

Shire of Manjimup

Annual Financial Report

2013/2014

SHIRE OF
MANJIMUP

Table of Contents

| | Page No |
|---|----------------|
| Statement by Chief Executive Officer | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Comprehensive Income by Nature and Type | 5 |
| Rate Setting Statement (Function/Activity) | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 7 |
| Statement of Cash Flows | 8 - 9 |
| Notes to and Forming Part of the Financial Report | 10 - 44 |
| Independent Audit Report | 45 - 46 |

SHIRE OF MANJIMUP

FINANCIAL REPORT

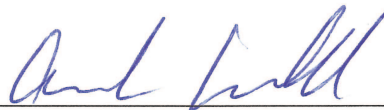
FOR THE YEAR ENDED 30TH JUNE 2014

*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 2014 are in my opinion properly drawn up to present the financial position of the Shire of Manjimup at 30th June 2014 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 5th day of November 2014



**Andrew Campbell
CHIEF EXECUTIVE OFFICER**

Statement of Comprehensive Income by Program

| | Notes | 2013/2014 ACTUAL \$ | 2013/2014 REV BUDGET \$ | 2012/2013 ACTUAL \$ |
|--|-------|---------------------------|-------------------------------|---------------------------|
| Revenues | | | | |
| Governance | | 1,196,195 | 1,181,783 | 1,336,590 |
| General Purpose Funding | | 8,845,216 | 8,817,968 | 9,452,181 |
| Law, Order & Public Safety | | 545,542 | 498,292 | 488,713 |
| Health | | 99,832 | 48,120 | 54,328 |
| Education & Welfare | | 1,202,963 | 1,347,857 | 1,402,341 |
| Housing | | 62,577 | 55,535 | 44,824 |
| Community Amenities | | 1,712,575 | 1,710,568 | 1,580,539 |
| Recreation & Culture | | 660,838 | 784,997 | 740,513 |
| Transport | | 1,050,601 | 958,239 | 1,603,723 |
| Economic Services | | 66,721 | 107,950 | 129,587 |
| Other Property & Services | | 363,663 | 291,690 | 264,842 |
| | | 15,806,723 | 15,802,999 | 17,098,181 |
| Expenses | | | | |
| Governance | | (2,818,775) | (2,788,303) | (2,319,763) |
| General Purpose Funding | | (111,597) | (122,000) | (79,718) |
| Law, Order & Public Safety | | (1,521,241) | (1,531,040) | (1,401,010) |
| Health | | (264,324) | (273,092) | (230,166) |
| Education & Welfare | | (1,641,272) | (1,575,114) | (3,115,529) |
| Housing | | (554) | (2,000) | (1,251) |
| Community Amenities | | (2,361,433) | (2,303,778) | (2,210,364) |
| Recreation & Culture | | (4,651,615) | (4,733,145) | (4,281,656) |
| Transport | | (12,470,613) | (12,151,909) | (13,004,901) |
| Economic Services | | (2,881,763) | (3,677,182) | (2,901,085) |
| Other Property & Services | | (353,452) | (160,548) | (198,858) |
| | | (29,076,640) | (29,318,111) | (29,744,302) |
| Non Operating Grants, Subsidies and Contributions | | | | |
| Law, Order & Public Safety | | 507,460 | 1,097,711 | 625 |
| Health | | 400,000 | 1,200,000 | - |
| Education & Welfare | | 3,638 | 6,431 | - |
| Community Amenities | | 8,182 | 8,182 | 65,270 |
| Recreation & Culture | | 616,917 | 714,397 | 696,132 |
| Transport | | 3,318,678 | 3,794,597 | 2,826,400 |
| | | 4,854,876 | 6,821,318 | 3,588,426 |
| Profit on Asset Disposal | | | | |
| Law, Order & Public Safety | | 19,970 | 1,984 | 24,409 |
| Education & Welfare | | - | - | 7,000 |
| Recreation & Culture | | 19,095 | 41,555 | - |
| Economic Services | | 2,702 | 4,000 | - |
| Other Property & Services | | 3,200 | 266,008 | 69,276 |
| | | 44,967 | 313,547 | 100,686 |
| Loss on Asset Disposal | | | | |
| Governance | | (59,495) | - | (92) |
| Law, Order & Public Safety | | - | - | (26,643) |
| Education & Welfare | | (487,796) | - | (409) |
| Community Amenities | | (4,959) | - | - |
| Economic Services | | (84,000) | - | - |
| Recreation & Culture | | (24) | - | (291) |
| Other Property & Services | | (177,519) | (40,736) | (14,879) |
| | | (813,793) | (40,736) | (42,314) |
| Net Result | | (9,183,865) | (6,420,983) | (8,999,323) |
| Other Comprehensive Income: | | | | |
| Change in revaluation of Non-current assets | 12c | - | - | 18,501,003 |
| Total Other Comprehensive Income | | - | - | 18,501,003 |
| TOTAL COMPREHENSIVE INCOME | | (9,183,865) | (6,420,983) | 9,501,680 |

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

Statement of Comprehensive Income by Nature or Type

| | | 2013/2014 | 2013/2014 | 2012/2013 |
|---|--------------|---------------------|---------------------|---------------------|
| | | ACTUAL | REV BUDGET | ACTUAL |
| | | \$ | \$ | \$ |
| Revenues | Notes | | | |
| Rates | 15e | 7,501,623 | 7,484,701 | 7,146,745 |
| Operating Grants, Subsidies and Contributions | | 4,463,758 | 4,572,845 | 6,208,615 |
| Fees & Charges | 17 | 2,651,613 | 2,486,628 | 2,414,652 |
| Service Charges | | - | - | - |
| Interest Earnings | 24 | 408,697 | 361,951 | 723,294 |
| Other Revenue | | 865,135 | 896,875 | 803,186 |
| | | 15,890,827 | 15,802,999 | 17,296,492 |
| Expenses | | | | |
| Employee Costs | | (8,627,203) | (8,509,123) | (7,880,521) |
| Materials & Contracts | | (6,462,898) | (7,473,824) | (9,069,144) |
| Utilities | | (688,704) | (662,962) | (663,048) |
| Depreciation on Non-Current Assets | 25 | (11,895,520) | (11,395,078) | (11,177,645) |
| Interest Expenses | | (302,616) | (302,615) | (304,301) |
| Insurance Expenses | | (600,400) | (556,693) | (492,007) |
| Other Expenditure | | (583,403) | (417,816) | (355,946) |
| | | (29,160,744) | (29,318,111) | (29,942,613) |
| sub-total | | (13,269,917) | (13,515,112) | (12,646,121) |
| Non Operating Grants, Subsidies and Contributions | | 4,854,876 | 6,821,318 | 3,588,426 |
| Profit on Asset Disposal | 13 | 44,967 | 313,547 | 100,686 |
| Loss of Asset Disposal | 13 | (813,793) | (40,736) | (42,313) |
| | | 4,086,050 | 7,094,129 | 3,646,799 |
| Net Result | | (9,183,865) | (6,420,983) | (8,999,322) |
| Other Comprehensive Income: | | | | |
| Change in revaluation of Non-current assets | 12c | - | - | 18,501,003 |
| Total Other Comprehensive Income | | - | - | 18,501,003 |
| TOTAL COMPREHENSIVE INCOME | | (9,183,865) | (6,420,983) | 9,501,680 |

SHIRE OF MANJIMUP
Rate Setting Statement (Function/Activity) for the Year ending 30 June 2014

| | | 2013/2014 | 2013/2014 | 2012/2013 |
|--|-------|---------------------|---------------------|---------------------|
| | Notes | Actual | Rev Budget | Actual |
| Revenue | | \$ | \$ | \$ |
| General Purpose Funding | | 1,449,874 | 1,440,019 | 2,409,079 |
| Governance | | 1,196,195 | 1,181,783 | 1,336,590 |
| Law, Order & Public Safety | | 1,072,972 | 1,597,987 | 513,747 |
| Health | | 499,832 | 1,248,120 | 54,328 |
| Education & Welfare | | 1,206,601 | 1,354,288 | 1,409,341 |
| Housing | | 62,577 | 55,535 | 44,824 |
| Community Amenities | | 1,720,757 | 1,718,750 | 1,645,809 |
| Recreation & Culture | | 1,296,850 | 1,540,949 | 1,436,645 |
| Transport | | 4,369,279 | 4,752,836 | 4,430,123 |
| Economic Services | | 69,423 | 111,950 | 129,587 |
| Other Property & Services | | 366,863 | 557,698 | 334,118 |
| | | 13,311,224 | 15,559,915 | 13,744,193 |
| Expenditure | | | | |
| General Purpose Funding | | (111,597) | (122,000) | (79,718) |
| Governance | | (2,878,270) | (2,788,303) | (2,319,855) |
| Law, Order & Public Safety | | (1,521,241) | (1,531,040) | (1,427,653) |
| Health | | (264,324) | (273,092) | (230,166) |
| Education & Welfare | | (2,129,068) | (1,575,114) | (3,115,938) |
| Housing | | (554) | (2,000) | (1,251) |
| Community Amenities | | (2,366,392) | (2,303,778) | (2,210,364) |
| Recreation & Culture | | (4,651,639) | (4,733,145) | (4,281,947) |
| Transport | | (12,470,613) | (12,151,909) | (13,004,901) |
| Economic Services | | (2,965,763) | (3,677,182) | (2,901,085) |
| Other Property & Services | | (530,971) | (201,284) | (213,737) |
| | | (29,890,432) | (29,358,847) | (29,786,615) |
| Net Result Excluding Rates | | (16,579,209) | (13,798,932) | (16,042,422) |
| Adjustments for Cash Budget Requirements | | | | |
| <i>Non-cash expenditure and income</i> | | | | |
| Net Profit on Sale of Assets | 13 | 768,826 | (272,811) | (58,372) |
| Deprecation on Assets | 25 | 11,895,520 | 11,395,078 | 11,177,645 |
| Leave Provisions to Reserves | | 8,873 | 170,209 | 10,712 |
| Other | | (10,777) | 10,000 | (26,109) |
| | | 12,662,442 | 11,302,476 | 11,103,876 |
| Net Non-Cash Expenditure and Revenue | | | | |
| <i>Capital Expenditure and Revenue</i> | | | | |
| Purchase Land & Buildings | | (521,302) | (2,411,938) | (715,269) |
| Purchase Infrastructure Assets | | (5,530,013) | (8,221,947) | (6,589,236) |
| Purchase Plant & Machinery | | (2,076,691) | (3,243,490) | (828,516) |
| Purchase Motor Vehicles | | (280,481) | (288,000) | (336,270) |
| Purchase Furniture & Equipment | | (77,530) | (183,631) | (123,725) |
| Proceeds from Disposal of Assets | 13 | 277,482 | 635,496 | 203,852 |
| Repayment of Loan Principal | 23g | (427,429) | (427,249) | (366,972) |
| Proceeds from New Debentures | 23g | - | - | 98,204 |
| Payment of SS Loans to Groups | | - | - | (83,000) |
| Self-supporting Loan Principal Income | 23c | 33,086 | 40,533 | 5,069 |
| Unexpended Loan Funds Brought Forward | 23f | 228,045 | 572,480 | 21,775 |
| Transfers to Reserves | 12e | (2,391,750) | (1,442,923) | (9,285,957) |
| Transfers from Reserves | 12e | 4,990,143 | 6,426,014 | 20,728,408 |
| Restricted Cash | | - | - | (3,464,494) |
| Net Cash from Investing Activities | | (5,776,440) | (8,544,655) | (736,130) |
| Estimated Surplus/(Deficit) July 1 B/Fwd | | 3,666,974 | 3,663,161 | 2,298,551 |
| Estimated (Surplus)/Deficit June 30 C/Fwd | | (1,369,111) | | (3,666,974) |
| AMOUNT REQUIRED TO BE RAISED FROM RATES | 15e | (7,395,342) | (7,377,949) | (7,043,102) |

