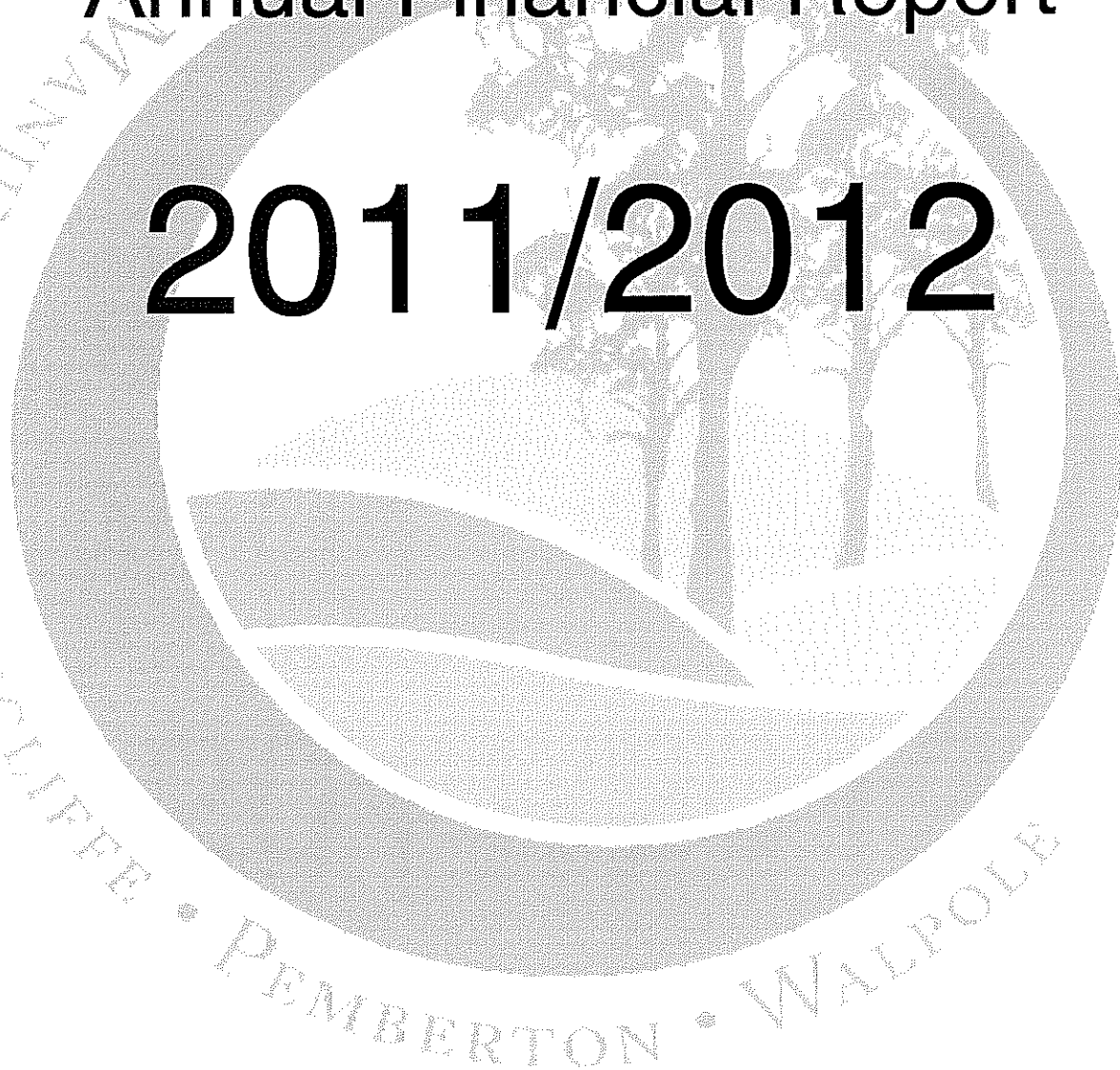


Shire of Manjimup

Annual Financial Report

2011/2012



SHIRE OF
MANJIMUP

Table of Contents

	Page No
Statement by Chief Executive Officer	3
Statement of Comprehensive Income by Program	4
Statement of Comprehensive Income by Nature and Type	5
Rate Setting Statement (Function/Activity)	6
Statement of Financial Position	7
Statement of Changes in Equity	7
Statement of Cash Flows	8 - 9
Notes to and Forming Part of the Financial Report	10 - 42
Independent Audit Report	43 - 44

SHIRE OF MANJIMUP

FINANCIAL REPORT

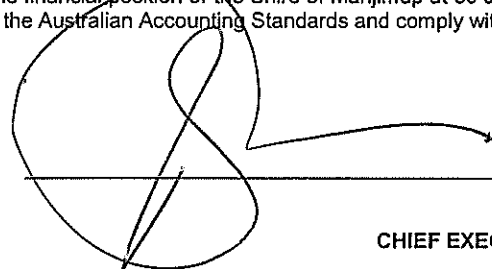
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012, in my opinion, are properly drawn up to present fairly the financial position of the Shire of Manjimup at 30 June 2012, 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 *26 October 2012*



Jeremy Hubble
CHIEF EXECUTIVE OFFICER

Statement of Comprehensive Income by Program

	Notes	2011/2012 ACTUAL \$	2011/2012 REV BUDGET \$	2010/2011 ACTUAL \$
REVENUE				
Governance		1,267,367	1,174,400	1,104,251
General Purpose Funding		9,393,056	8,323,564	8,399,420
Law, Order & Public Safety		745,074	1,428,421	563,537
Health		88,479	77,589	39,174
Education & Welfare		3,380,506	2,712,102	1,228,252
Housing		43,956	47,110	40,156
Community Amenities		1,922,211	1,988,729	1,630,924
Recreation & Culture		916,540	1,375,887	793,181
Transport		10,112,397	3,983,415	4,111,612
Economic Services		7,057,000	93,870	86,250
Other Property & Services		1,066,240	553,552	565,295
		35,992,828	21,758,639	18,562,051
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(2,099,653)	(2,210,732)	(1,915,481)
General Purpose Funding		(27,280)	(30,000)	(29,201)
Law, Order & Public Safety		(1,234,247)	(1,220,945)	(1,032,493)
Health		(244,787)	(253,643)	(248,370)
Education & Welfare		(1,236,214)	(2,946,803)	(892,634)
Housing		(675)	(2,000)	(1,961)
Community Amenities		(2,468,162)	(2,544,500)	(1,938,650)
Recreation & Culture		(3,818,039)	(4,131,432)	(3,602,018)
Transport		(8,927,831)	(9,079,703)	(8,916,257)
Economic Services		(1,602,362)	(1,597,109)	(1,653,943)
Other Property & Services		(876,297)	(91,889)	(431,079)
		(22,535,546)	(24,108,756)	(20,662,087)
FINANCE COSTS				
General Administration		(16,593)	(16,593)	(19,575)
Law, Order & Public Safety		(343)	(344)	(1,275)
Community Amenities		(29,216)	(28,736)	(30,814)
Recreation & Culture		(212,794)	(212,794)	(226,969)
Other Property & Services		(53,479)	(53,479)	(61,742)
		(312,425)	(311,946)	(340,374)
Net Result		13,144,857	(2,662,063)	(2,440,409)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	90,336,998	-	-
Total Other Comprehensive Income		90,336,998	-	-
TOTAL COMPREHENSIVE INCOME		103,481,855	(2,662,063)	(2,440,409)

