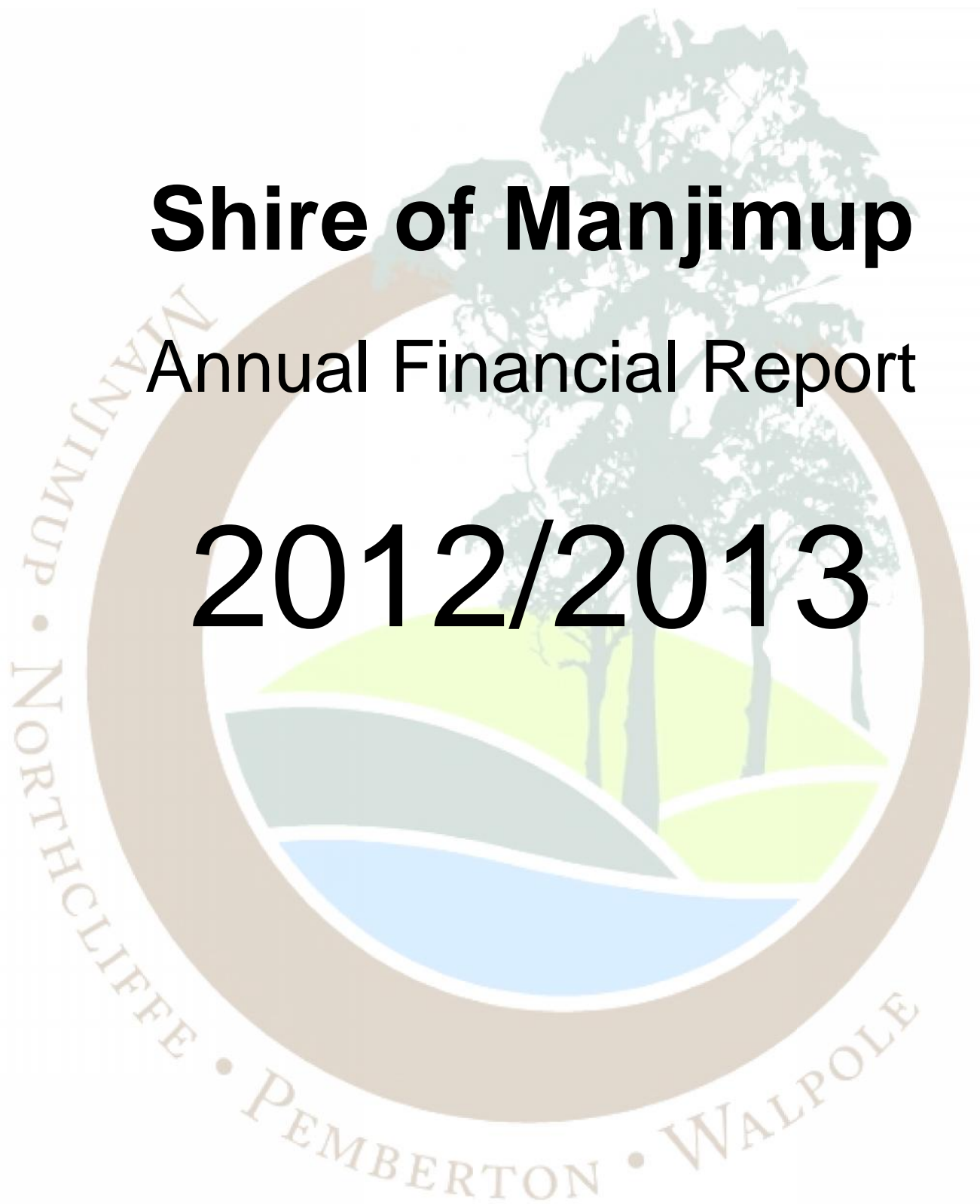


Shire of Manjimup

Annual Financial Report

2012/2013



SHIRE OF
MANJIMUP

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SHIRE OF MANJIMUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013

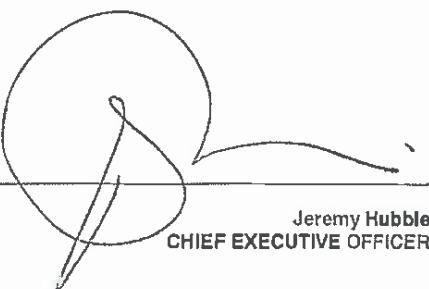
*LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT)
REGULATIONS 1996*

Statement by Chief Executive Officer

The attached financial report of the Shire of Manjimup being the annual financial report and supporting notes and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present the financial position of the Shire of Manjimup at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation on the 30 day of October .

2013



Jeremy Hubble
CHIEF EXECUTIVE OFFICER

Statement of Comprehensive Income by Program

	Notes	2012/2013 ACTUAL \$	2012/2013 REV BUDGET \$	2011/2012 ACTUAL \$
Revenues				
Governance		1,336,590	1,112,986	1,267,367
General Purpose Funding		9,452,181	8,305,978	9,393,056
Law, Order & Public Safety		488,713	465,259	391,943
Health		54,328	42,964	51,854
Education & Welfare		1,402,341	1,365,466	3,380,506
Housing		44,824	51,010	43,956
Community Amenities		1,580,539	1,609,009	1,818,130
Recreation & Culture		740,513	721,603	795,845
Transport		1,603,723	910,448	1,844,003
Economic Services		129,587	97,850	7,046,401
Other Property & Services		264,842	297,676	946,194
		17,098,181	14,980,249	26,979,257
Expenses				
Governance		(2,319,763)	(2,718,666)	(2,115,357)
General Purpose Funding		(79,718)	(72,000)	(27,280)
Law, Order & Public Safety		(1,401,010)	(1,379,130)	(1,234,590)
Health		(230,166)	(262,702)	(244,787)
Education & Welfare		(3,115,529)	(3,183,173)	(1,235,974)
Housing		(1,251)	(2,000)	(675)
Community Amenities		(2,210,364)	(2,336,659)	(2,496,716)
Recreation & Culture		(4,281,656)	(4,620,409)	(4,029,974)
Transport		(13,004,901)	(11,766,455)	(8,927,831)
Economic Services		(2,901,085)	(3,585,762)	(1,602,362)
Other Property & Services		(198,858)	(155,979)	(929,533)
		(29,744,302)	(30,082,935)	(22,845,079)
Non Operating Grants, Subsidies and Contributions				
Law, Order & Public Safety		625	747,920	350,610
Health		-	-	36,625
Community Amenities		65,270	71,900	64,081
Recreation & Culture		696,132	1,005,990	120,695
Transport		2,826,400	3,506,272	8,268,394
Economic Services		-	280,000	2,500
		3,588,426	5,612,082	8,842,905
Profit on Asset Disposal				
Law, Order & Public Safety		24,409	2,747	2,521
Education & Welfare		7,000	-	-
Community Amenities		-	-	40,000
Recreation & Culture		-	44,213	-
Economic Services		-	-	8,099
Other Property & Services		69,276	226,312	120,046
		100,686	273,272	170,667
Loss on Asset Disposal				
General Administration		(92)	-	(889)
Law, Order & Public Safety		(26,643)	(618)	-
Education & Welfare		(409)	-	(240)
Community Amenities		-	-	(662)
Recreation & Culture		(291)	-	(859)
Other Property & Services		(14,879)	(88,648)	(243)
		(42,314)	(89,266)	(2,893)
Net Result		(8,999,322)	(9,306,598)	13,144,857
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	18,501,003	-	90,336,998
Total Other Comprehensive Income		18,501,003	-	90,336,998
TOTAL COMPREHENSIVE INCOME		9,501,681	(9,306,598)	103,481,855

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

Statement of Comprehensive Income by Nature or Type

		2012/2013 ACTUAL \$	2012/2013 REV BUDGET \$	2011/2012 ACTUAL \$
Revenues	Notes			
Rates	15a	7,146,745	7,158,908	6,870,927
Operating Grants, Subsidies and Contributions		6,208,615	4,293,771	16,545,072
Fees & Charges	17	2,414,652	2,362,026	2,287,420
Service Charges				-
Interest Earnings	24	723,294	356,053	409,304
Other Revenue		803,186	815,931	866,534
		17,296,492	14,986,689	26,979,258
Expenses				
Employee Costs		(7,880,521)	(8,053,332)	(7,694,799)
Materials & Contracts		(9,069,144)	(8,869,262)	(4,585,160)
Utilities		(663,048)	(641,318)	(631,143)
Depreciation on Non-Current Assets	25	(11,177,645)	(11,160,543)	(8,409,674)
Interest Expenses		(304,301)	(320,712)	(312,425)
Insurance Expenses		(492,007)	(489,231)	(477,143)
Other Expenditure		(355,946)	(554,977)	(734,735)
		(29,942,613)	(30,089,375)	(22,845,079)
sub-total		(12,646,121)	(15,102,686)	4,134,179
Non Operating Grants, Subsidies and Contributions		3,588,426	5,612,082	8,842,904
Profit on Asset Disposal	13	100,686	273,272	170,666
Loss of Asset Disposal	13	(42,313)	(89,266)	(2,892)
		3,646,799	5,796,088	9,010,678
Net Result		(8,999,322)	(9,306,598)	13,144,857
Other Comprehensive Income:				
Change in revaluation of Non-current assets	12c	18,501,003	-	90,336,998
Total Other Comprehensive Income		18,501,003	-	90,336,998
TOTAL COMPREHENSIVE INCOME		9,501,681	(9,306,598)	103,481,855