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

| Statement of Financial Position | Notes | ACTUAL 2013/2014 \$ | ACTUAL 2012/2013 \$ |
|---|--------------|------------------------------------|------------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 2 | 10,079,518 | 15,471,065 |
| Trade and other receivables | 3a | 1,169,122 | 686,592 |
| Inventories | 4 | 170,721 | 190,975 |
| Other assets | 5,6 | 476,463 | 622,515 |
| Tax Assets | 7 | 29,156 | 282,131 |
| Total Current Assets | | 11,924,982 | 17,253,279 |
| Non-Current Assets | | | |
| Other receivables | 3b | 152,670 | 205,508 |
| Property, plant & equipment | 8 | 50,427,215 | 51,061,811 |
| Infrastructure | 9 | 306,265,205 | 310,086,421 |
| Total Non-Current Assets | | 356,845,090 | 361,353,740 |
| TOTAL ASSETS | | 368,770,072 | 378,607,019 |
| Current Liabilities | | | |
| Trade and other payables | 10a | 1,383,102 | 1,616,895 |
| Provisions | 10b | 1,083,527 | 1,106,472 |
| Current Portion of Long Term Borrowings | 11a | 445,010 | 427,249 |
| Total Current Liabilities | | 2,911,642 | 3,150,616 |
| Non-Current Liabilities | | | |
| Long term borrowings | 11b | 4,336,659 | 4,781,668 |
| Provisions | 10c | 321,489 | 290,585 |
| Total Non-Current Liabilities | | 4,658,148 | 5,072,253 |
| TOTAL LIABILITIES | | 7,569,789 | 8,222,869 |
| NET ASSETS | | 361,200,287 | 370,384,150 |
| Equity | | | |
| Accumulated losses | | (18,287,381) | (11,701,909) |
| Reserves - Cash Backed | 2,12 | 5,134,517 | 7,732,910 |
| Reserves - Asset Revaluation | 12c | 374,353,149 | 374,353,149 |
| TOTAL EQUITY | | 361,200,287 | 370,384,150 |

| Statement of Changes in Equity | Notes | Accumulated Losses \$ | Reserves Cash Backed \$ | Asset Revaluation Reserves \$ | Total Equity \$ |
|---|--------------|--------------------------------------|--|--|----------------------------|
| Balance as at 1 July 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 | 374,353,150 | 370,384,150 |
| Comprehensive Income | | | | | |
| Net Result | | (9,183,865) | - | - | (9,183,865) |
| Change on Revaluation of Non-Current Assets | 12c | - | - | - | - |
| Total Comprehensive Income | | (9,183,865) | - | - | (9,183,865) |
| Transfers from/(to) Reserves | 12e | 2,598,393 | (2,598,393) | - | - |
| Balance as at 30 June 2014 | | (18,287,381) | 5,134,517 | 374,353,149 | 361,200,287 |

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

| Statement of Cash Flows | | 2013/2014 | 2012/2013 |
|--|-------|---------------------|---------------------|
| | Notes | ACTUAL | ACTUAL |
| | | \$ | \$ |
| Cash Flows from Operating Activities | | | |
| Receipts | | | |
| Rates | | 7,496,745 | 7,181,075 |
| Operating Grants, Subsidies and Contributions | | 4,454,684 | 6,368,395 |
| Fees & Charges | | 2,627,835 | 2,383,532 |
| Interest Earnings | | 333,160 | 534,952 |
| Other Revenue | | 1,008,002 | 1,090,309 |
| | | 15,920,426 | 17,558,263 |
| Payments | | | |
| Employee Costs | | (8,570,895) | (7,806,224) |
| Materials & Contracts | | (6,385,474) | (9,086,340) |
| Utilities | | (687,920) | (677,107) |
| Interest Expenses | | (307,289) | (303,316) |
| Insurance Expenses | | (600,400) | (492,007) |
| Other Expenditure | | (345,957) | (1,950,913) |
| | | (16,897,935) | (20,315,907) |
| Net Cash used in Operating Activities | | (977,507) | (2,757,645) |
| Cash Flows from Investing Activities | | | |
| Purchase of Buildings | | (1,477,231) | (815,793) |
| Purchase Infrastructure Assets | | (4,716,496) | (6,399,682) |
| Purchase Plant & Equipment | | (2,312,478) | (1,031,614) |
| Purchase Furniture & Equipment | | (74,538) | (85,025) |
| Purchase Tools | | (74) | (135) |
| Purchase Land | | (180,000) | (2,507) |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 4,520,463 | 3,165,009 |
| Bonds and deposits | | - | (3) |
| Proceeds from Sale of Plant & Equipment | 13 | 212,972 | 203,852 |
| Net Cash used in Investing Activities | | (4,027,382) | (4,965,898) |
| Cash Flows from Financing Activities | | | |
| Proceeds from New Debentures | 23g | - | 629,060 |
| Proceeds from Self Supporting Loans | 23c | 40,533 | 12,046 |
| New Self Supporting Loan Issues | | 60 | (94,574) |
| Repayment of Debentures | 23g | (427,249) | (366,972) |
| Net Cash used in Financing Activities | | (386,656) | 179,560 |
| Net Increase in Cash Held / (Decrease) | | (5,391,545) | (7,543,984) |
| Cash at Beginning of year | | 15,471,063 | 23,015,046 |
| Cash and Cash Equivalents at End of the Year | 2 | 10,079,518 | 15,471,063 |
| NET MOVEMENT OF CASH HELD | | (5,391,545) | (7,543,984) |

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

Statement of Cash Flows

Notes

2013/2014
ACTUAL
\$

2012/2013
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 | 10,079,518 | 23,015,046 |
|--|---|------------|------------|

b) Reconciliation of Net Cash Provided by Operating Activities to Net Result

| | | |
|---|----------------|------------------|
| Net Result | 9,183,865 | 8,999,322 |
| Depreciation | (11,895,520) | (11,177,645) |
| Net profit-Loss on disposal of assets | (768,826) | 58,371 |
| Movement in rate debtors | 4,879 | (34,330) |
| Movement in sundry debtors | 465,406 | (8,091) |
| Movement in inventory | (20,254) | 49,931 |
| Movement in prepayments | (151) | (1,109) |
| Movement in accrued income | (145,902) | 214,209 |
| Movement in income in advance | (19,568) | (10,142) |
| Movement in employee hours bank | 5,149 | 8,921 |
| Movement in trade creditors | (40,733) | 1,173,404 |
| Movement in accrued expenses | (3,321) | 85,501 |
| Movement in accrued salary & wages | (37,637) | (16,324) |
| Movement in accrued employee deductions | (250) | 445 |
| Movement in provision for PAYG | (13,831) | (16,655) |
| Movement in accrued interest expense | 4,673 | (985) |
| Movement in provision for leave | (18,736) | (40,428) |
| Movement provision for doubtful debts | 10,776 | 26,109 |
| Movement in GST | (252,975) | 282,131 |
| Capital Grants | 4,587,891 | 3,116,480 |
| Capital Community Contributions | (67,429) | 48,529 |
| Net Cash from Operating Activities | 977,507 | 2,757,645 |

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. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless states otherwise. 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 within either, property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

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 government -
 - (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.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years. In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116. Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

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.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

Land Under Roads

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the 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 | 2% - 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) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

j) Investments and Other Financial Assets

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months

after the end of the reporting period (classified as current assets).

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

(iv) Available-for-sale financial assets

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

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

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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.

k) 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.

l) 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.

m) 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)

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

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

(ii) Long Service Leave (Long Term Benefits)

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(iii) Superannuation & Workers Compensation

Council currently accrues superannuation at 9.5% and workers compensation at 3% of the total provision for Long Service Leave.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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 9.5%, in accordance with the Superannuation Guarantee Legislation. Provision has been made in this budget for contributions for all employees over the minimum threshold.

(iv) 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 pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows

| | Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|-------|---|------------------------------|----------------------------------|---|
| (i) | AASB 9 – Financial Instruments | December 2013 | 1 January 2017 | 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 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 2013 | 1 January 2017 | 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 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17] | December 2012 | 1 January 2014 | Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council. |
| (iv) | AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132] | June 2012 | 1 January 2014 | This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB132, 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. |
| (v) | AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets | June 2013 | 1 January 2014 | This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on Council. |

| | | | | |
|-------|--|---------------|--------------------|--|
| (vi) | AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049] | October 2013 | 1 January 2014 | This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council. |
| (vii) | AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015] | December 2013 | Refer Title column | Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council. |

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

| | | |
|----------|----------------|----------------|
| AASB 10 | AASB 128 | AASB 2012 - 2 |
| AASB 11 | AASB 2011 - 7 | AASB 2012 - 3 |
| AASB 12 | AASB 2011 - 9 | AASB 2012 - 5 |
| AASB 119 | AASB 2011 - 10 | AASB 2012 - 10 |
| AASB 127 | | |

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or 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.