Statement of Comprehensive Income by Nature and Type

		2011/2012 ACTUAL \$	2011/2012 REV BUDGET \$	2010/2011 ACTUAL \$
Revenues from Ordinary Activities	Notes			
Rates	15e	6,870,927	6,852,021	6,468,140
Operating Grants, Subsidies and Contributions		16,545,072	6,589,794	5,527,073
Fees & Charges	17	2,287,420	2,384,115	2,258,222
Service Charges		-	-	-
Interest Earnings	24	409,304	323,103	321,957
Other Revenue		866,534	863,214	806,851
		26,979,258	17,012,249	15,382,242
Expenses from Ordinary Activities				
Employee Costs		(7,694,799)	(7,632,487)	(6,862,777)
Materials & Contracts		(4,585,160)	(6,254,417)	(3,936,935)
Utilities		(631,143)	(552,342)	(558,006)
Depreciation on Non-Current Assets	25	(8,409,674)	(8,563,438)	(8,291,300)
Interest Expenses		(312,425)	(311,946)	(340,374)
Insurance Expenses		(477,143)	(473,731)	(429,327)
Other Expenditure		(734,735)	(621,919)	(548,401)
		(22,845,079)	(24,410,280)	(20,967,120)
sub-total		4,134,179	(7,398,031)	(5,584,878)
Non Operating Grants, Subsidies and Contributions		8,842,904	4,475,212	3,169,776
Profit on Asset Disposal	13	170,666	271,176	10,034
Loss of Asset Disposal	13	(2,892)	(10,422)	(35,340)
		9,010,678	4,735,967	3,144,470
Net Result		13,144,857	(2,662,063)	(2,440,409)
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	90,336,998	-	-
Total Other Comprehensive Income		90,336,998	-	-
TOTAL COMPREHENSIVE INCOME		103,481,855	(2,662,063)	(2,440,409)

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2012

	Notes	2011/2012 Actual \$	2011/2012 Rev Budget \$	2010/2011 Actual \$
Operating Revenue				
General Purpose Funding		2,621,670	1,571,534	2,027,937
Governance		1,267,367	1,174,400	1,104,251
Law, Order & Public Safety		745,074	1,428,421	563,537
Health		88,479	77,589	39,174
Education & Welfare		3,380,506	2,712,102	1,228,252
Housing		43,956	47,110	40,156
Community Amenities		1,922,211	1,988,729	1,630,924
Recreation & Culture		916,540	1,375,887	793,181
Transport		10,112,397	3,983,415	4,111,612
Economic Services		7,057,000	93,870	86,250
Other Property & Services		1,066,240	553,552	565,295
		29,221,442	15,006,609	12,190,569
Operating Expenditure				
General Purpose Funding		(27,280)	(30,000)	(29,201)
Governance		(2,116,246)	(2,227,325)	(1,935,056)
Law, Order & Public Safety		(1,234,590)	(1,221,289)	(1,033,768)
Health		(244,787)	(253,643)	(248,370)
Education & Welfare		(1,236,214)	(2,946,803)	(892,634)
Housing		(675)	(2,000)	(1,961)
Community Amenities		(2,497,378)	(2,573,236)	(1,969,464)
Recreation & Culture		(4,030,833)	(4,344,226)	(3,828,987)
Transport		(8,927,831)	(9,079,703)	(8,916,257)
Economic Services		(1,602,362)	(1,597,109)	(1,653,943)
Other Property & Services		(929,776)	(145,368)	(492,821)
		(22,847,970)	(24,420,702)	(21,002,462)
Net Operating Result Excluding Rates		6,373,472	(9,414,093)	(8,811,893)
Adjustments for Cash Budget Requirements				
<i>Non-Cash Expenditure & Income</i>				
Net Profit on Sale of Assets	13	(167,774)	(260,754)	25,306
Deprecation on Assets	25	8,409,674	8,563,438	8,291,300
Leave Provisions to Reserves		55,819	146,545	77,885
Other		13,274	10,000	7,784
Net Non-Cash Expenditure and Revenue		8,310,993	8,459,229	8,402,275
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(962,444)	(1,907,021)	(432,233)
Purchase Infrastructure Assets		(3,069,683)	(4,620,619)	(2,694,503)
Purchase Plant & Machinery		(995,956)	(2,410,968)	(428,413)
Purchase Motor Vehicles		(274,707)	(313,000)	(362,506)
Purchase Furniture & Equipment		(167,016)	(249,242)	(150,505)
Proceeds from Disposal of Assets	13	320,081	548,000	182,828
Repayment of Loan Principal	23g	(428,589)	(428,589)	(489,386)
Proceeds from New Debentures	23g	250,000	250,000	-
Self-supporting Loan Principal Income	23c	15,969	15,969	19,478
Unexpended Loan Funds Brought Forward	23f	(7,645)	55,754	73,853
Transfers to Reserves	12e	(17,034,664)	(1,342,179)	(2,371,672)
Transfers from Reserves	12e	2,069,420	3,478,581	1,486,097
Restricted Cash		-	-	-
Net Cash from Investing Activities		(20,285,233)	(6,923,314)	(5,166,962)
Estimated Surplus/(Deficit) July 1 B/Fwd		1,127,934	1,126,148	333,029
Estimated (Surplus)/Deficit June 30 C/Fwd		(2,298,551)	-	(1,127,934)
AMOUNT REQUIRED TO BE RAISED FROM RATES	15e	(6,771,386)	(6,752,030)	(6,371,483)

Statement of Financial Position	Notes	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Current Assets			
Cash and cash equivalents	2	23,015,045	5,490,966
Trade and other receivables	3a	711,697	814,991
Inventories	4	141,045	169,615
Other assets	5,6	409,415	50,152
Tax Assets	7	4	10,883
Total Current Assets		24,277,206	6,536,607
Non-Current Assets			
Other receivables	3b	141,974	150,332
Property, plant & equipment	8	33,558,751	34,314,649
Infrastructure	9	311,818,586	223,817,865
Total Non-Current Assets		345,519,310	258,282,846
TOTAL ASSETS		369,796,516	264,819,453
Current Liabilities			
Trade and other payables	10a	2,584,481	1,004,365
Provisions	10b	1,058,863	993,981
Current Portion of Long Term Borrowings	11a	366,972	428,312
Total Current Liabilities		4,010,316	2,426,658
Non-Current Liabilities			
Long term borrowings	11b	4,579,856	4,697,105
Provisions	10c	323,876	295,077
Total Non-Current Liabilities		4,903,732	4,992,182
TOTAL LIABILITIES		8,914,048	7,418,840
NET ASSETS		360,882,470	257,400,615
Equity			
Accumulated losses		(14,145,039)	(12,324,653)
Reserves - Cash Backed	2,12	19,175,362	4,210,119
Reserves - Asset Revaluation	12c	355,852,147	265,515,149
TOTAL EQUITY		360,882,470	257,400,615

Statement of Changes in Equity	Notes	Accumulated Losses \$	Reserves Cash Backed \$	Asset Revaluation Reserves \$	Total Equity \$
Balance as at 1 July 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	257,400,615
Net Result		13,144,857	-	-	13,144,857
Total Other Comprehensive Income	12c	-	-	90,336,998	90,336,998
Transfers from/(to) Reserves	12e	(14,965,243)	14,965,243	-	-
Balance as at 30 June 2012		(14,145,039)	19,175,362	355,852,147	360,882,470

Statement of Cash Flows	Notes	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		6,757,748	7,704,658
Grants & Subsidies		16,431,343	5,406,798
Fees & Charges		2,292,181	977,619
Interest Earnings		409,304	322,704
Other Revenue		740,139	787,094
		26,630,715	15,198,873
Payments			
Employee Costs		(7,551,875)	(6,744,573)
Materials & Contracts		(4,440,695)	(3,911,052)
Utilities		(594,609)	(576,786)
Interest Expenses		(317,861)	(347,592)
Insurance Expenses		(477,143)	(429,328)
Other Expenditure		587,670	(552,261)
		(12,794,511)	(12,561,592)
Net Cash Provided by Operating Activities		13,836,204	2,637,283
Cash Flows from Investing Activities			
Purchase of Buildings		(703,089)	(299,810)
Purchase Infrastructure Assets		(3,180,728)	(2,659,800)
Purchase Plant & Equipment		(1,338,382)	(774,228)
Purchase Furniture & Equipment		(193,851)	(148,968)
Purchase Tools		-	-
Purchase Land		-	(10,683)
Grants and Contributions for the Development of Assets		8,944,861	3,780,258
Bonds and deposits		1,604	(3,758)
Proceeds from Sale of Plant & Equipment	13	320,081	182,828
Net Cash provided By Investing Activities		3,850,496	65,839
Cash Flows from Financing Activities			
Proceeds from New Debentures	23g	250,000	-
Proceeds from Self Supporting Loans	23c	15,969	19,478
Repayment of Debentures	23g	(428,589)	(489,386)
Net Cash used in Financing Activities		(162,620)	(469,908)
Net Increase in Cash Held		17,524,080	2,233,214
Cash at Beginning of year		5,490,966	3,257,754
Cash and Cash Equivalents at End of the Year	2	23,015,046	5,490,966
NET MOVEMENT OF CASH HELD		17,524,080	2,233,213

