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

Nature of Fee, Expense or Allowance	Budget 2010/2011	Actual 2010/2011	Actual 2009/2010
Attendance Fees – Shire President	7,000	7,000	7,000
Attendance Fees – Councillors	35,000	35,000	32,760
Local Government Allowance – President & Deputy	20,955	20,955	24,902
Travelling/Accommodation Allowance	15,000	14,794	20,863
Telecommunications Allowance	13,200	13,200	14,758
TOTAL	91,155	90,949	100,283

21. **TRADING UNDERTAKINGS**

In accordance with Regulation 45, the Shire of Manjimup did not enter into any Trading Undertakings for the year ended 30 June 2011.

22. **MAJOR LAND UNDERTAKINGS**

In accordance with Regulations 46 and 47, the Shire of Manjimup did not enter into any Major Land Undertakings for the year ended 30 June 2011.

23. **BORROWINGS**

The following information is disclosed in accordance with Regulation 48.

(a) **Overdraft Borrowings**

No amount of overdraft is brought forward from 2009/2010, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2011.

Mortgage over Council Income

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

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

There were no loans that required re-financing in the 2010/2011 Financial Year.

(c) **Self Supporting Loans**

The following repayments were made from sources other than rates.

Loan #	Balance 30 June 2010	New Borrowings	Interest 30 June 2011	Principal 30 June 2011	Annual Liability 30 June 2011	Balance 30 June 2011	Interest Accrual 30 June 2011
	\$	\$	\$	\$	\$	\$	\$
170	52,565	-	3,415	6,126	9,541	46,438	233
197	14,401	-	746	4,537	5,283	9,864	94
211	13,451	-	777	8,814	9,591	4,636	119
TOTAL	80,416	-	4,938	19,478	24,416	60,939	446

(d) **Existing Borrowings - Other Purpose**

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

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

Purpose of Loan Borrowing	Budget 2010/2011	Actual 2010/2011	Financier	Nature of Loan	Repayment Term	Interest Rate
No new borrowings in 2010/2011	\$0	\$0				
TOTAL	\$0	\$0				

Purpose	Year Borrowed	B/Forward 1 July 2010	New Borrowings 2010/2011	Expended 2010/2011	C/Forward 30 June 2011
Townscape – Northcliffe	2003/04	8,529	0	9	8,520
2 way Glenoran	2005/06	944	0	0	944
Repeater upgrade Mt Burnside	2005/06	10,000	0	0	10,000
Manjimup Waste Site Development	2008/09	0	0	0	0
Depot Building Extension	2008/09	81,135	0	66,172	14,963
Walpole Aged Accommodation	2008/09	20,000	0	0	20,000
Walpole Town Hall Access	2008/09	9,000	0	7,673	1,327
Walpole Sea Search & Rescue	2008/09	0	0	0	0
TOTAL		129,608	0	73,853	55,755

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2010, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2011

Loan Interest and Capital Repayments 2010/2011 (Budget)