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

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2013

	Notes	2012/2013 Actual \$	2012/2013 Rev Budget \$	2011/2012 Actual \$
Revenue				
General Purpose Funding		2,409,079	1,250,712	2,621,670
Governance		1,336,590	1,112,986	1,267,367
Law, Order & Public Safety		513,747	1,215,926	745,074
Health		54,328	42,964	88,479
Education & Welfare		1,409,341	1,365,466	3,380,506
Housing		44,824	51,010	43,956
Community Amenities		1,645,809	1,680,909	1,922,211
Recreation & Culture		1,436,645	1,771,806	916,540
Transport		4,430,123	4,416,720	10,112,397
Economic Services		129,587	377,850	7,057,000
Other Property & Services		334,118	523,988	1,066,240
		13,744,193	13,810,337	29,221,442
Expenditure				
General Purpose Funding		(79,718)	(72,000)	(27,280)
Governance		(2,319,855)	(2,718,666)	(2,116,246)
Law, Order & Public Safety		(1,427,653)	(1,379,748)	(1,234,590)
Health		(230,166)	(262,702)	(244,787)
Education & Welfare		(3,115,938)	(3,183,173)	(1,236,214)
Housing		(1,251)	(2,000)	(675)
Community Amenities		(2,210,364)	(2,336,659)	(2,497,378)
Recreation & Culture		(4,281,947)	(4,620,409)	(4,030,833)
Transport		(13,004,901)	(11,766,455)	(8,927,831)
Economic Services		(2,901,085)	(3,585,762)	(1,602,362)
Other Property & Services		(213,737)	(244,627)	(929,776)
		(29,786,615)	(30,172,201)	(22,847,970)
Net Result Excluding Rates		(16,042,422)	(16,361,864)	6,373,472
Adjustments for Cash Budget Requirements				
<i>Non-cash expenditure and income</i>				
Net Profit on Sale of Assets	13	(58,372)	(184,006)	(167,774)
Deprecation on Assets	25	11,177,645	11,160,543	8,409,674
Leave Provisions to Reserves		10,712	157,851	55,819
Other		(26,109)	10,000	13,274
Net Non-Cash Expenditure and Revenue		11,103,876	11,144,388	8,310,993
<i>Capital Expenditure and Revenue</i>				
Purchase Land & Buildings		(715,269)	(1,948,023)	(962,444)
Purchase Infrastructure Assets		(6,589,236)	(11,761,920)	(3,069,683)
Purchase Plant & Machinery		(828,516)	(2,554,795)	(995,956)
Purchase Motor Vehicles		(336,270)	(392,500)	(274,707)
Purchase Furniture & Equipment		(123,725)	(158,850)	(167,016)
Proceeds from Disposal of Assets	13	203,852	654,500	320,081
Repayment of Loan Principal	23g	(366,972)	(396,641)	(428,589)
Proceeds from New Debentures	23g	98,204	546,060	250,000
Payment of SS Loans to Groups		(83,000)	-	-
Self-supporting Loan Principal Income	23c	5,069	24,301	15,969
Unexpended Loan Funds Brought Forward	23f	21,775	63,369	(7,645)
Transfers to Reserves	12e	(9,285,957)	(9,027,794)	(17,034,664)
Transfers from Reserves	12e	20,728,408	25,823,954	2,069,420
Restricted Cash		(3,464,494)	(5,008,001)	-
Net Cash from Investing Activities		(736,131)	(4,136,340)	(20,285,233)
Estimated Surplus/(Deficit) July 1 B/Fwd		2,298,551	2,298,551	1,127,934
Estimated (Surplus)/Deficit June 30 C/Fwd		(3,666,974)		(2,298,551)
AMOUNT REQUIRED TO BE RAISED FROM RATES	15a	(7,043,102)	(7,055,266)	(6,771,386)

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

Statement of Financial Position	Notes	ACTUAL 2012/2013 \$	ACTUAL 2011/2012 \$
Current Assets			
Cash and cash equivalents	2	15,471,065	23,015,045
Trade and other receivables	3a	686,592	711,697
Inventories	4	190,975	141,045
Other assets	5,6	622,515	409,415
Tax Assets	7	282,131	4
Total Current Assets		17,253,279	24,277,206
Non-Current Assets			
Other receivables	3b	205,508	141,974
Property, plant & equipment	6	51,061,811	33,558,751
Infrastructure	9	310,086,421	311,818,586
Total Non-Current Assets		361,353,740	345,519,310
TOTAL ASSETS		378,607,019	369,796,516
Current Liabilities			
Trade and other payables	10a	1,616,895	2,584,481
Provisions	10b	1,106,472	1,058,863
Current Portion of Long Term Borrowings	11a	427,249	366,972
Total Current Liabilities		3,150,616	4,010,316
Non-Current Liabilities			
Long term borrowings	11b	4,781,668	4,579,856
Provisions	10c	290,585	323,876
Total Non-Current Liabilities		5,072,253	4,903,732
TOTAL LIABILITIES		8,222,869	8,914,048
NET ASSETS		370,384,150	360,882,470
Equity			
Accumulated losses		(11,701,909)	(14,145,039)
Reserves - Cash Backed	2,12	7,732,910	19,175,362
Reserves - Asset Revaluation	12c	374,353,149	355,852,147
TOTAL EQUITY		370,384,150	360,882,470

Statement of Changes in Equity	Notes	Accumulated Losses \$	Reserves Cash Backed \$	Asset Revaluation Reserves \$	Total Equity \$
Balance as at 1 July 2011		(12,324,653)	4,210,119	265,515,149	257,400,615
Comprehensive Income					
Net Result		13,144,857	-	-	13,144,857
Change on Revaluation of Non-Current Assets	12c	-	-	90,336,998	90,336,998
Total Comprehensive Income		13,144,857	-	90,336,998	103,481,855
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
Comprehensive Income					
Net Result		(8,999,322)	-	-	(8,999,322)
Change on Revaluation of Non-Current Assets	12c	-	-	18,501,003	18,501,003
Total Comprehensive Income		(8,999,322)	-	18,501,003	9,501,681
Transfers from/(to) Reserves	12e	11,442,452	(11,442,452)	-	-
Balance as at 30 June 2013		(11,701,909)	7,732,910	374,353,149	370,384,150

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

Statement of Cash Flows	Notes	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
Cash Flows from Operating Activities			
Receipts			
Rates		7,181,075	6,757,748
Operating Grants, Subsidies and Contributions		6,368,395	16,431,343
Fees & Charges		2,383,532	2,292,181
Interest Earnings		534,952	409,304
Other Revenue		1,090,309	740,139
		17,558,263	26,630,715
Payments			
Employee Costs		(7,806,224)	(7,551,875)
Materials & Contracts		(9,086,340)	(4,440,695)
Utilities		(677,107)	(594,609)
Interest Expenses		(303,316)	(317,861)
Insurance Expenses		(492,007)	(477,143)
Other Expenditure		(1,950,913)	587,670
		(20,315,907)	(12,794,511)
Net Cash used in Operating Activities		(2,757,645)	13,836,204
Cash Flows from Investing Activities			
Purchase of Buildings		(815,793)	(703,089)
Purchase Infrastructure Assets		(6,399,682)	(3,180,728)
Purchase Plant & Equipment		(1,031,614)	(1,338,382)
Purchase Furniture & Equipment		(85,025)	(193,851)
Purchase Tools		(135)	-
Purchase Land		(2,507)	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,165,009	8,944,861
Bonds and deposits		(3)	1,604
Proceeds from Sale of Plant & Equipment	13	203,852	320,081
Net Cash used in Investing Activities		(4,965,898)	3,850,496
Cash Flows from Financing Activities			
Proceeds from New Debentures	23g	629,060	250,000
Proceeds from Self Supporting Loans	23c	12,046	15,969
New Self Supporting Loan Issues		(94,574)	-
Repayment of Debentures	23g	(366,972)	(428,589)
Net Cash used in Financing Activities		179,560	(162,620)
Net Increase in Cash Held / (Decrease)		(7,543,983)	17,524,080
Cash at Beginning of year		23,015,046	5,490,966
Cash and Cash Equivalents at End of the Year	2	15,471,063	23,015,046
NET MOVEMENT OF CASH HELD		(7,543,983)	17,524,080