Statement of Cash Flows

Notes

2011/2012

ACTUAL

\$

2010/2011

ACTUAL

\$

a) *Reconciliation of Cash*

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

Cash does not include any Trust Accounts	2	23,015,046	5,490,966
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b) *Reconciliation of Net Cash Provided by Operating Activities to Net Result*

Net Result	(13,144,857)	2,440,409
Depreciation	(8,409,674)	(8,291,300)
Net profit-Loss on disposal of assets	167,774	(25,306)
Movement in rate debtors	113,179	46,412
Movement in sundry debtors	(208,921)	(416,242)
Movement in inventory	(28,571)	17,730
Movement in prepayments	6,724	(3,352)
Movement in accrued income	352,539	(61,245)
Movement in income in advance	(10,212)	3,960
Movement in employee hours bank	(30,823)	(9,001)
Movement in trade creditors	(1,349,874)	80,688
Movement in accrued expenses	(121,181)	(73,970)
Movement in accrued salary & wages	(21,076)	(51,617)
Movement in accrued employee deductions	(375)	(1,580)
Movement in provision for PAYG	(7,473)	7,489
Movement in accrued interest expense	5,435	7,217
Movement in provision for leave	(80,406)	(80,050)
Movement provision for doubtful debts	(13,274)	(7,784)
Capital Grants	8,933,983	3,762,209
Capital Community Contributions	10,878	18,049
Net Cash from Operating Activities	(13,836,204)	(2,637,283)

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. Except for cash flow and rate setting information, the report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

b) **The Local Government Reporting Entity**

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

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

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

c) **Goods & Services Tax**

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. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

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

d) **Cash and Cash Equivalents**

Cash and cash equivalents 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.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

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.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount 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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

Land	0%	Roads	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%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$500.00 is not capitalised. Rather, it is recorded on a portable asset inventory listing."

i) Investments and Other Financial Assets

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

(i) Buildings

Buildings are recognised at their fair value.

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 2011/2012. In the 2011/2012 financial year Council's ROMAN's II data base was reviewed by an external consultant in conjunction with Council's Technical Services and the resulting revaluation posted through the accounts.

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.

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest period will be disclosed.

v) Budget Comparative Figures

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

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

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 2012.

Council's assessment of these new and amended 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 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.
(iii)	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	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).
(iv)	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	01 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.

(v)	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, 120, 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).
(vi)	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.
(vii)	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	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.
(viii)	AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	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 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 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 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 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.
(ix)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to Council not being involved in any Joint Venture, it is not expected to have any impact on the Council.
(x)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated

and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.

(xi)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 January 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASB in relation to termination benefits.
(xiii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	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 2011 - 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 - 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

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 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

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.

	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
2. CASH AND CASH EQUIVALENTS		
Cash at Bank	3,838,933	1,280,186
Cash at Bank - Restricted	-	-
Cash Floats / Tills	751	662
Reserve Funds (Note 12 (a))	19,175,362	4,210,119
	23,015,045	5,490,966

The following restrictions have been imposed by regulations or other externally imposed requirements.

Reserve Funds	19,175,362	4,210,119
Loan Funds Carried Forward (Note 23(f))	63,399	55,755
	19,238,761	4,265,873

NON-COUNCIL CONTROLLED FUNDS

Council held funds totalling \$12,665,001.27 relating to SuperTowns Funding as of the 30 June 2012, which was transferred to a treasury corporation non-council controlled account on the 4 July 2012, this account requires the joint signatures of both Council and the Department of Regional Development & Lands to withdraw the funds. A transfer of \$3,257,000 was made from the non-council controlled account on the 6 August 2012 to Shire of Manjimup's reserve account.

3. TRADE AND OTHER RECEIVABLES

a) <u>Current</u>		
Infringement Debtors	3,210	-
Rate Debtors	414,492	304,941
Self-Supporting Loan Debtors	12,046	15,969
Sundry Debtors	281,950	494,081
	711,697	814,991
b) <u>Non-Current</u>		
Rate Debtors	107,110	103,483
Bonds- Housing	1,940	1,880
Sporting Bodies - Loans	32,923	44,969
	141,974	150,332

4. INVENTORIES

Bitumen Products	1,067	1,161
Fuel (valued at cost)	25,311	28,241
Other - Guide Posts etc	108,630	132,072
Manjimup Aqua Centre	6,037	8,142
	141,045	169,615

5. PREPAYMENTS

Materials & Contracts	25,310	17,556
Subscriptions	2,519	3,549
Software		
	27,829	21,105

6. ACCRUED INCOME

Interest on Self-Supporting Loans	268	446
Accrued Income Debtors	381,318	28,601
	381,586	29,047

7. TAX ASSETS

<u>Current</u>		
Goods & Services Tax	4	10,883
	4	10,883

	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
8. <u>PROPERTY, PLANT & EQUIPMENT</u>		
a) Assets classified by Function/Activity		
General Administration	2,718,121	2,615,743
Law, Order & Public Safety	2,663,081	2,572,418
Health	73,817	69,221
Welfare	1,847,335	1,524,506
Housing	795,301	827,034
Community Amenities	1,664,244	1,708,105
Recreation & Culture	23,775,855	24,896,768
Transport	311,217,434	223,341,855
Economic Services	579,317	569,683
Other Property & Services	42,831	7,181
	345,377,336	258,132,514
b) Assets classified by Type		
Land & Buildings (At Fair Value)	47,746,939	47,002,622
less Accumulated Depreciation	(19,515,253)	(17,834,531)
	28,231,686	29,168,091
Plant & Equipment (At Cost)	10,837,374	10,183,202
less Accumulated Depreciation	(6,118,929)	(5,580,408)
	4,718,445	4,602,794
Furniture & Equipment (At Cost)	1,707,556	1,758,307
less Accumulated Depreciation	(1,098,937)	(1,214,544)
	608,620	543,763
SUB TOTAL Property, Plant & Equipment	33,558,751	34,314,648
Infrastructure Assets (At Fair Value)	465,469,416	375,153,486
less Accumulated Depreciation	(153,650,830)	(151,335,621)
	311,818,586	223,817,865
NET BOOK VALUE	345,377,336	258,132,514

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	29,168,091	543,763	4,602,794	-	34,314,648
Reclassification	-	-	-	-	-
Additions	744,318	193,852	1,265,424	-	2,203,594
Disposals	-	(1,869)	(150,438)	-	(152,307)
Revaluation increments/(decrements)	-	-	55,886	-	55,886
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(1,680,722)	(127,125)	(1,055,223)	-	(2,863,070)
Carrying amount at the end of year	28,231,689	608,620	4,718,443	-	33,558,751