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-10	Loans negotiated	Total interest 30-Jun-11	Reduction of principal to 30-Jun-11	Total repayments to 30-Jun-11	Principal liability outstanding 30-Jun-11
SHIRE LOANS											
165A	WATC	\$267,396	10	Roads	5.78%	\$50,431		\$2,443	\$33,139	\$35,582	17,292
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$121,949		\$7,922	\$14,213	\$22,135	107,736
173	WATC	\$200,000	20	Roads	6.92%	\$107,504		\$7,246	\$11,369	\$18,615	96,135
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$36,093		\$2,398	\$6,269	\$8,667	29,825
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$31,141		\$1,848	\$4,437	\$6,285	26,704
190	COMM	\$491,250	4	Various Buildings	5.68%	\$62,396		\$2,670	\$62,396	\$65,066	0
191	WATC	\$65,000	10	Reserve Improvements	6.30%	\$16,407		\$910	\$7,949	\$8,860	8,458
192	WATC	\$403,126	10	Various Buildings	6.30%	\$101,757		\$5,646	\$49,301	\$54,947	52,456
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$40,892		\$2,297	\$15,612	\$17,909	25,280
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$225,187		\$14,163	\$24,194	\$38,357	200,992
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$377,800		\$24,456	\$20,301	\$44,757	357,498
198	WATC	\$135,000	15	Westrail	5.85%	\$86,173		\$4,915	\$8,727	\$13,642	77,446
199	WATC	\$16,168	7	Northcliffe Library fitout	6.12%	\$2,748		\$127	\$2,748	\$2,874	0
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$43,913		\$2,595	\$9,985	\$12,580	33,928
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$28,348		\$1,790	\$2,411	\$4,201	25,938
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$254,913		\$16,383	\$11,624	\$28,007	243,289
204	WATC	\$66,200	10	Telecommunications, Northcliffe Oval reticulation	6.06%	\$38,004		\$2,241	\$6,721	\$8,962	31,283
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$95,141		\$5,817	\$7,136	\$12,953	88,005
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$910,468		\$54,164	\$39,032	\$93,196	871,436
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$1,056,006		\$63,259	\$42,942	\$106,201	1,013,065
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$223,287		\$13,243	\$15,839	\$29,082	207,448
209	WATC	\$126,250	10	Quinnup toilets, Council a/con, 2 way radio Glenoran, NICC car park	5.86%	\$78,314		\$4,482	\$12,453	\$16,935	65,861
210	WESTP	\$650,000	20	Swimming pool	6.27%	\$575,457		\$35,753	\$21,722	\$57,475	553,735
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$186,960		\$12,958	\$18,122	\$31,080	168,838
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$344,251		\$23,266	\$9,349	\$32,615	334,902
214	WATC	\$450,000	20	Depot Building exten, WP T/Hall , WP Aged Accom, WP SS&R Shed	6.74%	\$438,846		\$29,660	\$11,918	\$41,578	426,929
Total Shire Loans						\$5,534,388	\$0	\$342,653	\$469,908	\$812,561	5,064,478
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$52,565		\$3,415	\$6,126	\$9,541	46,438
197	WATC	\$40,000	10	Tigers Football Club	5.62%	\$14,401		\$746	\$4,537	\$5,283	9,864
211	COMM	\$40,000	5	Walpole Country Club	6.88%	\$13,451		\$777	\$8,814	\$9,591	4,636
Total Self Supporting Loans (Clubs)						\$80,416	\$0	\$4,938	\$19,478	\$24,416	60,939
Total all loans						\$5,614,804	\$0	\$347,591	\$489,386	\$836,977	5,125,417

Loan Interest and Capital Repayments to 30th June 2011

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-10	Loans negotiated	Total interest 30-Jun-11	Reduction of principal to 30-Jun-11	Total repayments to 30-Jun-11	Principal liability outstanding 30-Jun-11
SHIRE LOANS											
165A	WATC	\$267,396	10	Roads	5.78%	\$50,431		\$2,443	\$33,139	\$35,582	17,292
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$121,949		\$7,922	\$14,213	\$22,135	107,736
173	WATC	\$200,000	20	Roads	6.92%	\$107,504		\$7,246	\$11,369	\$18,615	96,135
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$36,093		\$2,398	\$6,269	\$8,667	29,825
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$31,141		\$1,848	\$4,437	\$6,285	26,704
190	COMM	\$491,250	4	Various Buildings	5.68%	\$62,396		\$2,670	\$62,396	\$65,066	0
191	WATC	\$65,000	10	Reserve Improvements	6.30%	\$16,407		\$910	\$7,949	\$8,860	8,458
192	WATC	\$403,126	10	Various Buildings	6.30%	\$101,757		\$5,646	\$49,301	\$54,947	52,456
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$40,892		\$2,297	\$15,612	\$17,909	25,280
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$225,187		\$14,163	\$24,194	\$38,357	200,992
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$377,800		\$24,456	\$20,301	\$44,757	357,498
198	WATC	\$135,000	15	Westrail	5.85%	\$86,173		\$4,915	\$8,727	\$13,642	77,446
199	WATC	\$16,168	7	Northcliffe Library fitout	6.12%	\$2,748		\$127	\$2,748	\$2,874	0
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$43,913		\$2,595	\$9,985	\$12,580	33,928
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$28,348		\$1,790	\$2,411	\$4,201	25,938
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Total Shire Loans						\$5,534,388	\$0	\$342,653	\$469,908	\$812,561	5,064,478
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211	COMM	\$40,000	5	Walpole Country Club	6.88%	\$13,451		\$777	\$8,814	\$9,591	4,636
Total Self Supporting Loans (Clubs)						\$80,416	\$0	\$4,938	\$19,478	\$24,416	60,939
Total all loans						\$5,614,804	\$0	\$347,591	\$489,386	\$836,977	5,125,417