| | 2013/2014 ACTUAL \$ | 2012/2013 ACTUAL \$ |
|--|---------------------------|---------------------------|
| 2. CASH AND CASH EQUIVALENTS | | |
| Cash at Bank | 1,479,655 | 4,272,909 |
| Cash at Bank - Restricted | 3,464,494 | 3,464,494 |
| Cash Floats / Tills | 851 | 751 |
| Reserve Funds (Note 12 (a)) | 5,134,518 | 7,732,911 |
| | 10,079,518 | 15,471,065 |
| The following restrictions have been imposed by regulations or other externally imposed requirements. | | |
| Reserve Funds | 5,134,518 | 7,732,911 |
| Loan Funds Carried Forward (Note 23(f)) | 344,435 | 572,510 |
| | 5,478,953 | 8,305,421 |
| 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 \$700,000 was made from the non-council controlled account during the 2013/2014 financial year to Shire of Manjimup's SuperTown reserve accounts. | | |
| 3. TRADE AND OTHER RECEIVABLES | | |
| a) <u>Current</u> | | |
| Infringement Debtors | 6,980 | 4,930 |
| Rate Debtors | 384,170 | 383,707 |
| Self-Supporting Loan Debtors | 42,478 | 25,817 |
| Sundry Debtors | 735,494 | 272,138 |
| | 1,169,122 | 686,592 |
| b) <u>Non-Current</u> | | |
| Rate Debtors | 107,983 | 103,567 |
| Bonds- Housing | 260 | 260 |
| Sporting Bodies - Loans | 44,427 | 101,681 |
| | 152,670 | 205,508 |
| 4. INVENTORIES | | |
| Bitumen Products | 3,296 | 2,924 |
| Fuel (valued at cost) | 16,632 | 39,706 |
| Other - Guide Posts etc | 148,486 | 143,709 |
| Manjimup Aqua Centre | 2,307 | 4,636 |
| | 170,721 | 190,975 |
| 5. PREPAYMENTS | | |
| Materials & Contracts | 24,472 | 24,586 |
| Subscriptions | 2,097 | 2,134 |
| | 26,569 | 26,720 |
| 6. ACCRUED INCOME | | |
| Interest on Self-Supporting Loans | 3,637 | 15,010 |
| Accrued Income Debtors | 446,257 | 580,784 |
| | 449,894 | 595,794 |
| 7. TAX ASSETS | | |
| <u>Current</u> | | |
| Goods & Services Tax | 29,156 | 282,131 |
| | 29,156 | 282,131 |

| | | 2013/2014 ACTUAL \$ | 2012/2013 ACTUAL \$ |
|--|--|------------------------------------|------------------------------------|
| 8. PROPERTY, PLANT & EQUIPMENT | | | |
| a) Assets classified by Function/Activity | | | |
| General Administration | | 4,569,051 | 4,205,953 |
| Law, Order & Public Safety | | 3,357,821 | 3,192,574 |
| Health | | 59,317 | 66,473 |
| Welfare | | 2,206,257 | 2,505,687 |
| Housing | | 882,500 | 928,000 |
| Community Amenities | | 1,239,203 | 1,390,991 |
| Recreation & Culture | | 39,177,081 | 39,628,618 |
| Transport | | 304,464,071 | 308,480,720 |
| Economic Services | | 709,878 | 714,181 |
| Other Property & Services | | 27,240 | 35,033 |
| | | 356,692,420 | 361,148,232 |
| b) Assets classified by Type | | | |
| Land (At Fair Value) | | 3,050,558 | 2,500,500 |
| Buildings (At Fair Value) | | 83,841,096 | 84,421,373 |
| less Accumulated Depreciation | | (42,335,569) | (41,091,166) |
| | | 44,556,084 | 45,830,707 |
| Plant & Equipment (At Cost) | | 13,523,878 | 10,890,399 |
| less Accumulated Depreciation | | (8,139,037) | (6,227,105) |
| | | 5,384,842 | 4,663,294 |
| Furniture & Equipment (At Cost) | | 1,808,058 | 1,798,587 |
| less Accumulated Depreciation | | (1,321,770) | (1,230,777) |
| | | 486,289 | 567,810 |
| SUB TOTAL Property, Plant & Equipment | | 50,427,215 | 51,061,811 |
| Infrastructure Assets (At Fair Value) | | 476,418,781 | 471,875,992 |
| less Accumulated Depreciation | | (170,153,576) | (161,789,573) |
| | | 306,265,205 | 310,086,421 |
| NET BOOK VALUE | | 356,692,420 | 361,148,232 |

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 | 45,830,707 | 567,810 | 4,663,294 | - | 51,061,811 |
| Reclassification | - | - | - | - | (0) |
| Additions | 1,529,781 | 69,061 | 2,279,877 | - | 3,878,719 |
| Disposals | (711,083) | (1,037) | (269,678) | - | (981,798) |
| Revaluation increments/(decrements) | - | - | - | - | (0) |
| Impairment (losses)/reversals | - | - | - | - | - |
| Depreciation Expense | (2,093,320) | (149,545) | (1,288,651) | - | (3,531,516) |
| Carrying amount at the end of year | 44,556,084 | 486,289 | 5,384,842 | - | 50,427,215 |

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.

Shire of Manjimup
For the Year ended 30th June 2014

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

| | 2013/2014 | 2012/2013 |
|---|--------------------|--------------------|
| | ACTUAL | ACTUAL |
| | \$ | \$ |
| Roads - management valuation | 399,692,045 | 396,903,110 |
| Less Accumulated Depreciation | (141,144,772) | (134,099,206) |
| | 258,547,273 | 262,803,904 |
| Footpaths - management valuation | 4,193,369 | 3,811,245 |
| Less Accumulated Depreciation | (2,814,273) | (2,738,048) |
| | 1,379,096 | 1,073,197 |
| Drainage - management valuation | 18,778,740 | 18,647,001 |
| Less Accumulated Depreciation | (7,828,087) | (7,595,000) |
| | 10,950,653 | 11,052,002 |
| Bridges - management valuation | 42,226,921 | 41,434,602 |
| Less Accumulated Depreciation | (13,919,424) | (13,228,848) |
| | 28,307,497 | 28,205,754 |
| Refuse Sites & Waste Transfer Stations - cost | 310,663 | 307,120 |
| Less Accumulated Depreciation | (103,886) | (96,208) |
| | 206,776 | 210,912 |
| Carparks - cost | 1,052,089 | 1,017,196 |
| Less Accumulated Depreciation | (317,330) | (291,900) |
| | 734,759 | 725,296 |
| Cemeteries - cost | 222,898 | 222,898 |
| Less Accumulated Depreciation | (131,399) | (124,551) |
| | 91,499 | 98,347 |
| Airfield & Runways - cost | 2,113,232 | 2,113,232 |
| Less Accumulated Depreciation | (1,371,791) | (1,282,952) |
| | 741,442 | 830,280 |
| Parks & Ovals - cost | 7,828,825 | 7,419,588 |
| Less Accumulated Depreciation | (2,522,614) | (2,332,861) |
| | 5,306,211 | 5,086,727 |
| | 306,265,205 | 310,086,421 |

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 | 262,803,904 | 1,073,197 | 11,052,002 | 28,205,754 | 6,951,562 | 310,086,421 |
| Reclassification | - | - | - | - | - | - |
| Additions | 2,788,935 | 382,124 | 131,739 | 792,319 | 447,672 | 4,542,789 |
| Disposals | - | - | - | - | - | - |
| Revaluation increments/(decrements) | - | - | - | - | - | - |
| Impairment (losses)/reversals | - | - | - | - | - | - |
| Depreciation Expense | (7,045,566) | (76,225) | (233,088) | (690,577) | (318,548) | (8,364,004) |
| Carrying amount at the end of year | 258,547,273 | 1,379,096 | 10,950,654 | 28,307,496 | 7,080,686 | 306,265,205 |

10. **TRADE AND OTHER PAYABLES**

| | 2013/2014 ACTUAL \$ | 2012/2013 ACTUAL \$ |
|---|---------------------------|---------------------------|
| a) <u>Creditors - Current</u> | | |
| Creditors | 295,978 | 533,387 |
| Accrued Employee deductions | 125,219 | 111,137 |
| Accrued Expenses | 435,782 | 493,629 |
| Accrued Interest on Loans | 48,043 | 52,716 |
| Accrued Salaries and Wages | 271,190 | 233,554 |
| Bonds & Deposits | 5,461 | 5,461 |
| Income in Advance | 39,921 | 20,354 |
| Funding Payable (Note 29) | 22,819 | 22,819 |
| Hours Bank | 109,187 | 114,337 |
| Unearned Revenue | 29,500 | 29,500 |
| | 1,383,102 | 1,616,894 |
| Provisions | | |
| b) <u>Provisions - Current</u> | | |
| Provision for Annual Leave | 506,386 | 461,464 |
| Provision for Long Service Leave | 458,685 | 483,503 |
| Provision for Workers Compensation | 26,537 | 26,033 |
| Provision for Superannuation | 73,521 | 71,656 |
| Provision for Doubtful Debts | 18,398 | 29,175 |
| Provision for Salary Sacrifice Retirement | - | 34,641 |
| | 1,083,527 | 1,106,472 |
| Creditors & Provisions - Current | 2,466,631 | 2,723,366 |
| c) <u>Provisions - Non-Current</u> | | |
| Provision for Long Service Leave | 321,489 | 290,585 |
| | 321,489 | 290,585 |
| <u>Reconciliation of provisions</u> | | |
| Opening Balance at 1 July 2013 | 461,464 | 774,088 |
| Additional provision | 533,221 | 160,898 |
| Amounts used | (488,299) | (154,812) |
| Used amount reserved | - | - |
| Increase is the discounted amount arising because of time and the effect of any change in the discounted rate | - | - |
| Balance 30 June 2014 | 506,386 | 780,174 |

11. **Borrowings**

| | | |
|-------------------------|------------------|------------------|
| a) <u>Current</u> | | |
| Council Loans | 402,532 | 386,716 |
| Self-Supporting Loans | 42,478 | 40,533 |
| | 445,010 | 427,249 |
| b) <u>Non-Current</u> | | |
| Council Loans | 3,982,686 | 4,385,217 |
| Self-Supporting Loans | 353,973 | 396,451 |
| | 4,336,659 | 4,781,668 |
| TOTAL Borrowings | 4,781,669 | 5,208,917 |

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> | <u>Budget</u> <u>2013/2014</u> \$ | <u>Actual</u> <u>2013/2014</u> \$ | <u>Actual</u> <u>2012/2013</u> \$ |
|----------------------|---|---|---|
|----------------------|---|---|---|

Airfield Construction & Maintenance Reserve

To be applied upon recommendations from the Airfield Committee.

| | | | |
|------------------------|---------------|---------------|---------------|
| Opening Balance | 31,554 | 31,196 | 18,235 |
| Interest Earned | 1,670 | 1,200 | 559 |
| Transfer to Reserve | 20,000 | 20,000 | 12,402 |
| Transfer from Reserve | (2,500) | (20,618) | - |
| Closing Balance | 50,724 | 31,778 | 31,196 |

AquaCentre Building Reserve

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

| | | | |
|------------------------|---------------|--------------|---------------|
| Opening Balance | 12,500 | 12,500 | 2,500 |
| Interest Earned | 10,000 | - | - |
| Transfer to Reserve | - | - | 10,000 |
| Transfer from Reserve | - | (8,210) | - |
| Closing Balance | 22,500 | 4,290 | 12,500 |

AquaCentre Plant Reserve

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

| | | | |
|------------------------|---------------|---------------|---------------|
| Opening Balance | 25,790 | 25,790 | 17,624 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 10,000 | 20,000 | 20,000 |
| Transfer from Reserve | - | (34,786) | (11,834) |
| Closing Balance | 35,790 | 11,004 | 25,790 |