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

Statement of Cash Flows	Notes	2012/2013 ACTUAL \$	2011/2012 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	15,471,063	23,015,046
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result			
Net Result		8,999,322	(13,144,857)
Depreciation		(11,177,645)	(8,409,674)
Net profit-Loss on disposal of assets		58,371	167,774
Movement in rate debtors		(34,330)	113,179
Movement in sundry debtors		(8,091)	(208,921)
Movement in inventory		49,931	(28,571)
Movement in prepayments		(1,109)	6,724
Movement in accrued income		214,209	352,539
Movement in income in advance		(10,142)	(10,212)
Movement in employee hours bank		8,921	(30,823)
Movement in trade creditors		1,173,404	(1,349,874)
Movement in accrued expenses		85,501	(121,181)
Movement in accrued salary & wages		(16,324)	(21,076)
Movement in accrued employee deductions		445	(375)
Movement in provision for PAYG		(16,655)	(7,473)
Movement in accrued interest expense		(985)	5,435
Movement in provision for leave		(40,428)	(80,406)
Movement provision for doubtful debts		26,109	(13,274)
Movement in GST		282,131	-
Capital Grants		3,116,480	8,933,983
Capital Community Contributions		48,529	10,878
Net Cash from Operating Activities		2,757,645	(13,836,204)

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

1. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Basis of Preparation**

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

Critical Accounting Estimates

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

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

b) **The Local Government Reporting Entity**

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

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

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

c) **Goods & Services Tax**

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

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

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

d) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand; cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

e) **Trade and Other Receivables**

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

(f) **Inventories**

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

g) **Fixed Assets**

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

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows;

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local –
 - (i) That are plant and equipment; and
 - (ii) That are –
 - (I) Land and buildings; or
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Early Adoption of AASB13 – Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB13 – Fair Value Measurement did not become applicable until the year ending 30 June 2014 (in relation to this Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB13 for Land and Buildings (as allowed in the standard).

As a consequence, the principles embodied in AAS13 – Fair Value Measurement were applied to the previous reporting period being the year ended 30 June 2013.

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 that 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 incurred.

Revaluation

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Those assets carried at a 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.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum 3 year revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

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:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

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 June 2013.

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 2012/2013. In the 2012/2013 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 represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

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

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) Joint Venture

The Council does not have any joint venture Interests.

t) Rounding off Figures

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

u) Comparative Information

Where required, comparative figures have been adjusted to conform with changes in presentation of the current financial year. When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest period will be disclosed.

v) Budget Comparative Figures

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

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

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

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	1 January 2013 Deferred AASB 9 until 1 January 2015	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 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii)	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	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv)	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, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	1 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 the nature of the Joint Venture, it is not expected to have a significant Impact on the Council.
(v)	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	1 July 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.
(vi)	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	1 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 AASBs in relation to termination benefits.

(vii)	AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	1 January 2013	<p>Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>This Standard is not expected to significantly impact on the Council's financial statements.</p>
(viii)	AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	1 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.</p>
(ix)	AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB1,101,116,132,134 and Interpretation 2]	June 2012	1 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.</p>
(x)	AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	1 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

Notes:

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

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 2010 – 8

AASB 2011 - 3

AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable, 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.

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g)

	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
2. CASH AND CASH EQUIVALENTS		
Cash at Bank	4,272,909	3,838,933
Cash at Bank - Restricted	3,464,494	-
Cash Floats / Tills	751	751
Reserve Funds (Note 12 (a))	7,732,911	19,175,362
	15,471,065	23,015,045

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

Reserve Funds	7,732,911	19,175,362
Loan Funds Carried Forward (Note 23(f))	572,510	63,399
	8,305,421	19,238,761

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. Transfers of \$7,972,0000 was made from the non-council controlled account during the 2012/2013 financial year to Shire of Manjimup's SuperTown reserve accounts.

3. TRADE AND OTHER RECEIVABLES

a) <u>Current</u>		
Infringement Debtors	4,930	3,210
Rate Debtors	383,707	414,492
Self-Supporting Loan Debtors	25,817	12,046
Sundry Debtors	272,138	281,950
	686,592	711,697
b) <u>Non-Current</u>		
Rate Debtors	103,567	107,110
Bonds- Housing	260	1,940
Sporting Bodies - Loans	101,681	32,923
	205,508	141,974

4. INVENTORIES

Bitumen Products	2,924	1,067
Fuel (valued at cost)	39,706	25,311
Other - Guide Posts etc	143,709	108,630
Manjimup Aqua Centre	4,636	6,037
	190,975	141,045

5. PREPAYMENTS

Materials & Contracts	24,586	25,310
Subscriptions	2,134	2,519
	26,720	27,829

6. ACCRUED INCOME

Interest on Self-Supporting Loans	15,010	268
Accrued Income Debtors	580,784	381,318
	595,794	381,586

7. TAX ASSETS

<u>Current</u>		
Goods & Services Tax	282,131	4
	282,131	4

	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
8. PROPERTY, PLANT & EQUIPMENT		
a) Assets classified by Function/Activity		
General Administration	4,205,953	2,718,121
Law, Order & Public Safety	3,192,574	2,663,081
Health	66,473	73,817
Welfare	2,505,687	1,847,335
Housing	928,000	795,301
Community Amenities	1,390,991	1,664,244
Recreation & Culture	39,628,618	23,775,855
Transport	308,480,720	311,217,434
Economic Services	714,181	579,317
Other Property & Services	35,033	42,831
	361,148,231	345,377,336
b) Assets classified by Type		
Land & Buildings (At Fair Value)	86,921,873	47,746,939
less Accumulated Depreciation	(41,091,166)	(19,515,253)
	45,830,707	28,231,686
Plant & Equipment (At Cost)	10,890,399	10,837,374
less Accumulated Depreciation	(6,227,105)	(6,118,929)
	4,663,294	4,718,445
Furniture & Equipment (At Cost)	1,798,587	1,707,556
less Accumulated Depreciation	(1,230,777)	(1,098,937)
	567,810	608,620
SUB TOTAL Property, Plant & Equipment	51,061,811	33,558,751
Infrastructure Assets (At Fair Value)	471,875,992	465,469,416
less Accumulated Depreciation	(161,789,573)	(153,650,830)
	310,086,421	311,818,586
NET BOOK VALUE	361,148,232	345,377,336

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	28,231,689	608,620	4,718,445	-	33,558,754
Reclassification	251,190	(12,339)	(159,898)	-	78,953
Additions	759,203	109,397	1,175,076	-	2,043,676
Disposals	(17,736)	(501)	(127,243)	-	(145,480)
Revaluation increments/(decrements)	18,346,672	-	154,331	-	18,501,002
Impairment (losses)/reversals	-	-	-	-	-
Depreciation Expense	(1,740,309)	(137,367)	(1,097,416)	-	(2,975,092)
Carrying amount at the end of year	45,830,707	567,810	4,663,294	-	51,061,811

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2013 by independent valuers.

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

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

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

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

The revaluation resulted in an overall increase of \$18,346,671 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs). The revaluation resulted in an overall increase of \$154,331 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment:

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management valuation, it was determined that the current written down value of furniture and equipment is equivalent to the fair value at 30 June 2013.

9. INFRASTRUCTURE	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
Roads - management valuation	396,903,110	393,555,187
Less Accumulated Depreciation	(134,099,206)	(127,143,944)
	<u>262,803,904</u>	<u>266,411,243</u>
Footpaths - management valuation	3,811,245	3,654,647
Less Accumulated Depreciation	(2,738,048)	(2,664,955)
	<u>1,073,197</u>	<u>989,692</u>
Drainage - management valuation	18,647,001	18,610,523
Less Accumulated Depreciation	(7,595,000)	(7,362,368)
	<u>11,052,002</u>	<u>11,248,155</u>
Bridges - management valuation	41,434,602	40,102,292
Less Accumulated Depreciation	(13,228,848)	(12,560,476)
	<u>28,205,754</u>	<u>27,541,816</u>
Refuse Sites & Waste Transfer Stations - cost	307,120	376,619
Less Accumulated Depreciation	(96,208)	(127,895)
	<u>210,912</u>	<u>248,723</u>
Carparks - cost	1,017,196	752,976
Less Accumulated Depreciation	(291,900)	(273,073)
	<u>725,296</u>	<u>479,903</u>
Cemeteries - cost	222,898	241,716
Less Accumulated Depreciation	(124,551)	(120,413)
	<u>98,347</u>	<u>121,303</u>
Airfield & Runways - cost	2,113,232	2,163,523
Less Accumulated Depreciation	(1,282,952)	(1,235,553)
	<u>830,280</u>	<u>927,970</u>
Parks & Ovals - cost	7,419,588	6,012,535
Less Accumulated Depreciation	(2,332,861)	(2,162,755)
	<u>5,086,727</u>	<u>3,849,780</u>
	<u>310,086,421</u>	<u>311,818,586</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	266,411,243	989,692	11,248,155	27,541,816	5,627,679	311,818,586
Reclassification	-	-	-	-	(78,952)	(78,952)
Additions	3,347,923	156,598	36,478	1,332,310	1,676,031	6,549,340
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment (losses)/reversals	-	-	-	-	-	-
Depreciation Expense	(6,955,262)	(73,093)	(232,632)	(668,372)	(273,195)	(8,202,552)
Carrying amount at the end of year	<u>262,803,904</u>	<u>1,073,197</u>	<u>11,052,002</u>	<u>28,205,754</u>	<u>6,951,563</u>	<u>310,086,421</u>