24. INVESTMENTS

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

	2010/2011 Budget \$	2010/2011 Actual \$	2009/2010 Actual \$
<u>Reserve</u>			
Airfield Reserve	350	297	438
AquaCentre Building Reserve	-	-	-
AquaCentre Plant Reserve	-	-	-
Bridge Reserve	-	-	-
Centenary Celebration Reserve	-	-	-
Community Bus Reserve	-	-	-
Construction Resource Reserve	-	-	-
Future Carpark Reserve	-	-	-
HACC LSL & AL Reserve	2,063	2,376	1,380
HACC Asset Replacement Reserve	1,144	2,545	957
Heritage Reserve	-	-	-
Land Resumption	-	-	-
Northcliffe Town Hall Reserve	117	43	205
Plant & Equipment Reserve	-	-	-
Self Insurance Fund	-	-	-
Staff LSL & AL Reserve	-	-	-
Strategic Development Reserve	-	-	-
Waste Management Reserve	-	-	-
Windy Harbour Infrastructure Reserve	-	-	-
Windy Harbour Water Supply Reserve	-	-	-
Heritage Reserve	-	-	-
	3,674	5,260	2,980
<u>Municipal</u>			
General Purpose Interest	137,558	102,612	101,932
Reserve Interest to Operational	100,683	125,908	100,300
TOTAL Investment Interest	238,241	228,519	202,232
Self-Supporting Loan Interest	4,938	4,638	5,866
Interest on Instalments/Penalties	56,000	83,896	67,717
Interest on HACC	7,833	4,904	2,337
	68,771	93,437	75,920
TOTAL Interest Earnings	307,012	321,957	278,152

25. DEPRECIATION OF NON-CURRENT ASSETS

	2010/2011 Actual \$	2009/2010 Actual \$
a) Depreciation classified by Function/Activity		
General Administration	155,030	158,358
Law, Order & Public Safety	317,755	295,852
Health	10,110	24,285
Welfare	102,812	82,888
Housing	39,200	39,328
Community Amenities	100,350	80,993
Recreation & Culture	1,558,130	1,527,472
Transport	5,968,136	5,842,857
Economic Services	37,710	39,620
Other Property & Services	2,066	4,829
	8,291,300	8,096,481
b) Depreciation classified by Type		
Furniture & Equipment	119,596	109,796
Infrastructure Assets	5,461,020	5,363,252
Land	-	-
Buildings	1,667,248	1,665,770
Plant & Equipment	1,043,167	957,190
Tools	268	472
	8,291,300	8,096,481

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

Current Assets minus Restricted Assets	2,270,733
Current Liabilities minus Liabilities associated with Restricted Assets	1,699,990
2010/2011 Ratio	1.34
2009/2010 Ratio	0.88
2008/2009 Ratio	2.18
2007/2008 Ratio	1.39
2006/2007 Ratio	1.57
2005/2006 Ratio	1.16

b) **Debt Ratio**

Total Liabilities	7,418,840
Total Assets	264,819,452
2010/2011 Ratio	0.03
2009/2010 Ratio	0.03
2008/2009 Ratio	0.03
2007/2008 Ratio	0.04
2006/2007 Ratio	0.03
2005/2006 Ratio	0.04

c) **Debt Service Ratio**

Debt Service Cost	836,977
Available Operating Revenue	15,411,753
2010/2011 Ratio	0.05
2009/2010 Ratio	0.06
2008/2009 Ratio	0.07
2007/2008 Ratio	0.08
2006/2007 Ratio	0.08
2005/2006 Ratio	0.07