9. INFRASTRUCTURE	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
Roads - management valuation	393,555,187	319,458,232
Less Accumulated Depreciation	(127,143,944)	(131,353,183)
	<u>266,411,243</u>	<u>188,105,049</u>
Footpaths - management valuation	3,654,647	2,706,985
Less Accumulated Depreciation	(2,664,955)	(1,489,706)
	<u>989,692</u>	<u>1,217,279</u>
Drainage - management valuation	18,610,523	18,393,755
Less Accumulated Depreciation	(7,362,368)	(6,984,310)
	<u>11,248,155</u>	<u>11,409,445</u>
Bridges - management valuation	40,102,292	25,264,444
Less Accumulated Depreciation	(12,560,476)	(7,813,764)
	<u>27,541,816</u>	<u>17,450,680</u>
Refuse Sites & Waste Transfer Stations - cost	376,619	381,619
Less Accumulated Depreciation	(127,895)	(123,480)
	<u>248,723</u>	<u>258,140</u>
Carparks - cost	752,976	742,348
Less Accumulated Depreciation	(273,073)	(301,976)
	<u>479,903</u>	<u>440,372</u>
Cemeteries - cost	241,716	229,287
Less Accumulated Depreciation	(120,413)	(113,072)
	<u>121,303</u>	<u>116,215</u>
Airfield & Runways - cost	2,163,523	2,163,523
Less Accumulated Depreciation	(1,235,553)	(1,144,618)
	<u>927,970</u>	<u>1,018,906</u>
Parks & Ovals - cost	6,012,535	5,813,293
Less Accumulated Depreciation	(2,162,755)	(2,011,512)
	<u>3,849,780</u>	<u>3,801,781</u>
	<u>311,818,586</u>	<u>223,817,865</u>

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Bridges	Others	Total
Balance at the beginning of the year	188,105,049	1,217,279	11,409,445	17,450,680	5,635,413	223,817,865
Reclassification	-	-	-	-	-	-
Additions	2,662,639	58,472	7,889	267,660	269,553	3,266,212
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	80,206,895	(231,919)	60,743	10,245,393	-	90,281,112
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(4,563,339)	(54,140)	(229,922)	(421,916)	(277,286)	(5,546,603)
Carrying amount at the end of year	<u>266,411,243</u>	<u>989,692</u>	<u>11,248,155</u>	<u>27,541,816</u>	<u>5,627,680</u>	<u>311,818,586</u>

10. **TRADE AND OTHER PAYABLES**

	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
a) <u>Creditors - Current</u>		
Creditors	1,657,074	89,657
Accrued Employee deductions	94,927	87,079
Accrued Expenses	370,586	424,074
Accrued Interest on Loans	51,731	57,166
Accrued Salaries and Wages	217,230	196,154
Bonds & Deposits	7,144	5,481
Income in Advance	10,212	-
Funding Payable (Note 29)	22,819	22,819
Hours Bank	123,258	92,435
Unearned Revenue	29,500	29,500
	2,584,481	1,004,365
Provisions		
b) <u>Provisions - Current</u>		
Provision for Annual Leave	436,311	403,546
Provision for Long Service Leave	445,636	420,055
Provision for Workers Compensation	24,696	22,990
Provision for Superannuation	67,377	61,918
Provision for Doubtful Debts	25,484	17,152
Provision for Rates Debtors	29,800	24,858
Provision for Salary Sacrifice Retirement	29,559	43,463
	1,058,863	993,981
Creditors & Provisions - Current	3,643,344	1,998,346
c) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	323,876	295,077
	323,876	295,077

11. **Borrowings**

a) <u>Current</u>		
Council Loans	354,926	412,343
Self-Supporting Loans	12,046	15,969
	366,972	428,312
b) <u>Non-Current</u>		
Council Loans	4,546,933	4,652,136
Self-Supporting Loans	32,923	44,969
	4,579,856	4,697,105
TOTAL Borrowings	4,946,828	5,125,417

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 2011/2012 \$	Actual 2011/2012 \$	Actual 2010/2011 \$
<u>Airfield Construction & Maintenance Reserve</u>			
To be applied upon recommendations from the Airfield Committee.			
Opening Balance	-	0	14,651
Interest Earned	364	532	297
Transfer to Reserve	15,000	17,703	787
Transfer from Reserve	-	-	(15,734)
Closing Balance	15,364	18,235	0

<u>ACCOUNT TITLE</u>	<u>Budget</u> <u>2011/2012</u>	<u>Actual</u> <u>2011/2012</u>	<u>Actual</u> <u>2010/2011</u>
	\$	\$	\$

RESERVES - CASH BACKED Cont...

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
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	10,000
Transfer from Reserve	-	(7,500)	(50,000)
Closing Balance	10,000	2,500	-

AquaCentre Plant Reserve

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

Opening Balance	45,117	45,117	35,117
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	10,000
Transfer from Reserve	-	(47,493)	-
Closing Balance	65,117	17,624	45,117

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	-	861	-
Transfer from Reserve	-	-	-
Closing Balance	-	861	-

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	235,085	235,085	215,085
Interest Earned	-	-	-
Transfer to Reserve	20,000	28,340	20,000
Transfer from Reserve	-	-	-
Closing Balance	255,085	263,426	235,085

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>	<u>Budget 2011/2012</u>	<u>Actual 2011/2012</u>	<u>Actual 2010/2011</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Community Bus Reserve</u>			
Monies not used during the year, set aside for future maintenance on the bus.			
Opening Balance	27,321	27,321	27,321
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>27,321</u>	<u>27,321</u>	<u>27,321</u>
<u>Construction & Resource Research Reserve</u>			
Monies set aside to assist in resourcing materials for construction.			
Opening Balance	331,911	331,910	376,314
Interest Earned	-	-	-
Transfer to Reserve	70,000	48,825	5,805
Transfer from Reserve	(20,406)	(6,844)	(50,209)
<i>Closing Balance</i>	<u>381,504</u>	<u>373,891</u>	<u>331,910</u>
<u>Future Car park Reserve - Manjimup</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	14,562	14,563	22,990
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	(2,962)	(262)	(8,428)
<i>Closing Balance</i>	<u>16,601</u>	<u>14,300</u>	<u>14,563</u>
<u>Future Car park Reserve - Northcliffe</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Future Car park Reserve - Pemberton</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Future Car park Reserve - Walpole</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Grants in Advance Reserve</u>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	1,411,997	1,408,800	1,174,864
Interest Earned	-	-	-
Transfer to Reserve	-	15,921,014	1,346,897
Transfer from Reserve	(1,390,509)	(1,202,524)	(1,112,961)
<i>Closing Balance</i>	<u>21,488</u>	<u>16,127,291</u>	<u>1,408,800</u>

<u>ACCOUNT TITLE</u>	Budget 2011/2012	Actual 2011/2012	Actual 2010/2011
<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	60,522	59,609	57,524
Interest Earned	2,287	2,732	2,376
Transfer to Reserve	9,614	7,224	7,481
Transfer from Reserve	-	(1,510)	(7,773)
Closing Balance	72,424	68,054	59,609
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	333,065	338,021	147,503
Interest Earned	12,143	16,052	2,545
Transfer to Reserve	29,438	165,116	227,923
Transfer from Reserve	(42,809)	(70,401)	(39,950)
Closing Balance	331,838	448,787	338,021
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	5,490	5,490	20,421
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(1,719)	(3,509)	(19,931)
Closing Balance	8,771	6,982	5,490
<u>Land Resumption Reserve</u>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	73,680	73,679	68,942
Interest Earned	-	-	-
Transfer to Reserve	-	-	10,000
Transfer from Reserve	(20,000)	(10,890)	(5,263)
Closing Balance	53,680	62,790	73,679
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	2,481	2,498	3,348
Interest Earned	87	118	43
Transfer to Reserve	-	3,409	4,931
Transfer from Reserve	-	(2,276)	(5,824)
Closing Balance	2,568	3,749	2,498
<u>Occupational Health & Safety Reserve</u>			
for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	3,000	3,000	-
Transfer from Reserve	-	-	-
Closing Balance	3,000	3,000	-
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	577,080	550,656	130,915
Interest Earned	-	-	-
Transfer to Reserve	907,000	617,066	506,259
Transfer from Reserve	(1,396,000)	(515,654)	(86,517)
Closing Balance	88,080	652,069	550,656
<u>Recreation Ground Equipment Reserve</u>			
For the funding of any recreational sportsground equipment failure or breakdown.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	-
Transfer from Reserve	-	-	-
Closing Balance	5,000	5,000	-