10. **TRADE AND OTHER PAYABLES**

	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
a) <u>Creditors - Current</u>		
Creditors	533,387	1,657,074
Accrued Employee deductions	111,137	94,927
Accrued Expenses	493,629	370,586
Accrued Interest on Loans	52,716	51,731
Accrued Salaries and Wages	233,554	217,230
Bonds & Deposits	5,461	7,144
Income in Advance	20,354	10,212
Funding Payable (Note 29)	22,819	22,819
Hours Bank	114,337	123,258
Unearned Revenue	29,500	29,500
	1,616,894	2,584,481
Provisions		
b) <u>Provisions - Current</u>		
Provision for Annual Leave	461,464	436,311
Provision for Long Service Leave	483,503	445,636
Provision for Workers Compensation	26,033	24,696
Provision for Superannuation	71,656	67,377
Provision for Doubtful Debts	29,175	25,484
Provision for Rates Debtors	-	29,800
Provision for Salary Sacrifice Retirement	34,641	29,559
	1,106,472	1,058,863
Creditors & Provisions - Current	2,723,366	3,643,344
c) <u>Provisions - Non-Current</u>		
Provision for Long Service Leave	290,585	323,876
	290,585	323,876

11. **Borrowings**

a) <u>Current</u>		
Council Loans	386,716	354,926
Self-Supporting Loans	40,533	12,046
	427,249	366,972
b) <u>Non-Current</u>		
Council Loans	4,385,217	4,546,933
Self-Supporting Loans	396,451	32,923
	4,781,668	4,579,856
TOTAL Borrowings	5,208,917	4,946,828

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 2012/2013 \$	Actual 2012/2013 \$	Actual 2011/2012 \$
Airfield Construction & Maintenance Reserve			
To be applied upon recommendations from the Airfield Committee.			
Opening Balance	18,235	18,235	0
Interest Earned	787	559	532
Transfer to Reserve	-	12,402	17,703
Transfer from Reserve	-	-	-
Closing Balance	19,022	31,196	18,235

<u>ACCOUNT TITLE</u>	<u>Budget</u> <u>2012/2013</u>	<u>Actual</u> <u>2012/2013</u>	<u>Actual</u> <u>2011/2012</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	2,500	2,500	-
Interest Earned	-	-	-
Transfer to Reserve	10,000	10,000	10,000
Transfer from Reserve	-	-	(7,500)
Closing Balance	12,500	12,500	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	17,624	17,624	45,117
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	20,000
Transfer from Reserve	(16,500)	(11,834)	(47,493)
Closing Balance	21,124	25,790	17,624

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	861	861	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	861
Transfer from Reserve	-	-	-
Closing Balance	861	861	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	263,426	263,426	235,085
Interest Earned	-	-	-
Transfer to Reserve	20,000	20,000	28,340
Transfer from Reserve	-	-	-
Closing Balance	283,426	283,426	263,426

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 2012/2013</u>	<u>Actual 2012/2013</u>	<u>Actual 2011/2012</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	(27,321)	(27,321)	-
Closing Balance	-	-	27,321
<u>Construction & Resource Research Reserve</u>			
Monies set aside to assist in resourcing materials for construction.			
Opening Balance	373,891	373,891	331,910
Interest Earned	-	-	-
Transfer to Reserve	70,000	46,438	48,825
Transfer from Reserve	(13,562)	(10,835)	(6,844)
Closing Balance	430,329	409,495	373,891
<u>Future Car park Reserve - Manjimup</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	14,300	14,300	14,563
Interest Earned	-	-	-
Transfer to Reserve	5,000	-	-
Transfer from Reserve	-	-	(262)
Closing Balance	19,300	14,300	14,300
<u>Future Car park Reserve - Northcliffe</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Future Car park Reserve - Pemberton</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Future Car park Reserve - Walpole</u>			
Funding from developer contributions to be applied for specific car parking works in close proximity.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Grants in Advance Reserve</u>			
To set aside Grants and Contributions paid in advance of the funded projects completion			
Opening Balance	16,127,291	16,127,291	1,408,800
Interest Earned	-	-	-
Transfer to Reserve	-	256,183	15,921,014
Transfer from Reserve	(16,113,893)	(15,570,095)	(1,202,524)
Closing Balance	13,398	813,380	16,127,291

<u>ACCOUNT TITLE</u>	<u>Budget 2012/2013</u>	<u>Actual 2012/2013</u>	<u>Actual 2011/2012</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>HACC Annual & Long Service Leave Reserve</u>			
Monies set aside for leave provisions for Home & Community Care.			
Opening Balance	68,054	68,054	59,609
Interest Earned	2,657	2,532	2,732
Transfer to Reserve	12,778	40,161	7,224
Transfer from Reserve	-	(2,675)	(1,510)
Closing Balance	83,489	108,072	68,054
<u>HACC Asset Replacement Reserve</u>			
Monies set-aside for asset replacements for Home & Community Care.			
Opening Balance	448,787	448,787	338,021
Interest Earned	17,375	14,040	16,052
Transfer to Reserve	40,256	88,909	165,116
Transfer from Reserve	(45,008)	(42,053)	(70,401)
Closing Balance	461,410	509,682	448,787
<u>Heritage Reserve</u>			
Monies allocated to the Shire of Manjimup for heritage building maintenance.			
Opening Balance	6,982	6,982	5,490
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	(2,500)	(2,170)	(3,509)
Closing Balance	9,482	9,812	6,982
<u>Land Resumption Reserve</u>			
Funding for Resumption of land for infrastructure purposes.			
Opening Balance	62,790	62,790	73,679
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(20,000)	-	(10,890)
Closing Balance	42,790	62,790	62,790
<u>Northcliffe Town Hall Reserve</u>			
Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.			
Opening Balance	3,749	3,749	2,498
Interest Earned	132	136	118
Transfer to Reserve	-	4,896	3,409
Transfer from Reserve	-	(1,831)	(2,276)
Closing Balance	3,881	6,950	3,749
<u>Occupational Health & Safety Reserve</u>			
for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety			
Opening Balance	3,000	3,000	-
Interest Earned	-	-	-
Transfer to Reserve	3,000	3,000	3,000
Transfer from Reserve	-	-	-
Closing Balance	6,000	6,000	3,000
<u>Plant & Equipment Replacement Reserve</u>			
To offset costs associated with new plant purchases.			
Opening Balance	652,069	652,069	550,656
Interest Earned	-	-	-
Transfer to Reserve	928,000	574,900	617,066
Transfer from Reserve	(1,521,000)	(575,813)	(515,654)
Closing Balance	59,069	651,156	652,069

<u>ACCOUNT TITLE</u>	<u>Budget 2012/2013</u>	<u>Actual 2012/2013</u>	<u>Actual 2011/2012</u>
<u>RESERVES - CASH BACKED Cont...</u>	\$	\$	\$
<u>Recreation Floor Reserve</u>			
Set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	-
Transfer from Reserve	-	-	-
Closing Balance	5,000	5,000	-
<u>Recreation Ground Equipment Reserve</u>			
For the funding of any recreational sportsground equipment failure or breakdown.			
Opening Balance	5,000	5,000	-
Interest Earned	-	-	-
Transfer to Reserve	5,000	5,000	5,000
Transfer from Reserve	-	-	-
Closing Balance	10,000	10,000	5,000
<u>Reseal Reserve</u>			
For the funding of future road reseals, asphalt overlays and associated preparatory works.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	-	-	-
<u>Revaluation Reserve</u>			
For the funding of future revaluation cycles, for GRV valuations and Building revaluations.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	36,500	36,500	-
Transfer from Reserve	-	-	-
Closing Balance	36,500	36,500	-
<u>Road Grant & Latent Conditions Reserve</u>			
For co-funding, over expenditure in Road Grants due to fluctuations and bad weather conditions			
Opening Balance	65,573	65,573	65,573
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
Closing Balance	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)	(13,165)	(18,830)
Closing Balance	-	1,835	-
<u>Staff Annual & Long Serve Leave Reserve</u>			
Funding for employee entitlements for Annual and Long Service Leave.			
Opening Balance	618,615	618,615	665,964
Interest Earned	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	(14,000)	(47,349)
Closing Balance	618,615	604,615	618,615
<u>Strategic Asset Development Reserve</u>			
To enable the purchase of strategic land, building and capital works.			
Opening Balance	42,050	42,050	42,050
Interest Earned	-	-	-
Transfer to Reserve	74,731	74,731	-
Transfer from Reserve	(96,940)	(35,675)	-
Closing Balance	19,841	81,106	42,050