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 | 861 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 10,000 | 10,000 | - |
| Transfer from Reserve | - | - | - |
| Closing Balance | 10,861 | 10,861 | 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 | 283,426 | 283,426 | 263,426 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 5,000 | 5,000 | 20,000 |
| Transfer from Reserve | - | - | - |
| Closing Balance | 288,426 | 288,426 | 283,426 |

Building Asset Management Reserve

For the construction, maintenance, replacement or substantial repair of buildings and associated

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

| ACCOUNT TITLE | Budget 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <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 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 12,000 | 8,576 | - |
| Transfer from Reserve | (9,000) | (7,206) | (27,321) |
| Closing Balance | 3,000 | 1,370 | - |
| <u>Construction & Resource Research Reserve</u> | | | |
| Monies set aside to assist in resourcing materials for construction. | | | |
| Opening Balance | 409,495 | 409,495 | 373,891 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 70,000 | - | 46,438 |
| Transfer from Reserve | (53,031) | (2,727) | (10,835) |
| Closing Balance | 426,464 | 406,768 | 409,495 |
| <u>Future Car park Reserve - Manjimup</u> | | | |
| Funding from developer contributions to be applied for specific car parking works in close proximity. | | | |
| Opening Balance | 14,299 | 14,299 | 14,299 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 5,000 | - | - |
| Transfer from Reserve | - | - | - |
| Closing Balance | 19,299 | 14,299 | 14,299 |
| <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 | 813,379 | 813,379 | 16,127,291 |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | 680,046 | 256,183 |
| Transfer from Reserve | (805,489) | (701,783) | (15,570,095) |
| Closing Balance | 7,890 | 791,642 | 813,379 |

| <u>ACCOUNT TITLE</u> | <u>Budget</u> <u>2013/2014</u> | <u>Actual</u> <u>2013/2014</u> | <u>Actual</u> <u>2012/2013</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| RESERVES - CASH BACKED Cont... | \$ | \$ | \$ |
| HACC Annual & Long Service Leave Reserve | | | |
| Monies set aside for leave provisions for Home & Community Care. | | | |
| Opening Balance | 108,072 | 108,072 | 68,054 |
| Interest Earned | 3,480 | 2,892 | 2,532 |
| Transfer to Reserve | 15,840 | 21,289 | 40,161 |
| Transfer from Reserve | - | (16,540) | (2,675) |
| Closing Balance | 127,392 | 115,713 | 108,072 |
| HACC Asset Replacement Reserve | | | |
| Monies set-aside for asset replacements for Home & Community Care. | | | |
| Opening Balance | 489,989 | 509,682 | 448,787 |
| Interest Earned | 16,265 | 12,262 | 14,040 |
| Transfer to Reserve | 52,892 | 56,421 | 88,909 |
| Transfer from Reserve | (7,165) | (272,079) | (42,053) |
| Closing Balance | 551,980 | 306,285 | 509,682 |
| Heritage Reserve | | | |
| Monies allocated to the Shire of Manjimup for heritage building maintenance. | | | |
| Opening Balance | 9,812 | 9,812 | 6,982 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 5,000 | 5,000 | 5,000 |
| Transfer from Reserve | - | - | (2,170) |
| Closing Balance | 14,812 | 14,812 | 9,812 |
| Land Resumption Reserve | | | |
| Funding for Resumption of land for infrastructure purposes. | | | |
| Opening Balance | 62,790 | 62,790 | 62,790 |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | 28,439 | - |
| Transfer from Reserve | (20,000) | (332) | - |
| Closing Balance | 42,790 | 90,898 | 62,790 |
| Northcliffe Town Hall Reserve | | | |
| Monies used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall. | | | |
| Opening Balance | 7,854 | 6,950 | 3,749 |
| Interest Earned | 276 | 186 | 136 |
| Transfer to Reserve | - | 760 | 4,896 |
| Transfer from Reserve | - | (182) | (1,831) |
| Closing Balance | 8,130 | 7,714 | 6,950 |
| Occupational Health & Safety Reserve | | | |
| for the funding of any unbudgeted issues arising in the area of Occupational Health and Safety | | | |
| Opening Balance | 6,000 | 6,000 | 3,000 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 3,000 | 3,000 | 3,000 |
| Transfer from Reserve | - | - | - |
| Closing Balance | 9,000 | 9,000 | 6,000 |
| Plant & Equipment Replacement Reserve | | | |
| To offset costs associated with new plant purchases. | | | |
| Opening Balance | 651,156 | 651,156 | 652,069 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 1,018,000 | 548,719 | 574,900 |
| Transfer from Reserve | (1,541,000) | (619,154) | (575,813) |
| Closing Balance | 128,156 | 580,722 | 651,156 |

| <u>ACCOUNT TITLE</u> | Budget 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|--|-----------------------------|-----------------------------|-----------------------------|
| <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 | 5,000 | 5,000 | - |
| Interest Earned | - | - | - |
| Transfer to Reserve | 15,000 | 15,000 | 5,000 |
| Transfer from Reserve | - | - | - |
| Closing Balance | 20,000 | 20,000 | 5,000 |
| <u>Recreation Ground Equipment Reserve</u> | | | |
| For the funding of any recreational sportsground equipment failure or breakdown. | | | |
| Opening Balance | 10,000 | 10,000 | 5,000 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 5,000 | 5,000 | 5,000 |
| Transfer from Reserve | - | (12,070) | - |
| Closing Balance | 15,000 | 2,930 | 10,000 |
| <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 | 36,500 | 36,500 | - |
| Interest Earned | - | - | - |
| Transfer to Reserve | 36,500 | 36,500 | 36,500 |
| Transfer from Reserve | (73,000) | (73,000) | - |
| Closing Balance | - | - | 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 | - | (65,573) | - |
| Closing Balance | 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 | 1,835 | 1,835 | - |
| Interest Earned | - | - | - |
| Transfer to Reserve | 15,000 | 15,000 | 15,000 |
| Transfer from Reserve | (15,000) | (16,835) | (13,165) |
| Closing Balance | 1,835 | - | 1,835 |
| <u>Staff Annual & Long Serve Leave Reserve</u> | | | |
| Funding for employee entitlements for Annual and Long Service Leave. | | | |
| Opening Balance | 618,615 | 604,615 | 618,615 |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | - | - |
| Transfer from Reserve | - | (154,000) | (14,000) |
| Closing Balance | 618,615 | 450,615 | 604,615 |
| <u>Strategic Asset Development Reserve</u> | | | |
| To enable the purchase of strategic land, building and capital works. | | | |
| Opening Balance | 81,106 | 81,106 | 42,050 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 90,000 | 90,000 | 74,731 |
| Transfer from Reserve | (50,000) | (80,470) | (35,675) |
| Closing Balance | 121,106 | 90,636 | 81,106 |

| <u>ACCOUNT TITLE</u> | <u>Budget</u> <u>2013/2014</u> \$ | <u>Actual</u> <u>2013/2014</u> \$ | <u>Actual</u> <u>2012/2013</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 | 2,244,558 | 2,236,931 | - |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | - | 3,667,000 |
| Transfer from Reserve | (1,955,451) | (1,175,871) | (1,430,069) |
| <i>Closing Balance</i> | <i>289,107</i> | <i>1,061,060</i> | <i>2,236,931</i> |
| <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 | 1,384,778 | 1,384,778 | - |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | 700,000 | 4,305,000 |
| Transfer from Reserve | (1,384,778) | (1,598,177) | (2,920,222) |
| <i>Closing Balance</i> | <i>-</i> | <i>486,601</i> | <i>1,384,778</i> |
| <u>Telecommunications Reserve</u> | | | |
| Replacement of Shire managed television and radio retransmission equipment | | | |
| Opening Balance | 2,000 | 2,000 | 11,687 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 2,200 | 4,200 | 2,000 |
| Transfer from Reserve | (2,200) | (2,200) | (11,687) |
| <i>Closing Balance</i> | <i>2,000</i> | <i>4,000</i> | <i>2,000</i> |
| <u>Waste Management & Site Development Reserve</u> | | | |
| Funding for the development of waste facility sites upon the expiry of existing sites. | | | |
| Opening Balance | 139,810 | 139,347 | 113,396 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 50,000 | 38,800 | 25,951 |
| Transfer from Reserve | (184,000) | (49,543) | - |
| <i>Closing Balance</i> | <i>5,810</i> | <i>128,604</i> | <i>139,347</i> |
| <u>Windy Harbour Infrastructure Reserve</u> | | | |
| For the development of infrastructure within the settlement. | | | |
| Opening Balance | 171,616 | 171,616 | 185,818 |
| Interest Earned | - | - | - |
| Transfer to Reserve | 44,760 | 63,460 | 44,760 |
| Transfer from Reserve | (197,898) | (78,788) | (58,962) |
| <i>Closing Balance</i> | <i>18,478</i> | <i>156,288</i> | <i>171,616</i> |
| <u>Workers Compensation Premium Reserve</u> | | | |
| For the development of infrastructure within the settlement. | | | |
| Opening Balance | 48,200 | 48,200 | 42,341 |
| Interest Earned | - | - | - |
| Transfer to Reserve | - | - | 5,859 |
| Transfer from Reserve | - | - | - |
| <i>Closing Balance</i> | <i>48,200</i> | <i>48,200</i> | <i>48,200</i> |
| <u>TOTAL RESERVES - CASH BACKED</u> | <u>2,952,938</u> | <u>5,134,517</u> | <u>7,732,911</u> |

(b) Change of Purpose of Reserve Account

There were no changes to the purpose of reserves during the 2013/2014 financial year.