<u>ACCOUNT TITLE</u>	<u>Budget</u> 2011/2012	<u>Actual</u> 2011/2012	<u>Actual</u> 2010/2011
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<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	-	-	-
<i>Closing Balance</i>	-	-	-
<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	-	-	-
<i>Closing Balance</i>	65,573	65,573	65,573
<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
Interest Earned	-	-	-
Transfer to Reserve	15,000	15,000	15,000
Transfer from Reserve	(15,000)	(15,000)	(18,830)
<i>Closing Balance</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	-	(47,349)	-
<i>Closing Balance</i>	665,964	618,615	665,964
<u>Strategic Asset Development Reserve</u>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	42,050	42,050	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	42,050
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	42,050	42,050	42,050
<u>Telecommunications Reserve</u>			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	21,421	21,421	24,000
Interest Earned	-	-	-
Transfer to Reserve	-	-	7,500
Transfer from Reserve	-	(9,734)	(10,079)
<i>Closing Balance</i>	21,421	11,687	21,421
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	180,926	162,634	113,469
Interest Earned	-	-	-
Transfer to Reserve	50,000	-	70,442
Transfer from Reserve	(211,928)	(49,238)	(21,277)
<i>Closing Balance</i>	18,998	113,396	162,634
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	125,445	125,445	116,712
Interest Earned	-	-	-
Transfer to Reserve	163,246	139,610	42,057
Transfer from Reserve	(226,160)	(79,236)	(33,323)
<i>Closing Balance</i>	62,530	185,818	125,445

<u>ACCOUNT TITLE</u>	Budget 2011/2012 \$	Actual 2011/2012 \$	Actual 2010/2011 \$
<u>RESERVES - CASH BACKED Cont...</u>			
<u>Workers Compensation Premium Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	42,280	34,280	-
Interest Earned	-	-	-
Transfer to Reserve	-	8,061	34,280
Transfer from Reserve	-	-	-
<i>Closing Balance</i>	42,280	42,341	34,280
<u>TOTAL RESERVES - CASH BACKED</u>	2,276,657	19,175,362	4,210,119

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2011/2012 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 II determinations following an external review of Road Condition and Unit Costs in June 2012. Buildings were independently valued in May 2009 and Land May 2010, these values were used for fair value replacement and current fair value. A revaluation of a gifted Plant & Equipment asset received in the 2010/2011 was undertaken to correctly reflect its replacement value.

	2011/2012 ACTUAL \$	2010/2011 ACTUAL \$
Plant & Equipment		
Opening Balance	-	-
Revaluation increment 30/6/12	55,886	-
Revaluation increment 30/6/11	-	-
	55,886	-
Land		
Opening Balance	3,976,176	3,976,176
Revaluation increment 30/6/12	-	-
Revaluation increment 30/6/11	-	-
	3,976,176	3,976,176
Buildings		
Opening Balance	24,781,490	24,781,490
Revaluation increment 30/6/12	-	-
Revaluation increment 30/6/11	-	-
	24,781,490	24,781,490
Infrastructure		
Opening Balance	236,757,484	236,757,484
Revaluation increment 30/6/12	90,281,112	-
Revaluation increment 30/6/11	-	-
	327,038,596	236,757,484
TOTAL		
Opening Balance	265,515,149	265,515,149
Total Revaluation increment 30/6/12	90,336,998	-
Total Revaluation increment 30/6/11	-	-
	355,852,147	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.

	2011/2012 Budget \$	2011/2012 Actual \$	2010/2011 Actual \$
Transfers to Reserve Accounts (including interest)	1,342,179	17,034,663	2,371,672
Transfers from Reserve Accounts	(3,327,493)	(2,069,420)	(1,486,099)
Net Transfers to/(from) Reserve Accounts	(1,985,313)	14,965,243	885,576

13. DISPOSAL OF ASSETS

In accordance with Regulation 36, the following is disclosed.

Asset Description & Reference	Net Book Value \$	Budget \$	Sale Price \$	Budget \$	(Profit)/Loss \$	Budget \$
Furniture & Equipment	1,869	-	-	-	1,869	-
Motor Vehicles						
Profit on Sale	65,753	96,831	130,462	101,000	(64,710)	(4,169)
Loss on Sale	47,833	50,091	46,810	47,000	1,023	3,091
	113,585	146,922	177,272	148,000	(63,687)	(1,078)
Plant & Equipment	36,852	140,324	142,809	400,000	(105,956)	(259,676)
Infrastructure	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Land	-	-	-	-	-	-
TOTAL	152,307	287,246	320,081	548,000	(167,774)	(260,754)

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

	-	-	-	-	-	-
TOTAL	152,307	287,246	320,081	548,000	(167,774)	(260,754)

14. TRUST FUND INFORMATION

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

Class Purpose	2010/2011 C/Fwd \$	2011/2012 Received \$	2011/2012 Paid \$	2011/2012 C/Fwd \$
<u>General</u>				
Building Bonds (Cat 3)	21,000	175	9,675	11,500
Development Bonds (Cat 5)	24,296	13,424	-	37,719
Hall Hire Bonds (Cat 6)	695	1,075	1,350	420
Kerb Bonds (Cat 7)	28,041	4,000	9,015	23,026
Miscellaneous Bonds (Cat 8)	55,639	38,480	8,704	85,415
Seven Day Rd Bond (Cat 9)	496	190	-	687
Southern Forests Tourism Group Bond (Cat 10)	3,890	5,320	4,280	4,930
	134,058	62,664	33,024	163,697

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 2012.

c)

Statement of Rating Information - Rate Yield - 2011/2012 Budget

	Rateable Value \$	Rate in \$	Rate Yield \$	No.	Minimum Yield \$	TOTAL \$
General Rate - GRV						
Residential	29,983,378	8.7570	3,625,776	1,886	1,305,112	4,930,888
Adjust for Minimums	11,420,934		(1,000,131)			(1,000,131)
Adjust for Phase In	-		-			-
Adjust for Concessions	-		-	-		(44,907)
General Rate - UV						
Rural	559,765,000	0.47596	2,801,811	292	202,064	3,003,880
Adjust for Minimums	28,900,163		(137,557)			(137,557)
CALM Dam	5,800	0.47596	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	3,200	0.47596	-	4	400	400
Adjust for Waivers						(692)
	630,078,475		5,289,898	2,185	1,507,726	6,752,030
Ex-Gratia/Non-Rateable						
Interim Rates 11/12	-		-	-	-	-
	-		-	-	-	-
TOTAL RATES LEVIED	630,078,475		5,289,898	2,185	1,507,726	6,752,030

d) Surplus / Deficit brought forward

	1 July 2011 Surplus/(Deficit) Brought Forward	30 June 2011 Surplus/(Deficit) Carried Forward
Surplus / (Deficit) 1 July 2011 Brought Forward	1,127,934	1,127,934
Comprises		
Cash Unrestricted	1,280,847	1,280,847
Cash Restricted	4,210,119	4,210,119
Rates - Current	304,941	304,941
Sundry Debtor	510,050	510,050
Other Receivables	50,152	50,152
GST Receivable	10,883	10,883
Inventories	169,615	169,615
Less		
Reserves - Restricted Cash	(4,210,119)	(4,210,119)
Creditors	(89,657)	(89,657)
Accrued Employee deductions	(87,079)	(87,079)
Accrued Expenses	(424,074)	(424,074)
Accrued Interest on Loans	(57,166)	(57,166)
Accrued Salaries and Wages	(196,154)	(196,154)
Bonds & Deposits	(5,481)	(5,481)
Funding Payable	(22,819)	(22,819)
Hours bank	(92,435)	(92,435)
Unearned Revenue	(29,500)	(29,500)
Current Provisions	(993,981)	(993,981)
Add Back Liabilities funded by Reserves	726,668	726,668
Surplus / (Deficit)	1,054,810	1,054,810

Difference

The difference between the Rates Statement Carry Forward and the Balance Sheet Surplus Position is the increase in the current provisions accounts not being funded to reserve accounts.

e)