<u>ACCOUNT TITLE</u>	<u>Budget 2012/2013 \$</u>	<u>Actual 2012/2013 \$</u>	<u>Actual 2011/2012 \$</u>
<u>RESERVES - CASH BACKED Cont...</u>			
<u>SuperTown - Food Council Project</u>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	1,947,000	3,667,000	-
Transfer from Reserve	(1,947,000)	(1,430,069)	-
Closing Balance	-	2,236,931	-
<u>SuperTown - Townsite Expansion Project</u>			
To assist in isolating project specific funds, allowing funding to be released as required over the life of the project.			
Opening Balance	-	-	-
Interest Earned	-	-	-
Transfer to Reserve	5,710,001	4,305,000	-
Transfer from Reserve	(5,710,001)	(2,920,222)	-
Closing Balance	-	1,384,778	-
<u>Telecommunications Reserve</u>			
Replacement of Shire managed television and radio retransmission equipment			
Opening Balance	11,687	11,687	21,421
Interest Earned	-	-	-
Transfer to Reserve	-	2,000	-
Transfer from Reserve	-	(11,687)	(9,734)
Closing Balance	11,687	2,000	11,687
<u>Waste Management & Site Development Reserve</u>			
Funding for the development of waste facility sites upon the expiry of existing sites.			
Opening Balance	113,396	113,396	162,634
Interest Earned	-	-	-
Transfer to Reserve	33,967	25,951	-
Transfer from Reserve	(115,928)	-	(49,238)
Closing Balance	31,435	139,347	113,396
<u>Windy Harbour Infrastructure Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	185,818	185,818	125,445
Interest Earned	-	-	-
Transfer to Reserve	44,760	44,760	139,610
Transfer from Reserve	(179,302)	(58,962)	(79,236)
Closing Balance	51,276	171,616	185,818
<u>Workers Compensation Premium Reserve</u>			
For the development of infrastructure within the settlement.			
Opening Balance	42,341	42,341	34,280
Interest Earned	-	-	-
Transfer to Reserve	20,850	5,859	8,061
Transfer from Reserve	-	-	-
Closing Balance	63,191	48,200	42,341
<u>TOTAL RESERVES - CASH BACKED</u>	2,379,200	7,732,911	19,175,362

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2012/2013 financial year.

(c) **RESERVES - ASSET REVALUATION**

During to year Council staff unlook works to comply with the new Local Government (Financial Management) Regulations effective 1 July 2012 where the measurement of non-current assets at Fair Value, became mandatory. Under this regulation Plant and Equipment was to be revalued as at 30 June 2013. This requirement was met by undertaking a Management Valuation of Council's Plant & Equipment assets. Council has also chosen Early Adoption of ASSB13 for Land and Buildings with AVP Valuers undertaking the valuation works. Infrastructure was not revalued in 2012/2013, with only the capitalisation of works carried out in 2012/2013 adding to the Asset Class less annual depreciation.

	2012/2013 ACTUAL \$	2011/2012 ACTUAL \$
Plant & Equipment		
Opening Balance	0	0
Revaluation increment 30/6/12	0	55,886
Revaluation increment 30/6/13	154,331	0
	154,331	55,886
Land		
Opening Balance	3,976,176	3,976,176
Revaluation increment 30/6/12	0	0
Revaluation decrement 30/6/13	(2,027,057)	0
	1,949,120	3,976,176
Buildings		
Opening Balance	24,781,490	24,781,490
Revaluation increment 30/6/12	0	0
Revaluation increment 30/6/13	20,373,728	0
	45,155,218	24,781,490
Infrastructure		
Opening Balance	327,038,596	236,757,484
Revaluation increment 30/6/12	0	90,281,112
Revaluation increment 30/6/13	0	0
	327,038,596	327,038,596
TOTAL		
Opening Balance	355,852,147	265,515,149
Total Revaluation increment 30/6/12	0	90,336,998
Total Revaluation increment 30/6/13	18,501,003	0
	374,353,149	355,852,147

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.

	2012/2013 Budget \$	2012/2013 Actual \$	2011/2012 Actual \$
Transfers to Reserve Accounts (including interest)	9,027,794	9,285,957	17,034,663
Transfers from Reserve Accounts	(25,823,954)	(20,728,408)	(2,069,420)
Net Transfers to/(from) Reserve Accounts	(16,796,159)	(11,442,452)	14,965,243

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	500	-	-	-	500	-
Motor Vehicles						
Profit on Sale	35,729	94,000	62,139	71,408	(26,410)	(22,592)
Loss on Sale	90,320	162,754	67,437	137,500	22,883	25,254
	126,049	256,754	129,576	208,908	(3,527)	2,662
Plant & Equipment	1,194	224,332	74,276	381,000	(73,081)	(156,668)
Infrastructure	-	-	-	-	-	-
Buildings	17,736	30,000	-	-	17,736	(30,000)
Land	-	-	-	-	-	-
TOTAL	145,480	511,086	203,852	589,908	(58,372)	(184,006)

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

	-	-	-	-	-	-
TOTAL	145,480	511,086	203,852	589,908	(58,372)	(184,006)

14. TRUST FUND INFORMATION

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

Class Purpose	2011/2012 C/Fwd \$	2012/2013 Received \$	2012/2013 Paid \$	2012/2013 C/Fwd \$
<u>General</u>				
Building Bonds (Cat 3)	11,500	-	-	11,500
Development Bonds (Cat 5)	37,719	371	14,853	23,237
Hall Hire Bonds (Cat 6)	420	4,500	4,350	570
Kerb Bonds (Cat 7)	23,026	2,000	3,000	22,026
Miscellaneous Bonds (Cat 8)	85,415	82,921	100,680	67,656
Seven Day Rd Bond (Cat 9)	687	736	-	1,423
Southern Forests Tourism Group Bond (Cat 10)	4,930	4,085	3,135	5,880
Public Open Space (Cat 11)	-	8,250	-	8,250
	163,697	102,863	126,018	140,542

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 2013.

c)

Statement of Rating Information - Rate Yield - 2012/2013 Budget

	Rateable Value	Rate in \$	Rate Yield \$	No.	Minimum Yield \$	TOTAL \$
General Rate - GRV						
Residential	30,481,340	9.0975	3,801,092	1,871	1,345,249	5,146,341
Adjust for Minimums	1,130,080		(1,028,052)			(1,028,052)
Adjust for Phase In	-		-			-
Adjust for Concessions	-		-	-		(48,030)
General Rate - UV						
Rural	519,829,900	0.53320	2,912,061	297	213,543	3,125,609
Adjust for Minimums	26,318,126		(140,332)			(140,332)
CALM Dam	5,800	0.53320	-	3	150	150
Adjust for Minimums	-		-			-
CALM Grazing	1,200	0.53320	-	3	300	300
Adjust for Waivers						(719)
	577,766,446		5,544,768	2,174	1,559,242	7,055,266
Ex-Gratia/Non-Rateable						
Interim Rates 12/13	-		-	-	-	-
	-		-	-	-	-
TOTAL RATES LEVIED	577,766,446		5,544,768	2,174	1,559,242	7,055,266

d) Surplus / Deficit brought forward

	1 July 2012 Surplus/(Deficit) Brought Forward	30 June 2012 Surplus/(Deficit) Carried Forward
Surplus / (Deficit) 1 July 2012 Brought Forward	2,298,551	2,298,551
Comprises		
Cash Unrestricted	3,839,684	3,839,684
Cash Restricted	19,175,362	19,175,362
Rates - Current	414,492	414,492
Sundry Debtor	297,205	297,205
Other Receivables	409,415	409,415
GST Receivable	4	4
Inventories	141,045	141,045
Less		
Reserves - Restricted Cash	(19,175,362)	(19,175,362)
Creditors	(1,657,074)	(1,657,074)
Accrued Employee deductions	(94,927)	(94,927)
Accrued Expenses	(370,586)	(370,586)
Accrued Interest on Loans	(51,731)	(51,731)
Accrued Salaries and Wages	(217,230)	(217,230)
Bonds & Deposits	(7,144)	(7,144)
Income In Advance	(10,212)	(10,212)
Funding Payable	(22,819)	(22,819)
Hours bank	(123,258)	(123,258)
Unearned Revenue	(29,500)	(29,500)
Current Provisions	(1,058,863)	(1,058,863)
Add Back Liabilities funded by Reserves	686,669	686,669
Surplus / (Deficit)	2,145,170	2,145,170

e)

General Purpose Income

	2012/2013 BUDGET	2012/2013 ACTUAL	Valuations	2011/2012 ACTUAL
	\$	\$	\$	\$
RATES				
General Rate				
GRV Rate in \$0.090975	2,773,040	2,773,489	30,481,340	2,625,760
UV Rate in \$0.005332	2,771,734	2,771,284	519,829,900	2,662,440
CALM Leases Rate in \$0.0047596	-	-	-	-
Phased GRV				20,270
Minimum Rate				
GRV @ \$719	1,345,249	1,345,249	11,300,380	1,305,112
UV @ \$719	213,543	213,543	26,318,126	202,064
CALM Leases @ \$50	150	150	5,900	150
CALM Leases @ \$100	300	300	1,200	400
Phased GRV				
Interim Rate				
GRV Rate in \$0.090975	-	19,580	-	4,078
UV Rate in \$0.005332	-	(19,088)	-	3,105
TOTAL RATES LEVIED	7,104,016	7,104,506	587,936,846	6,823,379
Discounts Allowed	-	-		-
Waived Rates	(2,939)	(2,939)		(2,094)
Adjustments GRV	-	-		-
Adjustments UV	-	-		-
Concessions Phase In	-	-		(5,799)
Concessions Sporting Clubs	(45,810)	(45,809)		(46,195)
Rates Written Off		(12,656)		
Sub Total NET RATES	7,055,266	7,043,102		6,771,386
Ex-Gratia Rates				
Other Rate Charges				
Windy Harbour Lease Fees	103,642	103,642		99,541
NET RATES	7,158,908	7,146,745	-	6,870,927
Waste Collection Fees	1,211,281	1,216,874		1,169,388
Late Payment Penalties	45,000	52,339		67,902
Instalment Interest	26,000	24,858		27,552
Rates Written Off	-	-		-
TOTAL NET RATES	8,441,189	8,440,815	-	8,135,769

GENERAL PURPOSE INCOME

Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off)	7,126,266	7,120,299	6,866,840
Administration Fees	25,000	28,099	24,674
Property Information Fees	27,000	19,106	15,735
General Purpose Grant			
General Grants (Unlied)	1,127,712	2,284,676	2,485,807
TOTAL GENERAL PURPOSE INCOME	8,305,978	9,452,181	9,393,056

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2013.