(c) **RESERVES - ASSET REVALUATION**

There were no revaluations undertaken by Shire of Manjimup staff during the 2013/2014 financial year.

| | 2013/2014 ACTUAL \$ | 2012/2013 ACTUAL \$ |
|-------------------------------------|------------------------------------|------------------------------------|
| Plant & Equipment | | |
| Opening Balance | 210,217 | 55,886 |
| Revaluation increment 30/6/13 | 0 | 154,331 |
| | 210,217 | 210,217 |
| Land | | |
| Opening Balance | 1,949,120 | 3,976,176 |
| Revaluation decrement 30/6/13 | 0 | (2,027,057) |
| | 1,949,120 | 1,949,120 |
| Buildings | | |
| Opening Balance | 45,155,218 | 24,781,490 |
| Revaluation increment 30/6/14 | 0 | 0 |
| Revaluation increment 30/6/13 | 0 | 20,373,728 |
| | 45,155,218 | 45,155,218 |
| Infrastructure | | |
| Opening Balance | 327,038,596 | 327,038,596 |
| Revaluation increment 30/6/14 | 0 | 0 |
| Revaluation increment 30/6/13 | 0 | 0 |
| | 327,038,596 | 327,038,596 |
| TOTAL | | |
| Opening Balance | 374,353,149 | 355,852,147 |
| Total Revaluation increment 30/6/14 | 0 | 0 |
| Total Revaluation increment 30/6/13 | 0 | 18,501,003 |
| | 374,353,149 | 374,353,149 |

d) **When Council anticipates to Utilise Funds held in Reserve**

Ongoing Reserves - fund utilisation determined yearly at budget deliberations.

e) Transfers to and from Reserve Accounts

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

| | 2013/2014 Budget \$ | 2013/2014 Actual \$ | 2012/2013 Actual \$ |
|--|---------------------------|---------------------------|---------------------------|
| Transfers to Reserve Accounts (including interest) | 1,516,882 | 2,391,750 | 9,285,957 |
| Transfers from Reserve Accounts | (6,300,512) | (4,990,143) | (20,728,408) |
| Net Transfers to/(from) Reserve Accounts | (4,783,629) | (2,598,395) | (11,442,452) |

13. DISPOSAL OF ASSETS

In accordance with Regulation 36, the following is disclosed.

| Asset Description & Reference | Net Book Value \$ | Budget \$ | Sale Price \$ | Budget \$ | (Profit)/Loss \$ | Budget \$ |
|-------------------------------|----------------------|----------------|------------------|----------------|---------------------|------------------|
| Furniture & Equipment | 1,038 | - | - | - | 1,038 | - |
| Motor Vehicles | | | | | | |
| Profit on Sale | - | 18,461 | 13,971 | 36,000 | (13,971) | (17,539) |
| Loss on Sale | 191,871 | 127,131 | 149,393 | 112,496 | 42,478 | 14,635 |
| | 191,871 | 145,592 | 163,364 | 148,496 | 28,507 | (2,904) |
| Plant & Equipment | 77,807 | 213,093 | 49,608 | 453,000 | 28,198 | (239,907) |
| Infrastructure | - | - | - | - | - | - |
| Buildings | 531,083 | 4,000 | - | 34,000 | 531,083 | (30,000) |
| Land | 180,000 | - | - | - | 180,000 | - |
| TOTAL | 981,799 | 362,685 | 212,972 | 635,496 | 768,826 | (272,811) |

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

| | | | | | | |
|--------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | - | - | 64,509 | - | - | - |
| TOTAL | 981,799 | 362,685 | 277,482 | 635,496 | 768,826 | (272,811) |

14. TRUST FUND INFORMATION

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

| Class Purpose | 2012/2013 C/Fwd \$ | 2013/2014 Received \$ | 2013/2014 Paid \$ | 2013/2014 C/Fwd \$ |
|--|--------------------------|-----------------------------|-------------------------|--------------------------|
| <u>General</u> | | | | |
| Building Bonds (Cat 3) | 11,500 | 5,500 | - | 17,000 |
| Development Bonds (Cat 5) | 23,237 | 31,305 | 24,383 | 30,159 |
| Hall Hire Bonds (Cat 6) | 570 | 2,710 | 2,660 | 620 |
| Kerb Bonds (Cat 7) | 22,026 | 3,000 | 2,000 | 23,026 |
| Miscellaneous Bonds (Cat 8) | 67,656 | 26,079 | 34,689 | 59,045 |
| Seven Day Rd Bond (Cat 9) | 1,423 | 415 | 1,838 | - |
| Southern Forests Tourism Group Bond (Cat 10) | 5,880 | 3,320 | 2,620 | 6,580 |
| Public Open Space (Cat 11) | 8,250 | 39,650 | - | 47,900 |
| | 140,542 | 111,979 | 68,190 | 184,330 |

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 2014.

c)

Statement of Rating Information - Rate Yield - 2013/2014 Budget

| | Rateable Value \$ | Rate in \$ | Rate Yield \$ | No. | Minimum Yield \$ | TOTAL \$ |
|-------------------------------|-------------------------|------------|------------------|--------------|------------------------|------------------|
| General Rate - GRV | | | | | | |
| Residential | 30,744,272 | 9.4557 | 3,974,559 | 1,877 | 1,402,119 | 5,376,678 |
| Adjust for Minimums | 11,289,202 | | (1,067,473) | | | (1,067,473) |
| Adjust for Phase In | - | | - | | | - |
| Adjust for Concessions | - | | - | - | | (49,922) |
| General Rate - UV | | | | | | |
| Rural | 494,585,000 | 0.58540 | 3,009,422 | 246 | 183,762 | 3,193,189 |
| Adjust for Minimums | 19,494,585 | | (114,125) | | | (114,125) |
| CALM Dam | 5,800 | 0.58540 | - | 3 | 150 | 150 |
| Adjust for Minimums | - | | - | | | - |
| CALM Grazing | 800 | 0.58540 | - | 2 | 200 | 200 |
| Adjust for Waivers | | | | | | (747) |
| | 556,119,659 | | 5,802,382 | 2,128 | 1,586,231 | 7,337,949 |
| Ex-Gratia/Non-Rateable | | | | | | |
| Interim Rates 13/14 | - | | - | - | - | 40,000 |
| | - | | - | - | - | 40,000 |
| TOTAL RATES LEVIED | 556,119,659 | | 5,802,382 | 2,128 | 1,586,231 | 7,377,949 |

d) Surplus / Deficit brought forward

| | 1 July 2013 Surplus/(Deficit) Brought Forward | 30 June 2014 Surplus/(Deficit) Carried Forward |
|--|--|---|
| Surplus / (Deficit) 1 July 2013 Brought Forward | 3,666,974 | 1,369,111 |
| Comprises | | |
| Cash Unrestricted | 3,701,150 | 1,136,071 |
| Cash Restricted | 11,769,915 | 8,943,447 |
| Rates - Current | 383,707 | 384,170 |
| Sundry Debtor | 302,885 | 784,952 |
| Other Receivables | 622,515 | 476,463 |
| GST Receivable | 282,131 | 29,156 |
| Inventories | 190,975 | 170,721 |
| Less | | |
| Reserves - Restricted Cash | (7,732,910) | (5,134,517) |
| SuperTown - Restricted Cash (WATC) | (3,464,494) | (3,464,494) |
| Unexpended Loan Funds | (572,510) | (344,435) |
| Creditors | (533,387) | (295,978) |
| Accrued Employee deductions | (111,137) | (125,219) |
| Accrued Expenses | (493,529) | (435,782) |
| Accrued Interest on Loans | (52,716) | (48,043) |
| Accrued Salaries and Wages | (233,554) | (271,190) |
| Bonds & Deposits | (5,461) | (5,461) |
| Income In Advance | (20,354) | (39,921) |
| Funding Payable | (22,819) | (22,819) |
| Hours bank | (114,337) | (109,187) |
| Unearned Revenue | (29,500) | (29,500) |
| Current Provisions | (1,106,472) | (1,083,527) |
| Add Back Liabilities funded by Reserves | 712,687 | 566,328 |
| Surplus / (Deficit) | 3,472,785 | 1,081,235 |

Difference -

The difference between the Surplus/(Deficit) position for year ending 30 June 2014 was a result of leave being paid out after a significant number of long term staff members terminated from the organisation.

e)

General Purpose Income

| | 2013/2014 BUDGET | 2013/2014 ACTUAL | Valuations | 2012/2013 ACTUAL |
|---------------------------------|---------------------|---------------------|--------------------|---------------------|
| <u>RATES</u> | \$ | \$ | \$ | \$ |
| General Rate | | | | |
| GRV Rate in \$0.094557 | 2,907,086 | 2,911,014 | 30,744,272 | 2,773,489 |
| UV Rate in \$0.005854 | 2,895,300 | 2,892,596 | 494,652,000 | 2,771,284 |
| CALM Leases Rate in \$0.0047596 | - | - | - | - |
| Phased GRV | | | | |
| Minimum Rate | | | | |
| GRV @ \$747 | 1,402,119 | 1,402,866 | 11,289,202 | 1,345,249 |
| UV @ \$747 | 183,762 | 184,509 | 19,427,585 | 213,543 |
| CALM Leases @ \$50 | 150 | 150 | 5,900 | 150 |
| CALM Leases @ \$100 | 200 | 200 | 1,200 | 300 |
| Phased GRV | | | | |
| Interim Rate | | | | |
| GRV Rate in \$0.094557 | 40,000 | 85,502 | 1,028,650 | 19,580 |
| UV Rate in \$0.005854 | - | (30,826) | (4,896,778) | (19,088) |
| TOTAL RATES LEVIED | 7,428,618 | 7,446,011 | 552,252,031 | 7,104,506 |
| Discounts Allowed | - | - | | - |
| Waived Rates | (3,054) | (3,054) | | (2,939) |
| Adjustments GRV | - | - | | - |
| Adjustments UV | - | - | | - |
| Concessions Phase In | - | - | | - |
| Concessions Sporting Clubs | (47,615) | (47,615) | | (45,809) |
| Rates Written Off | - | - | | (12,656) |
| Sub Total NET RATES | 7,377,949 | 7,395,342 | | 7,043,102 |
| Ex-Gratia Rates | | | | |
| Other Rate Charges | | | | |
| Windy Harbour Lease Fees | 106,752 | 106,281 | | 103,642 |
| NET RATES | 7,484,701 | 7,501,623 | - | 7,146,745 |
| Waste Collection Fees | 1,266,498 | 1,268,657 | | 1,216,874 |
| Late Payment Penalties | 45,000 | 56,040 | | 52,339 |
| Instalment Interest | 26,000 | 24,094 | | 24,858 |
| Rates Written Off | - | - | | - |
| TOTAL NET RATES | 8,822,199 | 8,850,415 | - | 8,440,815 |

GENERAL PURPOSE INCOME

| | | | |
|--|------------------|------------------|------------------|
| Net Rates (excluding rubbish/Windy Harbour Lease fees/Rates Written Off) | 7,448,949 | 7,475,477 | 7,120,299 |
| Administration Fees | 28,000 | 29,819 | 28,099 |
| Property Information Fees | 27,000 | 25,899 | 19,106 |
| General Purpose Grant | | | |
| General Grants (Untied) | 1,314,020 | 1,314,020 | 2,284,676 |
| TOTAL GENERAL PURPOSE INCOME | 8,817,968 | 8,845,216 | 9,452,181 |

16. SERVICE CHARGE

In accordance with Regulation 40, no levies were charged during the year ended 30 June 2014.

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 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|-----------------------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Governance/General Administration | 63,500 | 69,109 | 59,476 |
| Law, Order & Public Safety | 28,080 | 34,545 | 28,660 |
| Health | 37,000 | 93,171 | 51,063 |
| Welfare | 122,055 | 228,771 | 183,447 |
| Housing | 55,535 | 62,577 | 44,824 |
| Community Amenities | 1,642,498 | 1,633,876 | 1,559,003 |
| Recreation & Culture | 447,420 | 454,903 | 420,348 |
| Transport | 9,090 | 7,543 | 5,047 |
| Economic Services | 81,450 | 61,601 | 61,847 |
| Other Property & Services | - | 5,517 | 938 |
| TOTAL | 2,486,628 | 2,651,613 | 2,414,652 |

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 2013/2014 budget did not provide a discount for early payment of rates.

| Item | Budget 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| 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 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|-------------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Penalty Interest | - | - | - |
| Rates - Rubbish | - | - | - |
| Hire Fees | - | - | - |
| Concessions - Sporting Groups | 50,669 | 50,669 | 48,749 |
| TOTAL | 50,669 | 50,669 | 48,749 |

The concession for Sporting Groups is in accordance with Council's rating policy which seeks to defray the imposition of rates on the non licensed premise component (estimated 75%). This concession is available to those not for profit Sporting Groups with a licensed area.