General Purpose Income

	2011/2012 BUDGET \$	2011/2012 ACTUAL \$	Valuations \$	2010/2011 ACTUAL \$
RATES				
General Rate				
GRV Rate in \$0.08757	2,625,644	2,625,760	29,983,378	2,494,689
UV Rate in \$0.0047596	2,664,257	2,662,440	559,765,000	2,497,090
CALM Leases Rate in \$0.0047596	-	-	-	-
Phased GRV		20,270		
Minimum Rate				
GRV @ \$692	1,305,112	1,305,112	11,420,934	1,228,689
UV @ \$692	202,064	202,064	28,900,163	196,144
CALM Leases @ \$50	150	150	5,800	100
CALM Leases @ \$100	400	400	3,200	500
Phased GRV				
Interim Rate				
GRV Rate in \$0.088757	-	4,078	-	7,653
UV Rate in \$0.0047596	-	3,105	-	2,870
TOTAL RATES LEVIED	6,797,628	6,823,379	630,078,475	6,427,735
Discounts Allowed	-	-		-
Waived Rates	(1,629)	(2,094)		(1,537)
Adjustments GRV	-	-		(1,751)
Adjustments UV	-	-		(11,688)
Concessions Phase In	-	(5,799)		-
Concessions Sporting Clubs	(43,970)	(46,195)		(41,276)
Sub Total NET RATES	6,752,030	6,771,386		6,371,483
Ex-Gratia Rates				
Other Rate Charges				
Windy Harbour Lease Fees	99,990	99,541		96,657
NET RATES	6,852,021	6,870,927	-	6,468,140
Waste Collection Fees	1,154,435	1,169,388		1,282,930
Late Payment Penalties	42,000	67,902		59,744
Instalment Interest	24,000	27,552		24,153
Rates Written Off	-	-		-
TOTAL NET RATES	8,072,455	8,135,769	-	7,834,966
GENERAL PURPOSE INCOME				
Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off)	6,818,030	6,866,840		6,455,380
Administration Fees	25,000	24,674		23,994
Property Information Fees	27,000	15,735		16,313
General Purpose Grant				
General Grants (Untied)	1,453,534	2,485,807		1,903,734
TOTAL GENERAL PURPOSE INCOME	8,323,564	9,393,056		8,399,420

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2012.

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 2011/2012	Actual 2011/2012	Actual 2010/2011
	\$	\$	\$
Governance/General Administration	58,000	48,177	46,120
Law, Order & Public Safety	23,680	26,942	19,432
Health	35,000	48,317	35,859
Welfare	80,100	125,917	55,100
Housing	47,110	43,956	40,156
Community Amenities	1,589,415	1,504,118	1,583,691
Recreation & Culture	449,870	400,495	400,932
Transport	9,090	5,047	1,614
Economic Services	86,350	81,468	75,319
Other Property & Services	5,500	2,983	-
TOTAL	2,384,115	2,287,420	2,258,222

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 2011/2012 budget did not provide a discount for early payment of rates.

Item	Budget 2011/2012	Actual 2011/2012	Actual 2010/2011
	\$	\$	\$
Early Payment Discount	-	-	-

(b) **Waiver or Concession**

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

Item	Budget 2011/2012	Actual 2011/2012	Actual 2010/2011
	\$	\$	\$
Penalty Interest	-	-	-
Rates - Rubbish	-	-	-
Hire Fees	-	-	-
Concessions - Sporting Groups	45,599	46,195	41,276
TOTAL	45,599	46,195	41,276

(c) **Incentive**

Council offered no incentive prizes for early payment of Rates for 2011/2012.

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 2011/2012 \$	Actual 2011/2012 \$	Actual 2010/2011 \$
Interest on Rates	42,000	67,902	59,768
TOTAL Interest on Rates	42,000	67,902	59,768

(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 2011/2012 financial year. There was no amount budgeted for 2011/2012.

(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	23 September 2011
Second Instalment	30 November 2011
Third Instalment	31 January 2012
Fourth & Final Instalment	30 March 2012

(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 2011/2012	Actual 2011/2012	Actual 2010/2011
Interest on Instalments	24,000	27,552	24,153
TOTAL Interest for Instalments	24,000	27,552	24,153

(e) Administration Charge for Instalment Option

An administration charge was applied at the rate of \$18.00 per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

Item	Budget 2011/2012	Actual 2011/2012	Actual 2010/2011
Administration Charge on Instalments	25,000	24,674	23,994
TOTAL Charges for Instalments	25,000	24,674	23,994

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 2011/2012	Actual 2011/2012	Actual 2010/2011
Attendance Fees – Shire President	7,000	7,000	7,000
Attendance Fees – Councillors	35,000	35,002	35,000
Local Government Allowance – President & Deputy	23,851	23,851	20,955
Travelling/Accommodation Allowance	15,000	11,486	14,794
Telecommunications Allowance	13,200	13,197	13,200
Technology Allowance	5,500	4,853	
TOTAL	99,551	95,389	90,949

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 2012.

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 2012.

23. **BORROWINGS**

The following information is disclosed in accordance with Regulation 48.

(a) **Overdraft Borrowings**

No amount of overdraft is brought forward from 2010/2011, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2012.

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 2011/2012 Financial Year.

(c) **Self Supporting Loans**

The following repayments were made from sources other than rates.

Loan #	Balance 30 June 2011	New Borrowings	Interest 30 June 2012	Principal 30 June 2012	Annual Liability 30 June 2012	Balance 30 June 2012	Interest Accrual 30 June 2012
	\$	\$	\$	\$	\$	\$	\$
170	46,438	-	3,003	6,538	9,541	39,900	219
197	9,864	-	488	4,795	5,283	5,069	48
211	4,636	-	160	4,636	4,796	-	-
TOTAL	60,939	-	3,651	15,969	19,620	44,969	268

(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	Actual 2011/2012	Budget 2011/2012	Financier	Nature of Loan	Repayment Term	Interest Rate
Manjimup VRC Building Extension	\$-	\$250,000	WATC	Principal & Interest	20 Years	4.57%
TOTAL	\$-	\$250,000				

Purpose	Year Borrowed	B/Forward 1 July 2011	New Borrowings 2011/2012	Expended 2011/2012	C/Forward 30 June 2012
Townscape – Northcliffe	2003/04	8,520	-	900	7,620
2 way Glenoran	2005/06	944	-	610	334
Repeater upgrade Mt Burnside	2005/06	10,000	-	-	10,000
Depot Building Extension	2008/09	14,963	-	308	14,655
Walpole Aged Accommodation	2008/09	20,000	-	3,237	16,763
Walpole Town Hall Access	2008/09	1,327	-	74	1,253
Manjimup Volunteer Resource Centre	2011/12	-	250,000	237,226	12,774
TOTAL		55,755	250,000	242,355	63,400

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2011, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2012

(g) Loan Interest and Capital Repayments 2011/2012 (Budget)

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-11	Loans negotiated	Total interest 30-Jun-12	Reduction of principal to 30-Jun-12	Total repayments to 30-Jun-12	Principal liability outstanding 30-Jun-12
SHIRE LOANS											
165A	WATC	\$267,396	10	Roads	5.78%	\$17,292		\$500	\$17,291	\$17,791	-
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$107,736		\$6,967	\$15,168	\$22,135	92,568
173	WATC	\$200,000	20	Roads	6.92%	\$96,135		\$6,446	\$12,169	\$18,615	83,966
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$29,825		\$1,955	\$6,711	\$8,667	23,113
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$26,704		\$1,571	\$4,714	\$6,285	21,990
191	WATC	\$65,000	10	Reserve Improvements	6.30%	\$8,458		\$402	\$8,458	\$8,860	-
192	WATC	\$403,126	10	Various Buildings	6.30%	\$52,456		\$2,491	\$52,456	\$54,947	-
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$25,280		\$1,314	\$16,595	\$17,909	8,685
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$200,992		\$12,574	\$25,782	\$38,357	175,210
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$357,498		\$23,102	\$21,655	\$44,757	335,843
198	WATC	\$135,000	15	Westrail	5.85%	\$77,446		\$4,397	\$9,245	\$13,642	68,201
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$33,928		\$1,960	\$10,620	\$12,580	23,308
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$25,938		\$1,632	\$2,569	\$4,201	23,369
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$243,289		\$15,616	\$12,392	\$28,007	230,898
204	WATC	\$66,200	10	Telecommunications, Northcliffe Oval reticulation	6.06%	\$31,283		\$1,827	\$7,135	\$8,962	24,148
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$88,005		\$5,371	\$7,581	\$12,953	80,424
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$871,436		\$51,811	\$41,385	\$93,196	830,051
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$1,013,065		\$60,653	\$45,548	\$106,201	967,517
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$207,448		\$12,285	\$16,797	\$29,082	190,651
209	WATC	\$126,250	10	Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$65,861		\$3,741	\$13,193	\$16,935	52,667
210	WESTPAC	\$650,000	20	Swimming pool	6.27%	\$553,735		\$34,463	\$23,012	\$57,475	530,723
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$168,838		\$11,662	\$19,418	\$31,080	149,419
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$334,902		\$22,626	\$9,990	\$32,615	324,912
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accommodation, WP Sea Search & Rescue Shed	6.74%	\$426,929		\$28,843	\$12,735	\$41,578	414,194
Total Shire Loans						\$5,064,478	\$-	\$314,210	\$412,620	\$726,830	4,651,858
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$46,438		\$3,003	\$6,538	\$9,541	39,900
197	WATC	\$40,000	10	Tigers Football Club	5.62%	\$9,864		\$488	\$4,795	\$5,283	5,069
211	COMM	\$40,000	5	Walpole Country Club	6.88%	\$4,636		\$160	\$4,636	\$4,796	-
Total Self Supporting Loans (Clubs)						\$60,939	\$-	\$3,651	\$15,969	\$19,620	44,969
Total all loans						\$5,125,417	\$-	\$317,861	\$428,589	\$746,450	4,696,828