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 2012/2013	Actual 2012/2013	Actual 2011/2012
	\$	\$	\$
Governance/General Administration	60,000	59,476	48,177
Law, Order & Public Safety	25,480	28,660	26,942
Health	37,000	51,063	48,317
Welfare	95,555	183,447	125,917
Housing	51,010	44,824	43,956
Community Amenities	1,591,121	1,559,003	1,504,118
Recreation & Culture	415,920	420,348	400,495
Transport	9,090	5,047	5,047
Economic Services	71,350	61,847	81,468
Other Property & Services	5,500	938	2,983
TOTAL	2,362,026	2,414,652	2,287,420

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 2012/2013 budget did not provide a discount for early payment of rates.

Item	Budget 2012/2013	Actual 2012/2013	Actual 2011/2012
	\$	\$	\$
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 2012/2013	Actual 2012/2013	Actual 2011/2012
	\$	\$	\$
Penalty Interest	-	-	-
Rates - Rubbish	-	-	-
Hire Fees	-	-	-
Concessions - Sporting Groups	48,749	48,749	46,195
TOTAL	48,749	48,749	46,195

(c) **Incentive**

Council offered no incentive prizes for early payment of Rates for 2012/2013.

19. LATE PAYMENT INTEREST

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

(a) Interest on Rates

During the financial year, interest applied to late payment of rates, including rubbish rates and waste disposal rates. Such interest rate was set at 9%, and applied to general and rubbish rates. Interest is applied 35 days from the date of issue of notice.

Item	Budget 2012/2013 \$	Actual 2012/2013 \$	Actual 2011/2012 \$
Interest on Rates	45,000	54,386	67,902
TOTAL Interest on Rates	45,000	54,386	67,902

(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 2012/2013 financial year. There was no amount budgeted for 2012/2013.

(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	21 September 2012
Second Instalment	30 November 2012
Third Instalment	31 January 2013
Fourth & Final Instalment	29 March 2013

(d) Interest Rate for Instalments

The rate of interest applicable to payments by instalments pursuant to Section 6.45(3) Local Government Act 1995 is 4.5%, to be applied to the second, third and fourth instalments.

Item	Budget 2012/2013	Actual 2012/2013	Actual 2011/2012
Interest on Instalments	26,000	24,858	27,552
TOTAL Interest for Instalments	26,000	24,858	27,552

(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 2012/2013	Actual 2012/2013	Actual 2011/2012
Administration Charge on Instalments	25,000	28,099	24,674
TOTAL Charges for Instalments	25,000	28,099	24,674

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 2012/2013	Actual 2012/2013	Actual 2011/2012
Attendance Fees – Shire President	7,000	7,000	7,000
Attendance Fees – Councillors	35,000	35,000	35,002
Local Government Allowance – President & Deputy	23,202	23,851	23,851
Travelling/Accommodation Allowance	15,000	8,678	11,486
Telecommunications Allowance	13,200	13,200	13,197
Technology Allowance	0	0	4,853
TOTAL	93,402	87,729	95,389

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 2013.

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 2013.

23. **BORROWINGS**

The following information is disclosed in accordance with Regulation 48.

(a) **Overdraft Borrowings**

No amount of overdraft is brought forward from 2011/2012, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2013.

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 2012/2013 Financial Year.

(c) **Self Supporting Loans**

The following repayments were made from sources other than rates.

Loan #	Balance 30 June 2012	New Borrowings	Interest 30 June 2013	Principal 30 June 2013	Annual Liability 30 June 2013	Balance 30 June 2013	Interest Accrual 30 June 2013
	\$	\$	\$	\$	\$	\$	\$
170	39,900	-	2,564	6,977	9,541	32,923	182
197	5,069	-	215	5,069	5,283	-	-
217	-	11,574	-	-	-	11,574	3,033
218	-	83,000	-	-	-	83,000	784
TOTAL	44,969	94,574	2,779	12,046	14,824	127,498	3,998

Loan 217 was drawn down in 2012/2013 but not fully expended during this period, so Self Supporting Loan debtors at the 30 June 2013 only represent the expended portion of loan 217. The remaining \$309,486 will be expended and applied to Council's Self Supporting Loan debtors, on the completion of the project in the 2013/2014 financial year.

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

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

Shire of Manjimup
For the Year ended 30th June 2013

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

Purpose of Loan Borrowing	Actual 2012/2013	Financier	Nature of Loan	Repayment Term	Interest Rate
AquaCentre – Ground Source Heat Pumps	225,000	WATC	Principal & Interest	10 Years	4.42%
FESA – Walpole SES Building	321,060	WATC	Principal & Interest	10 Years	4.42%
Manjimup Country Club	0	WATC	Principal & Interest	10 Years	4.42%
TOTAL	546,060				

(f) Unspent Loan Funds Brought Forward

Purpose	Year Borrowed	B/Forward 1 July 2012	New Borrowings 2012/2013	Expended 2012/2013	C/Forward 30 June 2013
Townscape – Northcliffe	2003/04	7,620	-	4,226	3,394
2 way Glenoran	2005/06	334	-	-	334
Repeater upgrade Mt Burnside	2005/06	10,000	-	-	10,000
Depot Building Extension	2008/09	14,655	-	-	14,655
Walpole Aged Accommodation	2008/09	16,763	-	9,473	7,290
Walpole Town Hall Access	2008/09	1,253	-	-	1,253
Manjimup Volunteer Resource Centre	2011/12	12,774	-	8,076	4,698
AquaCentre – Ground Source Heat Pumps	2012/13	-	225,000	3,630	221,370
FESA – Walpole SES Building	2012/13	-	321,060	11,574	309,486
TOTAL		63,400	546,060	36,979	572,480

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2012, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2013

(g) Loan Interest and Capital Repayments 2012/2013 (Budget)

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-12	Loans negotiated	Total interest 30-Jun-13	Reduction of principal to 30-Jun-13	Total repayments to 30-Jun-13	Principal liability outstanding 30-Jun-13
SHIRE LOANS											
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$92,568		\$5,948	\$16,187	\$22,135	76,389
173	WATC	\$200,000	20	Roads	6.92%	\$83,966		\$5,589	\$13,026	\$18,615	70,940
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$23,113		\$1,482	\$7,185	\$8,667	15,928
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$21,990		\$1,277	\$5,008	\$6,285	16,982
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$8,686		\$269	\$8,685	\$8,955	0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$175,210		\$10,882	\$27,475	\$38,357	147,736
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$335,843		\$21,659	\$23,099	\$44,757	312,745
198	WATC	\$135,000	15	Westrail	5.85%	\$68,201		\$3,849	\$9,793	\$12,580	58,408
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$23,308		\$1,285	\$11,295	\$13,642	12,013
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$23,369		\$1,464	\$2,737	\$4,201	20,631
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$230,898		\$14,797	\$13,210	\$28,007	217,687
204	WATC	\$66,200	10	Telecommunications, Northcliffe Oval reliculation	6.06%	\$24,148		\$1,388	\$7,574	\$8,962	16,574
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$80,424		\$4,898	\$8,055	\$12,953	72,369
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$830,051		\$49,316	\$43,880	\$83,196	786,171
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$967,517		\$57,889	\$48,312	\$106,201	919,204
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$190,651		\$11,269	\$17,813	\$29,082	172,838
209	WATC	\$126,250	10	Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$52,667		\$2,957	\$13,978	\$16,935	38,690
210	WESTPA	\$650,000	20	Swimming pool	6.27%	\$530,723		\$32,904	\$24,571	\$57,475	506,152
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$149,419		\$10,273	\$20,808	\$31,080	128,612
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$324,912		\$21,941	\$10,674	\$32,615	314,238
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accommodation, WP Sea Search & Rescue Shed	6.74%	\$414,194		\$27,970	\$13,608	\$41,578	400,586
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$250,000		\$11,233	\$7,952	\$19,186	242,048
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	5.50%	\$0	\$225,000	\$12,139	\$17,413	\$29,552	207,587
Total Shire Loans						\$4,901,859	\$225,000	\$312,676	\$372,339	\$685,015	4,754,520
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$39,900		\$2,564	\$6,977	\$9,541	32,923
197	WATC	\$40,000	10	Tigers Football Club	5.62%	\$5,069		\$215	\$5,069	\$5,283	0
211	COMM	\$40,000	5	Walpole Country Club	6.88%	\$0		\$0	\$0	\$0	0
217	WATC	\$321,060	10	FESA - Walpole SES Building	5.50%	\$0	\$321,060	\$8,829	\$12,255	\$21,085	308,805
Total Self Supporting Loans (Clubs)						\$44,969	\$321,060	\$11,608	\$24,301	\$35,909	341,728
Total all loans						\$4,946,828	\$546,060	\$324,284	\$396,641	\$720,924	5,096,248