(c) Incentive

Council offered no incentive prizes for early payment of Rates for 2013/2014.

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 2013/2014 \$ | Actual 2013/2014 \$ | Actual 2012/2013 \$ |
|--------------------------------|------------------------|------------------------|------------------------|
| Interest on Rates | 45,000 | 56,040 | 54,386 |
| TOTAL Interest on Rates | 45,000 | 56,040 | 54,386 |

(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 2013/2014 financial year. There was no amount budgeted for 2013/2014.

(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 | 27 September 2013 |
| Second Instalment | 29 November 2013 |
| Third Instalment | 31 January 2014 |
| Fourth & Final Instalment | 31 March 2014 |

(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 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|---------------------------------------|------------------|------------------|------------------|
| Interest on Instalments | 26,000 | 24,094 | 24,858 |
| TOTAL Interest for Instalments | 26,000 | 24,094 | 24,858 |

(e) Administration Charge for Instalment Option

An administration charge was applied at the rate of **\$21.00** per assessment, pursuant to Section 6.45(3) Local Government Act 1995, divided equally on the second, third and fourth instalments.

| Item | Budget 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|--------------------------------------|------------------|------------------|------------------|
| Administration Charge on Instalments | 28,000 | 29,819 | 28,099 |
| TOTAL Charges for Instalments | 28,000 | 29,819 | 28,099 |

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 2013/2014 | Actual 2013/2014 | Actual 2012/2013 |
|---|------------------|------------------|------------------|
| Attendance Fees – Shire President | 15,750 | 15,750 | 7,000 |
| Attendance Fees – Councillors | 115,000 | 114,942 | 35,000 |
| Local Government Allowance – President & Deputy | 22,500 | 22,500 | 23,851 |
| Travelling/Accommodation Allowance | 15,000 | 18,841 | 8,678 |
| Telecommunications Allowance | 19,250 | 19,164 | 13,200 |
| TOTAL | 187,500 | 191,197 | 87,729 |

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 2014.

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 2014.

23. BORROWINGS

The following information is disclosed in accordance with Regulation 48.

(a) Overdraft Borrowings

No amount of overdraft is brought forward from 2012/2013, and no overdraft was carried forward at year-end. No overdraft facility was used during the year ended 30 June 2014.

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 2013/2014 Financial Year.

(c) Self Supporting Loans

The following repayments were made from sources other than rates.

| Loan # | Balance 30 June 2013 | New Borrowings | Interest 30 June 2014 | Principal 30 June 2014 | Annual Liability 30 June 2014 | Balance 30 June 2014 | Interest Accrual 30 June 2014 |
|--------------|-------------------------|-------------------|--------------------------|---------------------------|----------------------------------|-------------------------|----------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 170 | 32,923 | - | 2,095 | 7,446 | 9,541 | 25,477 | 129 |
| 197 | - | - | - | - | - | - | - |
| 217 | 11,574 | - | 13,769 | 26,290 | 40,059 | 294,770 | 2,787 |
| 218 | 83,000 | - | 3,560 | 6,796 | 10,356 | 76,204 | 721 |
| TOTAL | 127,498 | - | 19,423 | 40,533 | 59,956 | 396,451 | 3,637 |

Loan 217 was drawn down in 2012/2013 but not fully expended during this period, so Self Supporting Loan debtors at the 30 June 2014 only represent the expended portion of loan 217. The remaining \$309,546 will be expended and applied to Council's Self Supporting Loan debtors, on the completion of the project in the 2014/2015 financial year.

(d) Existing Borrowings - Other Purpose

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

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

| Purpose of Loan Borrowing | Budget 2013/2014 | Actual 2013/2014 | Financier | Nature of Loan | Repayment Term | Interest Rate |
|--|---------------------|--------------------------|-----------------------------|-----------------------|---------------------------|---------------|
| Nil | - | - | | | | |
| TOTAL | - | - | | | | |
| (f) Unspent Loan Funds Brought Forward | | | | | | |
| Purpose | Year Borrowed | B/Forward 1 July 2013 | New Borrowings 2013/2014 | Expended 2013/2014 | C/Forward 30 June 2014 | |
| Townscape – Northcliffe | 2003/04 | 3,394 | - | 700 | 2,694 | |
| 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 | 7,290 | - | 5,365 | 1,925 | |
| Walpole Town Hall Access | 2008/09 | 1,253 | - | - | 1,253 | |
| Manjimup Volunteer Resource Centre | 2011/12 | 4,698 | - | 670 | 4,028 | |
| AquaCentre – Ground Source Heat Pumps | 2012/13 | 221,370 | - | 221,370 | 0 | |
| FESA – Walpole SES Building | 2012/13 | 309,486 | - | (60) | 309,546 | |
| TOTAL | | 572,480 | - | 228,045 | 344,435 | |

(g) Repayment of Money Borrowed

The following statement shows principal liability carried forward on 1 July 2013, the rate and amount of interest, reduction in principal, and principal liability outstanding as at 30 June 2014

(g) Loan Interest and Capital 2013/2014 Budget

| LOAN # | BANK | Initial Sum | Term (years) | Purpose | Interest Rate | Principal liability 1-Jul-13 | Loans negotiated | Total interest 30-Jun-14 | Reduction of 30-Jun-14 | Total repayments 30-Jun-14 | Principal liability 30-Jun-14 |
|--|---------|-------------|--------------|--|---------------|------------------------------|------------------|--------------------------|------------------------|----------------------------|-------------------------------|
| SHIRE LOANS | | | | | | | | | | | |
| 169A | WATC | \$159,442 | 10 | Walpole Rec Centre | 6.61% | \$76,380 | | \$4,860 | \$17,275 | \$22,135 | 59,105 |
| 173 | WATC | \$200,000 | 20 | Roads | 6.92% | \$70,940 | | \$4,672 | \$13,943 | \$18,615 | 56,997 |
| 183 | WATC | \$80,000 | 15 | Northcliffe Waste Transfer Station | 6.90% | \$15,928 | | \$974 | \$7,693 | \$8,667 | 8,236 |
| 189 | WATC | \$61,000 | 10 | Waste Transfer Station | 6.15% | \$16,982 | | \$964 | \$5,321 | \$6,285 | 11,661 |
| 195 | WATC | \$364,969 | 15 | Westrail, Communications, Ambulance | 6.46% | \$147,736 | | \$9,078 | \$29,278 | \$38,357 | 118,457 |
| 196 | WATC | \$494,643 | 20 | Pemb Sports Complex, Walpole Co-Location | 6.56% | \$312,745 | | \$20,118 | \$24,639 | \$44,757 | 288,106 |
| 198 | WATC | \$135,000 | 15 | Westrail | 5.85% | \$58,408 | | \$3,267 | \$10,375 | \$13,642 | 48,033 |
| 200 | WATC | \$92,465 | 10 | Telecommunications, 3 phase power, townscape | 6.26% | \$12,013 | | \$567 | \$12,013 | \$12,580 | 0 |
| 201 | WATC | \$40,000 | 15 | SES renovation, swimming pool | 6.45% | \$20,631 | | \$1,284 | \$2,917 | \$4,201 | 17,715 |
| 202 | WATC | \$311,000 | 20 | NICC, Walpole Telecentre carpark | 6.50% | \$217,687 | | \$13,924 | \$14,083 | \$28,007 | 203,604 |
| 204 | WATC | \$66,200 | 10 | Telecommunications, Northcliffe Oval reticulation | 6.06% | \$16,574 | | \$922 | \$8,040 | \$8,962 | 8,534 |
| 205 | WATC | \$125,000 | 15 | Northcliffe Rec Centre, Walpole Silver Chain | 6.15% | \$72,369 | | \$4,395 | \$8,558 | \$12,953 | 63,812 |
| 206 | WATC | \$1,074,760 | 20 | Swimming pool | 5.94% | \$786,171 | | \$46,671 | \$46,525 | \$93,196 | 739,646 |
| 207 | WATC | \$1,220,795 | 20 | Swimming pool | 5.98% | \$919,204 | | \$54,956 | \$51,245 | \$106,201 | 867,960 |
| 208 | WATC | \$284,100 | 15 | Swimming pool - heat pumps | 5.96% | \$172,838 | | \$10,191 | \$18,890 | \$29,082 | 153,948 |
| 209 | WATC | \$126,250 | 10 | Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park | 5.86% | \$38,690 | | \$2,126 | \$14,809 | \$16,935 | 23,881 |
| 210 | WESTPAC | \$650,000 | 20 | Swimming pool | 6.27% | \$506,152 | | \$31,340 | \$26,135 | \$57,475 | 480,017 |
| 212 | WATC | \$219,655 | 10 | Underground power Manjimup | 7.03% | \$128,612 | | \$8,784 | \$22,296 | \$31,080 | 106,316 |
| 213 | WATC | \$353,000 | 20 | Manjimup Waste Site Development | 6.74% | \$314,238 | | \$21,209 | \$11,406 | \$32,615 | 302,832 |
| 214 | WATC | \$450,000 | 20 | Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed | 6.74% | \$400,586 | | \$27,037 | \$14,540 | \$41,578 | 386,046 |
| 215 | WATC | \$250,000 | 20 | Manjimup VRC Building Expansion | 4.57% | \$242,048 | | \$10,874 | \$8,312 | \$19,186 | 233,736 |
| 216 | WATC | \$225,000 | 10 | AquaCentre - Ground Source Heat Pumps | 4.42% | \$225,000 | | \$9,649 | \$18,424 | \$28,073 | 206,576 |
| Total Shire Loans | | | | | | \$4,771,933 | \$0 | \$287,866 | \$386,716 | \$674,582 | 4,385,217 |
| SELF SUPPORTING LOANS (CLUBS) | | | | | | | | | | | |
| 170 | WATC | \$68,725 | 20 | Walpole Rec Centre | 6.61% | \$32,923 | | \$2,095 | \$7,446 | \$9,541 | 25,477 |
| 217 | WATC | \$321,060 | 10 | FESA - Walpole SES Building | 4.42% | \$321,060 | | \$13,769 | \$26,290 | \$40,059 | 294,770 |
| 218 | WATC | \$83,000 | 10 | Manjimup Country Club | 4.42% | \$83,000 | | \$3,560 | \$6,796 | \$10,356 | 76,204 |
| Total Self Supporting Loans (Clubs) | | | | | | \$436,983 | \$0 | \$19,423 | \$40,533 | \$59,956 | 396,451 |
| Total all loans | | | | | | \$5,208,916 | \$0 | \$307,289 | \$427,249 | \$734,538 | 4,781,668 |