d) **Rate Coverage Ratio**

Net Rate Revenue	6,455,380
Operating Revenue	18,562,051
2010/2011 Ratio	0.35
2009/2010 Ratio	0.32
2008/2009 Ratio	0.29
2007/2008 Ratio	0.36
2006/2007 Ratio	0.29
2005/2006 Ratio	0.32

e) **Outstanding Rates Ratio**

Rates Outstanding	408,424
Rates Collectable	6,841,380
2010/2011 Ratio	0.06
2009/2010 Ratio	0.05
2008/2009 Ratio	0.04
2007/2008 Ratio	0.04
2006/2007 Ratio	0.04
2005/2006 Ratio	0.04

f) **Gross Debt to Revenue Ratio**

All Borrowings - Utilised Overdrafts	5,125,417
Total Revenue less Specific Purpose Grants	15,411,753
2010/2011 Ratio	0.33
2009/2010 Ratio	0.36
2008/2009 Ratio	0.52
2007/2008 Ratio	0.51
2006/2007 Ratio	0.53
2005/2006 Ratio	0.64

g) **Untied Cash to Trade Creditors Ratio**

Untied Cash	1,256,149
Unpaid Trade Creditors	89,657

2010/2011 Ratio	14.01
2009/2010 Ratio	0.00
2008/2009 Ratio	12.56
2007/2008 Ratio	4.43
2006/2007 Ratio	0.39
2005/2006 Ratio	3.41

h) **Gross Debt to Economically Realisable Ratio**

All Borrowings - Utilised Overdrafts	5,125,417
Total Assets less Infrastructure Assets	41,001,587

2010/2011 Ratio	0.13
2009/2010 Ratio	0.14
2008/2009 Ratio	0.15
2007/2008 Ratio	0.21
2006/2007 Ratio	0.22
2005/2006 Ratio	0.22

27. **Contingencies**

There have been no Contingent Liabilities indentified or provided for at the 30th June 2011

During the 2010/2011 financial year issues arose and costs were incurred for the repair of the Manjimup AquaCentre roof. The costs were paid for by the Shire of Manjimup but warranty exists with the supplier, this warranty is in dispute and legal action may be required to recover the costs incurred to the 30th of June 2011, and costs associated with the total roof replacement set down in the 2011/2012 adopted budget. No contingent Asset is provided for at the 30th June 2011

28. **Disclosure of Annual Salaries**

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

Salary Range	2010/2011 Actual #	2009/2010 Actual #
\$100,000 - \$109,999	2	1
\$110,000 - \$119,999	0	0
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	0	1
\$140,000 and above	1	0