(g) Loan Interest and Capital Repayments to 30th June 2013

LOAN #	BANK	Initial Sum	Term (years)	Purpose	Interest Rate	Principal liability 1-Jul-12	Loans negotiated	Total interest 30-Jun-13	Reduction of principal to 30-Jun-13	Total repayments to 30-Jun-13	Principal liability outstanding 30-Jun-13
SHIRE LOANS											
169A	WATC	\$159,442	10	Walpole Rec Centre	6.61%	\$92,568		\$5,948	\$16,187	\$22,135	76,380
173	WATC	\$200,000	20	Roads	6.92%	\$83,966		\$5,589	\$13,026	\$18,615	70,940
183	WATC	\$80,000	15	Northcliffe Waste Transfer Station	6.90%	\$23,113		\$1,482	\$7,185	\$8,667	15,928
189	WATC	\$61,000	10	Waste Transfer Station	6.15%	\$21,990		\$1,277	\$5,008	\$6,285	16,982
194	WATC	\$132,000	10	Town Hall, Playground, Townscape	6.20%	\$8,686		\$269	\$8,685	\$0	0
195	WATC	\$364,969	15	Westrail, Communications, Ambulance	6.46%	\$175,210		\$10,882	\$27,475	\$38,357	147,736
196	WATC	\$494,643	20	Pemb Sports Complex, Walpole Co-Location	6.56%	\$335,843		\$21,659	\$23,099	\$44,757	312,745
198	WATC	\$135,000	15	Westrail	5.85%	\$68,201		\$3,849	\$9,793	\$13,642	58,408
200	WATC	\$92,465	10	Telecommunications, 3 phase power, townscape	6.26%	\$23,308		\$1,285	\$11,295	\$12,580	12,013
201	WATC	\$40,000	15	SES renovation, swimming pool	6.45%	\$23,369		\$1,464	\$2,737	\$4,201	20,631
202	WATC	\$311,000	20	NICC, Walpole Telecentre carpark	6.50%	\$230,898		\$14,797	\$13,210	\$28,007	217,687
204	WATC	\$66,200	10	Telecommunications, Northcliffe Oval relocation	6.06%	\$24,148		\$1,388	\$7,574	\$8,962	16,574
205	WATC	\$125,000	15	Northcliffe Rec Centre, Walpole Silver Chain	6.15%	\$80,424		\$4,898	\$8,055	\$12,953	72,369
206	WATC	\$1,074,760	20	Swimming pool	5.94%	\$830,051		\$49,316	\$43,880	\$93,196	786,171
207	WATC	\$1,220,795	20	Swimming pool	5.98%	\$967,517		\$57,889	\$48,312	\$106,201	919,204
208	WATC	\$284,100	15	Swimming pool - heat pumps	5.96%	\$190,651		\$11,269	\$17,813	\$29,082	172,838
209	WATC	\$126,250	10	Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park	5.86%	\$52,667		\$2,957	\$13,978	\$16,935	38,690
210	WESTP/	\$650,000	20	Swimming pool	6.27%	\$530,723		\$32,904	\$24,571	\$57,475	506,152
212	WATC	\$219,655	10	Underground power Manjimup	7.03%	\$149,419		\$10,273	\$20,808	\$31,080	128,612
213	WATC	\$353,000	20	Manjimup Waste Site Development	6.74%	\$324,912		\$21,941	\$10,674	\$32,615	314,238
214	WATC	\$450,000	20	Depot Building extensions, WP T/Hall Entry, WP Aged Accommodation, WP Sea Search & Rescue Shed	6.74%	\$414,194		\$27,970	\$13,608	\$41,578	400,586
215	WATC	\$250,000	20	Manjimup VRC Building Expansion	4.57%	\$250,000		\$11,233	\$7,952	\$19,186	242,048
216	WATC	\$225,000	10	AquaCentre - Ground Source Heat Pumps	4.42%	\$0	\$225,000	\$0	\$0	\$0	225,000
Total Shire Loans						\$4,901,659	\$225,000	\$300,537	\$354,926	\$655,463	4,771,933
SELF SUPPORTING LOANS (CLUBS)											
170	WATC	\$68,725	20	Walpole Rec Centre	6.61%	\$39,900		\$2,564	\$6,977	\$9,541	32,923
197	WATC	\$40,000	10	Tigers Football Club	5.62%	\$5,069		\$215	\$5,069	\$5,283	0
217	WATC	\$321,060	10	FESA - Walpole SES Building	4.42%	\$0	\$321,060	\$0	\$0	\$0	321,060
218	WATC	\$83,000	10	Manjimup Country Club	4.42%	\$0	\$83,000	\$0	\$0	\$0	83,000
Total Self Supporting Loans (Clubs)						\$44,969	\$404,060	\$2,778	\$12,046	\$14,824	436,983
Total all loans						\$4,946,628	\$629,060	\$303,316	\$366,972	\$670,287	5,208,916

24. INVESTMENTS

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

	2012/2013 Budget \$	2012/2013 Actual \$	2011/2012 Actual \$
<u>Reserve</u>			
Airfield Reserve	787	559	532
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	2,532	2,732
HACC Asset Replacement Reserve	1,144	14,040	16,052
Heritage Reserve	-	-	-
Land Resumption	-	-	-
Northcliffe Town Hall Reserve	132	136	118
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	-	-	-
	4,126	17,267	19,434
<u>Municipal</u>			
General Purpose Interest	152,730	96,994	118,672
Reserve Interest to Operational	100,683	242,494	169,623
TOTAL Investment Interest	253,413	339,487	288,295
Self-Supporting Loan Interest	11,608	144	580
Interest on Instalments/Penalties	71,000	79,244	95,454
Interest on HACC	20,032	16,572	19,048
Other Interest - Grants	-	287,847	5,927
	102,640	383,807	121,009
TOTAL Operating Interest Earnings	356,053	723,294	409,304

25. DEPRECIATION OF NON-CURRENT ASSETS

	2012/2013 Actual \$	2011/2012 Actual \$
a) Depreciation classified by Function/Activity		
General Administration	184,165	170,314
Law, Order & Public Safety	365,933	345,831
Health	11,413	4,288
Welfare	116,541	106,901
Housing	39,200	39,200
Community Amenities	103,462	104,172
Recreation & Culture	1,620,140	1,574,412
Transport	8,683,282	6,015,050
Economic Services	47,362	44,104
Other Property & Services	6,147	5,402
	11,177,645	8,409,674
b) Depreciation classified by Type		
Furniture & Equipment	137,367	127,125
Infrastructure Assets	8,202,552	5,546,603
Land	-	-
Buildings	1,740,309	1,680,722
Plant & Equipment	1,097,164	1,054,954
Tools	252	268
	11,177,645	8,409,674

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

Current Assets minus Restricted Assets	5,483,364
Current Liabilities minus Liabilities associated with Restricted Assets	2,432,303
2012/2013 Ratio	2.25
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

b) **Debt Service Ratio**

Operating Surplus before Depreciation and Interest	-1,105,805
Principal and Interest	671,273
2012/2013 Ratio	-1.65
2011/2012 Ratio	17.58
2010/2011 Ratio	3.64

c) **Own Source Revenue Coverage**

Own Source Operating Revenue	11,928,039
Operating Expenses	29,786,616
2012/2013 Ratio	0.40
2011/2012 Ratio	0.52
2010/2011 Ratio	0.51

d) **Operating Surplus Ratio**

Operating Revenue minus Operating Expense	-12,587,750
Own Source Operating Revenue	11,928,039
2012/2013 Ratio	-1.06
2011/2012 Ratio	0.36
2010/2011 Ratio	-0.52

e) **Asset Consumption Ratio**

Depreciated Replacement Costs of Depreciable Assets	358,647,732
Current Replacement Costs of Depreciable Assets	568,986,351
2012/2013 Ratio	0.63
2011/2012 Ratio	0.65
2010/2011 Ratio	0.89

f) **Asset Sustainability Ratio**

Capital Renewal and Replacement Expenditure	6,340,912
Depreciation	11,177,645
2012/2013 Ratio	0.57
2011/2012 Ratio	0.58
2010/2011 Ratio	0.44

g) **Asset Renewal Funding Ratio**

NPV of Planned Capital Renewals over 10 years	32,440,296
NPV of Required Capital Expenditure over 10 years	84,236,062
2012/2013 Ratio	0.39