(g) Loan Interest and Capital Actuals to 30 June 2014

| LOAN # | BANK | Initial Sum | Term (years) | Purpose | Interest Rate | Principal liability 1-Jul-13 | Loans negotiated | Total interest 30-Jun-14 | Reduction of principal to 30-Jun-14 | Total repayments 30-Jun-14 | Principal liability 30-Jun-14 |
|--|---------|-------------|--------------|--|---------------|------------------------------|------------------|--------------------------|-------------------------------------|----------------------------|-------------------------------|
| SHIRE LOANS | | | | | | | | | | | |
| 169A | WATC | \$159,442 | 10 | Walpole Rec Centre | 6.61% | \$76,380 | | \$4,860 | \$17,275 | \$22,135 | 59,105 |
| 173 | WATC | \$200,000 | 20 | Roads | 6.92% | \$70,940 | | \$4,672 | \$13,943 | \$18,615 | 56,997 |
| 183 | WATC | \$80,000 | 15 | Northcliffe Waste Transfer Station | 6.90% | \$15,928 | | \$974 | \$7,693 | \$8,667 | 8,236 |
| 189 | WATC | \$61,000 | 10 | Waste Transfer Station | 6.15% | \$16,982 | | \$964 | \$5,321 | \$6,285 | 11,661 |
| 195 | WATC | \$364,969 | 15 | Westrail, Communications, Ambulance | 6.46% | \$147,736 | | \$9,078 | \$29,278 | \$38,357 | 118,457 |
| 196 | WATC | \$494,643 | 20 | Pemb Sports Complex, Walpole Co-Location | 6.56% | \$312,745 | | \$20,118 | \$24,639 | \$44,757 | 288,106 |
| 198 | WATC | \$135,000 | 15 | Westrail | 5.85% | \$58,408 | | \$3,267 | \$10,375 | \$13,642 | 48,033 |
| 200 | WATC | \$92,465 | 10 | Telecommunications, 3 phase power, townscape | 6.26% | \$12,013 | | \$567 | \$12,013 | \$12,580 | 0 |
| 201 | WATC | \$40,000 | 15 | SES renovation, swimming pool | 6.45% | \$20,631 | | \$1,284 | \$2,917 | \$4,201 | 17,715 |
| 202 | WATC | \$311,000 | 20 | NICC, Walpole Telecentre carpark | 6.50% | \$217,687 | | \$13,924 | \$14,083 | \$28,007 | 203,604 |
| 204 | WATC | \$66,200 | 10 | Telecommunications, Northcliffe Oval reticulation | 6.06% | \$16,574 | | \$922 | \$8,040 | \$8,962 | 8,534 |
| 205 | WATC | \$125,000 | 15 | Northcliffe Rec Centre, Walpole Silver Chain | 6.15% | \$72,369 | | \$4,395 | \$8,558 | \$12,953 | 63,812 |
| 206 | WATC | \$1,074,760 | 20 | Swimming pool | 5.94% | \$786,171 | | \$46,671 | \$46,525 | \$93,196 | 739,646 |
| 207 | WATC | \$1,220,795 | 20 | Swimming pool | 5.98% | \$919,204 | | \$54,956 | \$51,245 | \$106,201 | 867,960 |
| 208 | WATC | \$284,100 | 15 | Swimming pool - heat pumps | 5.96% | \$172,838 | | \$10,191 | \$18,890 | \$29,082 | 153,948 |
| 209 | WATC | \$126,250 | 10 | Quinnup toilets, Council airconditioners, 2 way radio Glenoran, NICC car park | 5.86% | \$38,690 | | \$2,126 | \$14,809 | \$16,935 | 23,881 |
| 210 | WESTPAC | \$650,000 | 20 | Swimming pool | 6.27% | \$506,152 | | \$31,340 | \$26,135 | \$57,475 | 480,017 |
| 212 | WATC | \$219,655 | 10 | Underground power Manjimup | 7.03% | \$128,612 | | \$8,784 | \$22,296 | \$31,080 | 106,316 |
| 213 | WATC | \$353,000 | 20 | Manjimup Waste Site Development | 6.74% | \$314,238 | | \$21,209 | \$11,406 | \$32,615 | 302,832 |
| 214 | WATC | \$450,000 | 20 | Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP Sea Search & Rescue Shed | 6.74% | \$400,586 | | \$27,037 | \$14,540 | \$41,578 | 386,046 |
| 215 | WATC | \$250,000 | 20 | Manjimup VRC Building Expansion | 4.57% | \$242,048 | | \$10,874 | \$8,312 | \$19,186 | 233,736 |
| 216 | WATC | \$225,000 | 10 | AquaCentre - Ground Source Heat Pumps | 4.42% | \$225,000 | | \$9,649 | \$18,424 | \$28,073 | 206,576 |
| Total Shire Loans | | | | | | \$4,771,933 | \$0 | \$287,866 | \$386,716 | \$674,582 | 4,385,217 |
| SELF SUPPORTING LOANS (CLUBS) | | | | | | | | | | | |
| 170 | WATC | \$68,725 | 20 | Walpole Rec Centre | 6.61% | \$32,923 | | \$2,095 | \$7,446 | \$9,541 | 25,477 |
| 217 | WATC | \$321,060 | 10 | FESA - Walpole SES Building | 4.42% | \$321,060 | | \$13,769 | \$26,290 | \$40,059 | 294,770 |
| 218 | WATC | \$83,000 | 10 | Manjimup Country Club | 4.42% | \$83,000 | | \$3,560 | \$6,796 | \$10,356 | 76,204 |
| Total Self Supporting Loans (Clubs) | | | | | | \$436,983 | \$0 | \$19,423 | \$40,533 | \$59,956 | 396,451 |
| Total all loans | | | | | | \$5,208,916 | \$0 | \$307,289 | \$427,249 | \$734,538 | 4,781,668 |

24. INVESTMENTS

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

| | 2013/2014 Budget \$ | 2013/2014 Actual \$ | 2012/2013 Actual \$ |
|--|---------------------------|---------------------------|---------------------------|
| <u>Reserve</u> | | | |
| Airfield Reserve | 1,670 | 1,200 | 1,200 |
| AquaCentre Building Reserve | - | - | - |
| AquaCentre Plant Reserve | - | - | - |
| Bridge Reserve | - | - | - |
| Centenary Celebration Reserve | - | - | - |
| Community Bus Reserve | - | - | - |
| Construction Resource Reserve | - | - | - |
| Future Carpark Reserve | - | - | - |
| HACC LSL & AL Reserve | 3,480 | 2,892 | 2,892 |
| HACC Asset Replacement Reserve | 16,265 | 12,262 | 12,262 |
| Heritage Reserve | - | - | - |
| Land Resumption | - | - | - |
| Northcliffe Town Hall Reserve | 276 | 186 | 186 |
| 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 | - | - | - |
| | 21,691 | 16,540 | 16,540 |
| <u>Municipal</u> | | | |
| General Purpose Interest | 150,993 | 146,179 | 96,994 |
| Reserve Interest to Operational | 100,683 | 68,431 | 242,494 |
| TOTAL Investment Interest | 251,676 | 214,610 | 339,487 |
| Self-Supporting Loan Interest | 19,423 | 16,967 | 144 |
| Interest on Instalments/Penalties | 71,000 | 80,135 | 79,244 |
| Interest on HACC | 19,852 | 15,154 | 16,572 |
| Other Interest - Grants | - | 81,831 | 287,847 |
| | 110,275 | 194,087 | 383,807 |
| TOTAL Operating Interest Earnings | 361,951 | 408,697 | 723,294 |

25. DEPRECIATION OF NON-CURRENT ASSETS

| | 2013/2014 Actual \$ | 2012/2013 Actual \$ |
|---|---------------------------|---------------------------|
| a) Depreciation classified by Function/Activity | | |
| General Administration | 240,604 | 184,165 |
| Law, Order & Public Safety | 378,043 | 365,933 |
| Health | 7,156 | 11,413 |
| Welfare | 154,378 | 116,541 |
| Housing | 45,500 | 39,200 |
| Community Amenities | 101,326 | 103,462 |
| Recreation & Culture | 1,939,450 | 1,620,140 |
| Transport | 8,979,244 | 8,683,282 |
| Economic Services | 42,028 | 47,362 |
| Other Property & Services | 7,792 | 6,147 |
| | 11,895,520 | 11,177,645 |
| b) Depreciation classified by Type | | |
| Furniture & Equipment | 149,545 | 137,367 |
| Infrastructure Assets | 8,364,003 | 8,202,552 |
| Land | - | - |
| Buildings | 2,093,320 | 1,740,309 |
| Plant & Equipment | 1,288,282 | 1,097,164 |
| Tools | 370 | 252 |
| | 11,895,520 | 11,177,645 |

26. **FINANCIAL INFORMATION BY RATIO**

a) **Current Ratio**

| | |
|---|-----------|
| Current Assets minus Restricted Assets | 2,981,535 |
| Current Liabilities minus Liabilities associated with Restricted Assets | 2,345,313 |
| 2013/2014 Ratio | 1.27 |
| 2012/2013 Ratio | 2.25 |
| 2011/2012 Ratio | 1.52 |

b) **Debt Service Ratio**

| | |
|--|------------|
| Operating Surplus before Depreciation and Interest | -1,840,607 |
| Principal and Interest | 730,045 |
| 2013/2014 Ratio | -2.52 |
| 2012/2013 Ratio | -1.65 |
| 2011/2012 Ratio | 17.58 |

c) **Own Source Revenue Coverage**

| | |
|------------------------------|------------|
| Own Source Operating Revenue | 12,307,549 |
| Operating Expenses | 29,974,537 |
| 2013/2014 Ratio | 0.41 |
| 2012/2013 Ratio | 0.52 |
| 2011/2012 Ratio | 0.51 |

d) **Operating Surplus Ratio**

| | |
|---|-------------|
| Operating Revenue minus Operating Expense | -14,038,743 |
| Own Source Operating Revenue | 12,307,549 |
| 2013/2014 Ratio | -1.14 |
| 2012/2013 Ratio | -1.06 |
| 2011/2012 Ratio | 0.36 |

e) **Asset Consumption Ratio**

| | |
|---|-------------|
| Depreciated Replacement Costs of Depreciable Assets | 353,641,862 |
| Current Replacement Costs of Depreciable Assets | 575,591,813 |
| 2013/2014 Ratio | 0.62 |
| 2012/2013 Ratio | 0.63 |
| 2011/2012 Ratio | 0.65 |

f) **Asset Sustainability Ratio**

| | |
|---|------------|
| Capital Renewal and Replacement Expenditure | 5,781,496 |
| Depreciation | 11,895,520 |
| 2013/2014 Ratio | 0.49 |
| 2012/2013 Ratio | 0.57 |
| 2011/2012 Ratio | 0.58 |

g) **Asset Renewal Funding Ratio**

| | |
|---|------------|
| NPV of Planned Capital Renewals over 10 years | 30,487,117 |
| NPV of Required Capital Expenditure over 10 years | 66,831,137 |
| 2013/2014 Ratio | 0.46 |
| 2012/2013 Ratio | 0.50 |