29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/10	Received 2010/11	Expended 2010/11	Closing Balance 30/6/11
<i>Funds Held in Grants In Advance Reserve</i>		\$			\$
Windy Harbour Survey - DLI	Recreation	2,033	-	2,033	-
Australian Youth Orchestra	Recreation	955	-	-	955
Seniors Strategic Plan - Active Aging - Dept Local Gov & Regional Development	Welfare	788	-	-	788
* Donnelly River Slide - Department Industry & Resources	Recreation	22,819	-	-	22,819
SWDC - Heritage Trails	Recreation	8,795	-	8,795	-
Disability Access & Inclusion Plan - WA Local Gov Ass	Welfare	1,224	-	-	1,224
Office of Crime Prevention - Barrier Busters	Welfare	455	-	455	-
Office of Crime Prevention - Indigenous Partnerships	Welfare	845	-	845	-
SWDC - Heritage Trails	Recreation	2,000	-	2,000	-
Australia Council - We Live Here	Recreation	192	-	192	-
Water Corporation - Quinninup Walk Trail	Recreation	6,500	-	1,719	4,781
SWDC - Pemberton Main Street	Transport	54,787	-	54,787	-
DPI Bikewest - Bike Safety Program	Transport	52	-	52	-
Northcliffe Youth Voice	Welfare	2,493	-	2,493	-
RCLIP Funding - Various Projects	Recreation	49,550	-	49,550	-
Royalties for Regions - Various Projects	Recreation	137,628	-	137,628	-
DCD - Top up funding	Welfare	6,540	-	340	6,200
Community Safety & Crime Prevention - Admin	Welfare	845	-	845	-
Community Safety Fund - Safer Community (Security)	Recreation	25,000	-	25,000	-
DCD - excess operational 09/10	Welfare	10,538	-	-	10,538
Dept of Communities - Holiday Program	Recreation	1,052	-	-	1,052
Dept of Communities - Walpole Library	Recreation	894	-	894	-
DSR - Community Grant Scheme	Recreation	2,926	-	2,926	-
FESA - BFB Operating Grant	Law & Order	598	-	-	598
FESA Aware Funding	Law & Order	1,054	-	1,054	-
General Purpose Operating Grant (10/11 1st Quarterly Payment)	Goverance	778,972	-	778,972	-
Main Roads WA - Contribution Pemberton Main St	Transport	7,384	-	7,384	-
Regional Investment Plan - Waste	Community Amenities	35,767	-	-	35,767
Royalties for Regions - Capital Plans	Goverance	35,000	-	35,000	-
Dept of Local Gvoernment - CLGF LTFF	Goverance	-	25,000	-	25,000
Dry Season Assistance	Law & Order	-	20,000	19,455	545
Department of Health - Healthy Communities	Welfare	-	137,565	-	137,565
Office of Crime Prevention - CCTV	Law & Order	-	24,300	-	24,300
Office of Crime Prevention - Urban Arts	Recreation	-	20,000	757	19,243
Bunbury Catholic Diocese - Dance WS	Recreation	-	500	-	500
Office of Crime Prevention - Youth Activity Prog	Welfare	-	20,000	-	20,000
Department of Communities - Youth Outreach	Welfare	-	16,481	5,154	11,327
Healthways - Bardi Art	Welfare	-	8,000	1,884	6,116
Disability Services Commision	Welfare	-	27,445	-	27,445
Lotterywest - Timber Park	Recreation	-	35,000	31,822	3,178
Royalties for Regions - Rnd 2	Various	-	952,231	143,756	808,475
Roads to Recovery	Transport	-	612,541	501,992	110,549
Financial Assistance Grants - Special Bridge	Transport	-	140,000	-	140,000
DEC - Environmental Grant	Community Amenities	-	30,000	17,346	12,654
		1,197,684	2,069,063	1,835,129	1,431,620
Less Grants in Advance Held as a liability in Statement of Financial Position (*)					
Donnelly River Slide - Department Industry & Resources		22,819	-	-	22,819
Total of Grants in Advance Reserve		1,174,864	2,069,063	1,835,129	1,408,800

The above itemises grants and contributions recognised as income, however the grant or contribution has certain conditions associated with its use, such as the related assets shall be expended in a particular manner or used over a particular period. The carried forward balances at 30 June 2011 are those grants and contributions where the conditions were undischarged in part or in full as at that date. The above funds are shown as cash backed reserves in Note 12.

30. **MAJOR CAPITAL COMMITMENTS**

	Rev Budget 2010/2011	Actuals 2010/2011	Outstanding 30 June 11	Completion Date
	\$	\$	\$	
Capital Project				
Pemberton Main Street Project (3 year project)	421,584	374,765	46,819	2011/12
Channybearup Rd reconstruct to Vasse Hwy	300,000	9,338	290,662	2011/12
Windy Harbour Rd reconstruct	300,000	279,022	20,978	2011/12
Manjimup Airfield reseal/lighting	295,574	312,399	0	
	<u>1,317,158</u>	<u>975,524</u>	<u>358,459</u>	

31. **LEASING COMMITMENTS**

	2010/2011 Actual	2009/2010 Actual
	\$	\$
(a) Finance Lease Commitments		
Nil	-	-
	<u>-</u>	<u>-</u>
(b) Operating Lease Commitments		
Non-cancellable leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	82,664	43,241
- later than one year but not later than five years	142,299	60,502
- later than five years	-	-
	<u>224,963</u>	<u>103,743</u>