NPV Asset Renewal ratio calculated from LTP based on the 9 years available only

27. Contingencies

There have been no Contingent Liabilities indentified or provided for at the 30th June 2013

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 2013, 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 2013

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	2012/2013	2011/2012
	Actual #	Actual #
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	3	1
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	-	-
\$140,000 - \$149,999	-	-
\$150,000 and above	1	1

29. GRANTS IN ADVANCE INFORMATION

Purpose	Function / Activity	Opening Balance 1/7/12	Received 2012/13	Expended 2012/13	Closing Balance 30/6/13
<i>Funds Held in Grants In Advance Reserve</i>		\$			\$
Australian Youth Orchestra	Recreation	955	-	-	955
* Donnelly River Slide - Department Industry & Resources	Recreation	22,819	-	-	22,819
Disability Access & Inclusion Plan - WA Local Gov Ass	Welfare	128	-	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	10,587	-	-	10,587
Office of Crime Prevention - Urban Arts	Recreation	12,052	-	7,912	4,140
Office of Crime Prevention - Youth Activity Prog	Welfare	15,578	-	7,477	8,101
Department of Communities - Youth Outreach	Welfare	2,119	-	2,119	-
Healthways - Bardi Art	Welfare	4,555	-	4,555	-
Royalties for Regions - Rnd 2	Various	57,132	-	57,132	-
Financial Assistance Grants - Special Bridge	Transport	80,000	-	80,000	-
SWDC - Manjimup Health Infrastructure (L&B 93.8607)	Community Amenities	4,280	-	-	4,280
CLGF - Supertowns Manjimup Agriculture Expansion Project	Economic	6,955,001	-	6,955,001	-
LGIS - Experience Fund (20054.755.50)	Governance	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	437,158	-	437,158	-
Dep of Local Gov - Strategic Plan Capacity Building (20033.768.50)	Governance	8,540	-	8,540	-
CLGF - Supertowns Manjimup CBD Revitalisation	Transport	5,710,001	-	5,710,001	-
CLGF - Regional Funding Dunreath	Welfare	500,000	-	187,550	312,450
FESA - SES minor Capital (F&E 92.8543 Furniture)	Law & Order	3,000	-	2,889	111
FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip)	Law & Order	3,000	-	1,750	1,250
NRM Grant - Mottram St Reserve (79.1612.3353)	Community Amenities	15,821	-	15,821	-
Dept of Health - Healthy Communities (20476.741)	Welfare	206,808	-	206,808	-
CANWA - Creative Networks (20219.198.52)	Recreation	496	-	496	-
Disability Services Comm - LG Inclusion	Welfare	50,000	-	39,153	10,847
Dept Families - Healthy Relationships	Welfare	5,000	-	5,000	-
SWDC - Mjp Timber Park Master Plan	Recreation	25	-	25	-
Fitness Australia - Lift for Life	Recreation	4,545	-	4,545	-
RRG Project Grant	Transport	81,836	-	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	754,576	-	568,193	186,383
FES SES Grant	Law & Order	3,506	-	-	3,506
Navman - Fish Cleaning	Community Amenities	463	-	463	-
DOT - Fish Cleaning	Community Amenities	2,843	-	2,843	-
CLGF Reg Funding - Medical Proj Design	Welfare	-	50,000	28,109	21,891
LGIS - Experience Fund (Staff Training)	Governance	-	5,400	-	5,400
DLG - Workforce Planning Capacity Building	Governance	-	25,000	-	25,000
State Gov Grant - Cat Legislation Infrastructure	Law & Order	-	25,000	24,973	27
State Gov Grant - Cat Improvement Prog	Law & Order	-	2,535	1,470	1,065
NRM Grant - Mottram St Reserve (79.1612.3353)	Community Amenities	-	19,600	15,474	4,126
NRM Grant - Mottram St Reserve (79.1612.3353)	Community Amenities	-	25,000	-	25,000
CANWA - Print Making Workshop	Welfare	-	3,800	3,029	771
Stay on Your Feet	Welfare	-	909	690	219
RACWA Holdings - Grass Roots Grant HACC	Welfare	-	2,000	-	2,000
Vouchers - Kids Sport	Recreation	-	80,000	32,050	47,950
FARE - Alcohol Management Project	Welfare	-	13,500	2,648	10,852
Healthway - Alcohol Think Again	Welfare	-	13,332	-	13,332
SWDC - WP Skate Park	Recreation	-	31,418	26,638	4,780
Community Contribution - WP Skate Park	Recreation	-	9,000	-	9,000
Dept of Health & Ageing - WB Healthy Communities	Welfare	-	100,000	94,180	5,820
Medicare Local - WB Healthy Communities	Welfare	-	20,000	-	20,000
Dept Sport & Rec - Kids Sport	Welfare	-	15,000	2,288	12,712
Regional Road Group Grant (180.9270 & 180.9297)	Transport	-	39,659	-	39,659
National Youth Week - Thrills & Spills	Welfare	-	1,000	808	192
SWDC - SuperTowns Indigenous Inclusion	Community Amenities	-	6,667	279	6,388
		16,150,110	488,820	15,802,731	836,199
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		16,127,291	488,820	15,802,731	813,380

Notes:

- (1) Grants / contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) New grants / contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the Contributor
- (3) Grants / contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor

30. **MAJOR CAPITAL COMMITMENTS**

	Rev Budget 2012/2013	Actuals 2012/2013	Outstanding 30 June 13	Completion Date
	\$	\$	\$	
Capital Project				
Yanmah BFB 2.4 rural tanker	318,350	0	318,350	2013/14
Energy Efficiency project Stage 1 & 2	514,110	59,997	454,113	2013/14
Caterpillar 12H	380,000	322,500	0	
Jetpacher	340,000	0	340,000	2013/14
Walpole SES Building	321,060	11,574	309,486	2013/14
SuperTown Townsite Revitalisation Project	5,710,000	1,757,057	3,952,943	2013/14
Boorara Rd Bridge Repair	834,480	813,590	0	
Bridge Rd - Reconstruct and reseal	300,000	192,092	107,908	2013/14
Perup Rd - Reconstruct and reseal	300,000	298,433	0	
Wetherall St - Reconstruct and asphalt	300,000	273,528	0	
Windy Harbour Rd reconstruct and reseal	300,000	240,064	0	
	9,618,000	3,968,836	5,482,799	

31. **LEASING COMMITMENTS**

	2012/2013 Actual	2011/2012 Actual
	\$	\$
(a) Finance Lease Commitments		
Nil	-	-
	-	-
(b) Operating Lease Commitments		
Non-cancellable leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	54,953	74,585
- later than one year but not later than five years	34,498	67,794
- later than five years	-	-
	89,451	142,379

32. **EMPLOYEE NUMBERS**

	2012/2013 Actual	2011/2012 Actual
	#	#
The number of full-time equivalent Employees at balance date	111	110

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	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	15,471,065	23,015,045	15,471,065	23,015,045
Receivables	892,100	853,671	862,925	798,387
	16,363,165	23,868,716	16,333,990	23,813,432
Financial Liabilities				
Payables	1,616,895	2,584,481	1,646,070	2,639,765
Borrowings	5,208,917	4,946,828	5,208,917	4,946,828
	6,825,812	7,531,309	6,854,987	7,586,593

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-13	30-Jun-12
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	154,711	230,150
- Statement of Comprehensive Income	154,711	230,150

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-13	30-Jun-12
Percentage of Rates and Annual Charges		
- Current	60.50%	71.11%
- Overdue	39.50%	28.89%
Percentage of Other Receivables		
- Current	68.55%	56.25%
- Overdue	31.45%	43.75%

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 \$
2013					
Payables	1,616,895	0	0	1,616,895	1,616,895
Borrowings	734,538	3,266,598	3,311,068	7,312,204	5,208,916
	<u>2,351,433</u>	<u>3,266,598</u>	<u>3,311,068</u>	<u>8,929,099</u>	<u>6,825,811</u>
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>

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 2013								
Borrowings								
Fixed Rate								
Debentures	12,013	32,502	16,982	257,039	257,959	4,632,419	5,208,916	5.98%
Weighted Average								
Effective Interest Rate	6.26%	6.47%	6.15%	6.52%	6.73%	5.90%		
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%		

(d) Interest Rate Risk

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

35. **Post Balance Date Event**

On the 4 July 2013 the Shire of Manjimup entered in to a confidential agreement to purchase Lot 883 Giblett St, settlement occurred on the 30 September 2013. This purchase was made as part of the overall SuperTown Townsite Revitalisation project.

PARTNERS

Clifton M. Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA, GAICD
Shaun G O'Callaghan CA	Maria Cavallo CA
Peter Manolas CPA, CTA (Master of Taxation Law)	Shane Kaurin CPA

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Manjimup, which comprises the statement of financial position as at 30 June 2013, 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 2013, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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



**Chartered
Accountants**

Independent Member of

B K R
INTERNATIONAL

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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 2013 and of its performance for the financial year ended 30 June 2013;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law 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 31st day of October 2013