(g) Loan Interest and Capital Repayments to 30th June 2012

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-11	Loans negotiated	Total interest 30-Jun-12	Reduction of principal to 30-Jun-12	Total repayments to 30-Jun-12	Principal liability outstanding 30-Jun-12
SHIRE LOANS											
165A	WATC	\$267,396	10	Roads	5.78%	\$17,292		\$500	\$17,291	\$17,791	-
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$107,736		\$6,967	\$15,168	\$22,135	92,568
173	WATC	\$200,000	20	Roads	6.92%	\$96,135		\$6,446	\$12,169	\$18,615	83,966
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$29,825		\$1,955	\$6,711	\$8,667	23,113
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$26,704		\$1,571	\$4,714	\$6,285	21,990
191	WATC	\$65,000	10	Reserve Improvements	6.30%	\$8,458		\$402	\$8,458	\$8,860	-
192	WATC	\$403,126	10	Various Buildings	6.30%	\$52,456		\$2,491	\$52,456	\$54,947	-
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$25,280		\$1,314	\$16,595	\$17,909	8,685
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$200,992		\$12,574	\$25,782	\$38,357	175,210
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$357,498		\$23,102	\$21,655	\$44,757	335,843
198	WATC	\$135,000	15	Westrail	5.85%	\$77,446		\$4,397	\$9,245	\$13,642	68,201
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$33,928		\$1,960	\$10,620	\$12,580	23,308
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$25,938		\$1,632	\$2,569	\$4,201	23,369
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$243,289		\$15,616	\$12,392	\$28,007	230,898
204	WATC	\$66,200	10	Telecommunications, Northcliffe Oval reticulation	6.06%	\$31,283		\$1,827	\$7,135	\$8,962	24,148
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$88,005		\$5,371	\$7,581	\$12,953	80,424
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$871,436		\$51,811	\$41,385	\$93,196	830,051
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208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$207,448		\$12,285	\$16,797	\$29,082	190,651
209	WATC	\$126,250	10	Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$65,861		\$3,741	\$13,193	\$16,935	52,667
210	VESTPA	\$650,000	20	Swimming pool	6.27%	\$553,735		\$34,463	\$23,012	\$57,475	530,723
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$168,838		\$11,662	\$19,418	\$31,080	149,419
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$334,902		\$22,626	\$9,990	\$32,615	324,912
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed	6.74%	\$426,929		\$28,943	\$12,735	\$41,578	414,194
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$0	\$250,000	\$0	\$0	\$0	250,000
Total Shire Loans						\$5,064,478	\$250,000	\$314,210	\$412,620	\$726,830	4,901,858
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$46,438		\$3,003	\$6,538	\$9,541	39,900
197	WATC	\$40,000	10	Tigers Football Club	5.62%	\$9,864		\$488	\$4,795	\$5,283	5,069
211	COMM	\$40,000	5	Walpole Country Club	6.88%	\$4,636		\$160	\$4,636	\$4,796	-
Total Self Supporting Loans (Clubs)						\$60,339	\$-	\$3,651	\$15,969	\$19,620	44,969
Total all loans						\$5,125,417	\$250,000	\$317,861	\$428,589	\$746,450	4,946,828

24. INVESTMENTS

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

	2011/2012 Budget \$	2011/2012 Actual \$	2010/2011 Actual \$
<u>Reserve</u>			
Airfield Reserve	364	532	297
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	2,732	2,376
HACC Asset Replacement Reserve	1,144	16,052	2,545
Heritage Reserve	-	-	-
Land Resumption	-	-	-
Northcliffe Town Hall Reserve	87	118	43
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	-	-	-
	3,658	19,434	5,260
<u>Municipal</u>			
General Purpose Interest	137,558	118,672	102,612
Reserve Interest to Operational	100,683	169,623	125,908
TOTAL Investment Interest	238,241	288,295	228,519
Self-Supporting Loan Interest	4,938	580	4,638
Interest on Instalments/Penalties	66,000	95,454	83,896
Interest on HACC	13,924	19,048	4,904
Other Interest - Grants	-	5,927	-
	84,862	121,009	93,438
TOTAL Interest Earnings	323,103	409,304	321,957

25. DEPRECIATION OF NON-CURRENT ASSETS

	2011/2012 Actual \$	2010/2011 Actual \$
a) Depreciation classified by Function/Activity		
General Administration	170,314	155,030
Law, Order & Public Safety	345,831	317,755
Health	4,288	10,110
Welfare	106,901	102,812
Housing	39,200	39,200
Community Amenities	104,172	100,350
Recreation & Culture	1,574,412	1,558,130
Transport	6,015,050	5,968,136
Economic Services	44,104	37,710
Other Property & Services	5,402	2,066
	8,409,674	8,291,300
b) Depreciation classified by Type		
Furniture & Equipment	127,125	119,596
Infrastructure Assets	5,546,603	5,461,020
Land	-	-
Buildings	1,680,722	1,667,248
Plant & Equipment	1,054,954	1,043,167
Tools	268	268
	8,409,674	8,291,300

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

Current Assets minus Restricted Assets	5,038,445
Current Liabilities minus Liabilities associated with Restricted Assets	3,314,756
2011/2012 Ratio	1.52
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

b) **Debt Ratio**

Total Liabilities	8,914,048
Total Assets	369,795,516
2011/2012 Ratio	0.02
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

c) **Debt Service Ratio**

Debt Service Cost	746,750
Available Operating Revenue	27,165,893
2011/2012 Ratio	0.03
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

d) **Rate Coverage Ratio**

Net Rate Revenue	6,891,514
Operating Revenue	27,149,924
2011/2012 Ratio	0.25
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

e) **Outstanding Rates Ratio**

Rates Outstanding	408,424
Rates Collectable	7,194,611
2011/2012 Ratio	0.06
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

f) **Gross Debt to Revenue Ratio**

All Borrowings - Utilised Overdrafts	4,946,828
Total Revenue less Specific Purpose Grants	27,165,893
2011/2012 Ratio	0.18
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

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

Untied Cash	3,814,174
Unpaid Trade Creditors	1,657,074
2011/2012 Ratio	2.30
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

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

All Borrowings - Utilised Overdrafts	4,946,828
Total Assets less Infrastructure Assets	57,977,930
2011/2012 Ratio	0.09
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

27. **Contingencies**

There have been no Contingent Liabilities indentified or provided for at the 30th June 2012

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 2012, being the costs to repair and then the total roof replacement carried out in 2011/2012. No contingent Asset is provided for at the 30th June 2012