NPV Asset Renewal ratio calculated from LTP based on the 7 years available only

27. Contingencies

There have been no Contingent Liabilities indentified or provided for at the 30th June 2014

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 2014, 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 2014

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 | 2013/2014 | 2012/2013 |
|-----------------------|-------------|-------------|
| | Actual # | Actual # |
| \$100,000 - \$109,999 | 2 | 1 |
| \$110,000 - \$119,999 | 1 | 3 |
| \$120,000 - \$129,999 | 2 | - |
| \$130,000 - \$139,999 | - | - |
| \$140,000 - \$149,999 | - | - |
| \$150,000 and above | 1 | 1 |

29. GRANTS IN ADVANCE INFORMATION

| Purpose | Function / Activity | Opening Balance 1/7/13 | Received 2013/2014 | Expended 2013/2014 | Closing Balance 30/6/14 |
|---|---------------------|---------------------------|-----------------------|-----------------------|-------------------------------|
| <i>Funds Held in Grants In Advance Reserve</i> | | \$ | | | \$ |
| * Donnelly River Slide - Department Industry & Resources | Recreation | 22,819 | - | - | 22,819 |
| Australian Youth Orchestra | Recreation | 955 | - | - | 955 |
| CANWA - Print Making Workshop | Welfare | 771 | - | 242 | 529 |
| CLGF - Regional Funding Dunreath | Welfare | 312,450 | - | 262,194 | 50,256 |
| CLGF Reg Funding - Medical Proj Design | Welfare | 21,891 | - | 21,891 | - |
| Community Contribution - WP Skate Park | Recreation | 9,000 | - | 5,979 | 3,021 |
| Dept of Health & Ageing - WB Healthy Communities | Welfare | 5,820 | - | 5,820 | - |
| Dept Sport & Rec - Kids Sport | Welfare | 12,712 | - | 12,712 | - |
| Disability Services Comm - LG Inclusion | Welfare | 10,847 | - | 10,847 | - |
| DLG - Workforce Planning Capacity Building | Goverance | 25,000 | - | 25,000 | - |
| FARE - Alcohol Management Project | Welfare | 10,852 | - | 10,582 | 270 |
| FES SES Grant | Law & Order | 3,506 | - | 3,506 | - |
| FESA - BFB minor Capital (P&E 91.8565 Fast Fill Equip) | Law & Order | 1,250 | - | 6 | 1,244 |
| FESA - BFB Operating Grant | Law & Order | 598 | - | 598 | - |
| FESA - SES minor Capital (F&E 92.8543 Furniture) | Law & Order | 111 | - | - | 111 |
| Healthway - Alcohol Think Again | Welfare | 13,332 | - | 12,370 | 962 |
| LGIS - Experience Fund (20054.755.50) | Goverance | 9,206 | - | - | 9,206 |
| LGIS - Experience Fund (Staff Training) | Goverance | 5,400 | - | - | 5,400 |
| Medicare Local - WB Healthy Communities | Welfare | 20,000 | - | 15,226 | 4,774 |
| National Youth Week - Thrills & Spills | Welfare | 192 | - | 192 | - |
| NRM Grant - Mottram St Reserve (79.1612.3353) | Community Amenities | 4,126 | - | 4,126 | - |
| NRM Grant - Mottram St Reserve (79.1612.3353) | Community Amenities | 25,000 | - | 12,697 | 12,303 |
| Office of Crime Prevention - Urban Arts | Recreation | 4,140 | - | 4,140 | - |
| Office of Crime Prevention - Youth Activity Prog | Welfare | 8,101 | - | 8,101 | - |
| RACWA Holdings - Grass Roots Grant HACC | Welfare | 2,000 | - | 2,000 | - |
| Regional Investment Plan - Waste | Community Amenities | 10,587 | - | - | 10,587 |
| Regional Road Group Grant (180.9270 & 180.9297) | Transport | 39,659 | - | 37,969 | 1,690 |
| Royalties for Regions - Rnd 3 2011/2012 allocation | Transport | 186,383 | - | 186,383 | - |
| State Gov Grant - Cat Improvement Prog | Law & Order | 1,065 | - | 1,065 | - |
| State Gov Grant - Cat Legislation Infrastructure | Law & Order | 27 | - | 27 | - |
| Stay on Your Feet | Welfare | 219 | - | - | 219 |
| SWDC - Manjimup Health Infrastructure (L&B 93.8607) | Community Amenities | 4,280 | - | 3,920 | 360 |
| SWDC - SuperTowns Indigenous Inclusion | Community Amenities | 6,388 | - | 6,388 | - |
| SWDC - WP Skate Park | Recreation | 4,780 | - | 4,780 | - |
| Vouchers - Kids Sport | Recreation | 47,950 | - | 41,659 | 6,291 |
| Water Corporation - Quininnup Walk Trail | Recreation | 4,781 | - | 1,364 | 3,418 |
| CLGF Reg Funding - Medical Accom Project | | - | 400,000 | 114,764 | 285,236 |
| DLG - Cat Sterilisation Program | | - | 5,850 | - | 5,850 |
| DLG - Cattery Fitout | | - | 25,000 | 22,703 | 2,297 |
| ESL - SES Operational | | - | 28,614 | 26,142 | 2,471 |
| ESL - SES Operational | | - | 7,598 | - | 7,598 |
| ESL - BFB Operational | | - | 33,805 | - | 33,805 |
| Curtain University - Tobacco Control | | - | 5,000 | - | 5,000 |
| NRM Grant - Mottram Reserve | | - | 24,200 | - | 24,200 |
| DSS - Broadband for Seniors | | - | 2,000 | - | 2,000 |
| Keep Australai Beautiful - Recycle Trailer | | - | 8,182 | 6,836 | 1,346 |
| Main Roads WA | | - | 126,058 | - | 126,058 |
| RIO Tinto School Based Trainees | | - | 10,818 | 3,606 | 7,212 |
| Regional Road Group | | - | 80,000 | 65,385 | 14,615 |
| Royalties for Regions - Rnd 4 2012/2013 allocation | | - | 837,060 | 674,702 | 162,358 |
| | | 836,199 | 1,594,184 | 1,615,921 | 814,462 |
| 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 | | 813,380 | 1,594,184 | 1,615,921 | 791,642 |

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.
- (4) Reimbursements and Recoveries have been calculated at \$835,513. This figure is contained and calculated from the "Operating Grants, Subsidies and Contributions" from the "Statement of Comprehensive Income by Nature or Type" (page 5), less operating grants from external sources.

30. MAJOR CAPITAL COMMITMENTS

| | Rev Budget 2013/2014 | Actuals 2013/2014 | Outstanding 30 June 14 | Completion Date |
|---|-------------------------|----------------------|---------------------------|--------------------|
| | \$ | \$ | \$ | |
| Capital Project | | | | |
| DAF CT85.430 | 300,000 | 0 | 300,000 | 2014/15 |
| Bridge Rd Construction | 300,000 | 137,894 | 162,106 | 2014/15 |
| Perup Rd reconstruct and reseal | 300,000 | 312,743 | 0 | |
| Walpole SES Building | 309,546 | (60) | 309,606 | 2014/15 |
| Yanmah BFB 2.4 rural tanker | 318,350 | 0 | 318,350 | 2014/15 |
| Windy Harbour Rd reconstruct and reseal | 360,000 | 474,330 | 0 | |
| Neds Rd Bridge Repair - 1899 | 390,000 | 393,057 | 0 | |
| Peppermint Grove Rd Bridge Repairs - 1906 | 396,000 | 399,262 | 0 | |
| Wheatley Coast Rd Bridge Repairs - 1907 | 495,000 | 0 | 495,000 | 2014/15 |
| Energy Efficiency project Stage 1 & 2 | 759,052 | 794,340 | 0 | |
| Medical Professional Housing | 1,200,000 | 114,764 | 1,085,236 | 2014/15 |
| SuperTown Townsite Revitalisation Project | 2,882,539 | 1,452,439 | 1,430,100 | 2014/15 |
| | 8,010,487 | 4,078,769 | 4,100,397 | |

31. LEASING COMMITMENTS

| | 2013/2014 Actual | 2012/2013 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 | 77,677 | 54,953 |
| - later than one year but not later than five years | 77,726 | 34,498 |
| - later than five years | - | - |
| | 155,403 | 89,451 |

32. EMPLOYEE NUMBERS

| | 2013/2014 Actual | 2012/2013 Actual |
|--|---------------------|---------------------|
| | # | # |
| The number of full-time equivalent Employees at balance date | 119 | 111 |

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. Other revenue includes \$835,313 in reimbursements and recoveries.

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 | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 10,079,518 | 15,471,065 | 10,079,518 | 15,471,065 |
| Receivables | 1,321,792 | 892,100 | 1,303,394 | 862,925 |
| | 11,401,310 | 16,363,165 | 11,382,912 | 16,333,990 |
| Financial Liabilities | | | | |
| Payables | 1,383,102 | 1,616,895 | 1,401,501 | 1,646,070 |
| Borrowings | 4,781,669 | 5,208,917 | 4,781,669 | 5,208,917 |
| | 6,164,771 | 6,825,812 | 6,183,170 | 6,854,987 |

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-14 | 30-Jun-13 |
|--|------------------|------------------|
| | \$ | \$ |
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 100,795 | 154,711 |
| - Statement of Comprehensive Income | 100,795 | 154,711 |

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-14 | 30-Jun-13 |
|--|------------------|------------------|
| Percentage of Rates and Annual Charges | | |
| - Current | 62.30% | 60.50% |
| - Overdue | 37.70% | 39.50% |
| Percentage of Other Receivables | | |
| - Current | 54.73% | 68.55% |
| - Overdue | 45.27% | 31.45% |

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 \$ |
|-------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| 2014 | | | | | |
| Payables | 1,383,102 | 0 | 0 | 1,383,102 | 1,383,102 |
| Borrowings | 728,706 | 3,366,395 | 3,453,814 | 7,548,915 | 4,781,668 |
| | <u>2,111,808</u> | <u>3,366,395</u> | <u>3,453,814</u> | <u>8,932,018</u> | <u>6,164,770</u> |
| 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> |

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 2014 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debentures | 16,770 | 35,540 | 84,582 | 329,802 | 17,714 | 4,297,260 | 4,781,668 | 5.97% |
| Weighted Average Effective Interest Rate | 6.47% | 5.96% | 6.61% | 6.63% | 6.45% | 5.91% | | |
| 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% | | |

(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. **Primary Place of Business**

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

**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 2014, 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 2014, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

Management 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 Management 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
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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 2014 and of its performance for the financial year ended 30 June 2014;
- 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. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants**TIM PARTRIDGE****Partner**

Bunbury, Western Australia

Dated this 6th day of November 2014