32. **EMPLOYEE NUMBERS**

	2010/2011 Actual	2009/2010 Actual
	#	#
The number of full-time equivalent Employees at balance date	103	103

33. **ECONOMIC DEPENDENCY**

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

34. **FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,490,966	3,257,754	5,490,966	3,257,754
Receivables	964,929	1,353,290	922,919	1,319,064
	<u>6,455,895</u>	<u>4,611,044</u>	<u>6,413,885</u>	<u>4,576,818</u>
Financial Liabilities				
Payables	1,004,365	784,417	1,046,375	818,642
Borrowings	5,125,417	5,614,802	5,125,417	5,614,802
	<u>6,129,782</u>	<u>6,399,219</u>	<u>6,171,791</u>	<u>6,433,445</u>

Fair value is determined as follows:

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	30-Jun-11	30-Jun-10
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	54,909	32,578
- Statement of Comprehensive Income	54,909	32,578

Notes:

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

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

(b) Receivables

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

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

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

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

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

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

	30-Jun-11	30-Jun-10
Percentage of Rates and Annual Charges		
- Current	75.20%	73.41%
- Overdue	24.80%	26.59%
Percentage of Other Receivables		
- Current	73.23%	85.99%
- Overdue	26.77%	14.01%

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

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligation as and when they fall over due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2011					
Payables	1,004,365	0	0	1,004,365	1,004,365
Borrowings	746,450	3,091,577	3,155,606	6,993,633	5,125,417
	<u>1,750,815</u>	<u>3,091,577</u>	<u>3,155,606</u>	<u>7,997,998</u>	<u>6,129,782</u>
2010					
Payables	784,417	0	0	784,417	784,417
Borrowings	836,119	3,253,732	3,739,901	7,829,752	5,614,804
	<u>1,620,536</u>	<u>3,253,732</u>	<u>3,739,901</u>	<u>8,614,169</u>	<u>6,399,221</u>

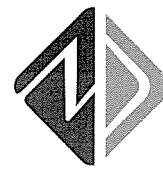
Borrowings are also subject to interest rate risk – the risk that movements in interest rates could be adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of the negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2011								
Borrowings								
Fixed Rate								
Debentures	82,841	35,145	33,928	61,107	92,544	4,819,852	5,125,417	6.27%
Weighted Average Effective Interest Rate	6.21%	6.21%	6.20%	6.20%	6.28%	6.27%		
Year Ended 30 June 2010								
Borrowings								
Fixed Rate								
Debentures	126,728	275,393	74,274	53,301	44,336	5,040,772	5,614,804	6.27%
Weighted Average Effective Interest Rate	6.21%	6.21%	6.20%	6.20%	6.28%	6.27%		

(d) Interest Rate Risk

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



AMD
CHARTERED ACCOUNTANTS

PARTNERS

Clifton M Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA
Shaun G O'Callaghan CA	Dean Rob CA
Peter Manolas CPA (Master of Taxation Law)	

ASSOCIATES

Maria Cavallo CA	Steven Cluning CA
Shane Kaurin CPA	

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of the Shire of Manjimup, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

The Council of the Shire of Manjimup is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Local Government Act 1995, and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluation the overall presentation of the financial report.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the Shire of Manjimup's financial position, the results of its operations, its changes in equity and its cash flows.



**Chartered
Accountants**

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Independence

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

Opinion

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

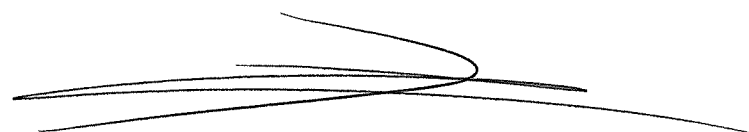
- i. gives a true and fair view of the Shire of Manjimup's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011; and
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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

- i. There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Manjimup.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit with exception of the following:
 - Council adopted the 2010 Compliance Audit Return on the 24 March 2011; however the Compliance Audit Return was not submitted to the Department by 31 March 2011 as required by section 15(1) of the Local Government (Audit) Regulations 1996.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE

Partner

Bunbury, Western Australia

Dated this 20th day of October 2011