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	2011/2012 Actual #	2010/2011 Actual #
\$100,000 - \$109,999	2	2
\$110,000 - \$119,999	1	-
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	-	-
\$140,000 - \$149,999	-	1
\$150,000 and above	1	-

29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/11	Received 2011/12	Expended 2011/12	Closing Balance 30/6/12
		\$			\$
<i>Funds Held in Grants In Advance Reserve</i>					
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
Disability Access & Inclusion Plan - WA Local Gov Ass	Welfare	1,224	-	1,096	128
Water Corporation - Quinninup Walk Trail	Recreation	4,781	-	-	4,781
DCD - Top up funding	Welfare	6,200	-	-	6,200
DCD - excess operational 09/10	Welfare	10,538	-	-	10,538
Dept of Communities - Holiday Program	Recreation	1,052	-	-	1,052
FESA - BFB Operating Grant	Law & Order	598	-	-	598
Regional Investment Plan - Waste	Community Amenities	35,767	-	25,180	10,587
Dept of Local Gvoernment - CLGF LTFP	Goverance	25,000	-	25,000	-
Dry Season Assistance	Law & Order	545	-	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	19,243	-	7,191	12,052
Bunbury Catholic Diocese - Dance WS	Recreation	500	-	500	-
Office of Crime Prevention - Youth Activity Prog	Welfare	20,000	-	4,422	15,578
Department of Communities - Youth Outreach	Welfare	11,327	-	9,209	2,119
Healthways - Bardi Art	Welfare	6,116	-	1,561	4,555
Disability Services Commision	Welfare	27,445	-	27,445	-
Lotterywest - Timber Park	Recreation	3,178	-	3,178	-
Royalties for Regions - Rnd 2	Various	808,475	-	751,343	57,132
Roads to Recovery	Transport	110,549	-	110,549	-
Financial Assistance Grants - Special Bridge	Transport	140,000	-	60,000	80,000
DEC - Environmental Grant	Community Amenities	12,654	-	12,654	-
SWDC - Manjimup Health Infrastructure (L&B 93.8607)	Community Amenities	-	10,000	5,720	4,280
CLGF - Supertowns Manjimup Agriculture Expansion Project	Economic	-	6,955,001	-	6,955,001
LGIS - Experience Fund (20054.755.50)	Goverance	-	9,206	-	9,206
SWDC CLGF - Regional Funding Jarrah Glen (20150.0759.50)	Welfare	-	1,056,910	-	1,056,910
CLGF - Regional Funding Jarrah Glen (20150.0759.50)	Welfare	-	439,000	1,842	437,158
Dept of Local Gov - Asset Man Capacity Building (20033.768.50)	Goverance	-	70,000	70,000	-
Dep of Local Gov - Strategic Plan Capacity Building (20033.768.50)	Goverance	-	45,000	36,461	8,540
CLGF - Supertowns Manjimup CBD Revitalisation	Transport	-	5,710,001	-	5,710,001
CLGF - Regional Funding Dunreath	Welfare	-	500,000	-	500,000
FESA - SES minor Capital (F&E 92.8543 Furniture)	Law & Order	-	3,000	-	3,000
FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip)	Law & Order	-	3,000	-	3,000
NRM Grant - Mottram St Reserve (79.1612.3353)	Community Amenities	-	20,000	4,179	15,821
Dept of Health - Healthy Communities (20476.741)	Welfare	-	330,357	123,549	206,808
CANWA - Creative Networks (20219.198.52)	Recreation	-	3,500	3,004	496
Disability Services Comm - LG Inclusion	Welfare	-	50,000	-	50,000
Dept Families - Healthy Relationships	Welfare	-	5,000	-	5,000
SWDC - Mjp Timber Park Master Plan	Recreation	-	20,000	19,975	25
Fitness Australia - Lift for Life	Recreation	-	4,545	-	4,545
RRG Project Grant	Transport	-	546,544	464,708	81,836
Tires Grant	Transport	-	8,000	-	8,000
Contributions Main Roads WA	Transport	-	100,000	-	100,000
Royalties for Regions - Rnd 3 2011/2012 allocation	Transport	-	837,060	82,484	754,576
FES SES Grant	Law & Order	-	29,930	26,424	3,506
Navman - Fish Cleaning	Community Amenities	-	26,625	26,162	463
DOT - Fish Cleaning	Community Amenities	-	10,000	7,157	2,843
		1,431,620	16,792,678	2,074,189	16,150,110
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		1,408,800	16,792,678	2,074,189	16,127,291

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 2012 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 2011/2012 \$	Actuals 2011/2012 \$	Outstanding 30 June 12 \$	Completion Date
Capital Project				
Caterpillar 12H Grader	380,000	0	380,000	2012/13
Boat Ramp Car Park Upgrade - Windy Harbour	300,000	56,932	243,068	2012/13
Pemberton Main Street - C/Fwd	271,695	245,357	26,338	2012/13
Channybearup Rd reconstruct - C/Fwd	290,662	272,511	18,151	2011/12
Bridge Rd Reconstruct and reseal	300,000	203,262	96,738	2012/13
Perup Rd reconstruct and reseal	300,000	138,007	161,993	2012/13
Wetheral St reconstruct and reseal	300,000	362,193	0	2011/12
Windy Harbour Rd reconstruct and reseal	300,000	294,816	5,184	2011/12
	<u>2,442,357</u>	<u>1,573,078</u>	<u>931,472</u>	

31. **LEASING COMMITMENTS**

	2011/2012 Actual \$	2010/2011 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	74,585	82,664
- later than one year but not later than five years	67,794	142,299
- later than five years	-	-
	<u>142,379</u>	<u>224,963</u>

32. **EMPLOYEE NUMBERS**

	2011/2012 Actual #	2010/2011 Actual #
The number of full-time equivalent Employees at balance date	110	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	
	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets				
Cash and cash equivalents	23,015,045	5,490,966	23,015,045	5,490,966
Receivables	853,671	964,929	798,387	922,919
	<u>23,868,716</u>	<u>6,455,895</u>	<u>23,813,432</u>	<u>6,413,885</u>
Financial Liabilities				
Payables	2,584,481	1,004,365	2,639,765	1,046,375
Borrowings	4,946,828	5,125,417	4,946,828	5,125,417
	<u>7,531,309</u>	<u>6,129,782</u>	<u>7,586,593</u>	<u>6,171,791</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-12	30-Jun-11
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	230,150	54,909
- Statement of Comprehensive Income	230,150	54,909

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-12	30-Jun-11
Percentage of Rates and Annual Charges		
- Current	71.11%	75.20%
- Overdue	28.89%	24.80%
Percentage of Other Receivables		
- Current	56.25%	73.23%
- Overdue	43.75%	26.77%

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 \$
2012					
Payables	2,584,481	0	0	2,584,481	2,584,481
Borrowings	720,924	3,060,190	4,057,030	7,838,144	4,946,828
	<u>3,305,405</u>	<u>3,060,190</u>	<u>4,057,030</u>	<u>10,422,625</u>	<u>7,531,309</u>
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>

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 2012								
Borrowings								
Fixed Rate								
Debentures	13,754	23,309	47,261	21,990	307,679	4,532,835	4,946,828	6.20%
Weighted Average Effective Interest Rate	5.99%	6.26%	6.47%	6.15%	6.52%	6.18%		
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%		

(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	Maria Cavallo CA
Peter Manolas CPA, CTA (Master of Taxation Law)	

ASSOCIATES

Steven Cluning CA	Shane Kaurin CPA
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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 2012, 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 2012, 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.

Independence

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



**Chartered
Accountants**

Independent Member of

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Opinion

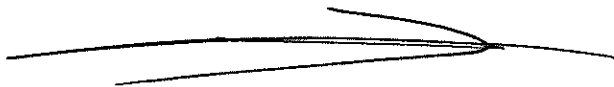
In our opinion, the financial report of the Shire of Manjimup:

- i. gives a true and fair view of the Shire of Manjimup's financial position as at 30 June 2012 and of its performance for the financial year ended 30 June 2012; 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.
- 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 26th day of October 2012