



Shire of  
**Nannup**  
rest • connect • grow



## Annual Report 2016/17



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## Introduction

Council is pleased to present the Annual report for the Shire of Nannup for the financial year ending June 30, 2017. This report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant Standards and Regulations.

Council is required to include within this report information that relates to its operations and activities and it is hoped that readers will find this information of interest.

Copies of the report are available at the Shire Office in Adam Street, Nannup. Council welcomes any comments from ratepayers and residents within the Shire.

## Vision Statement

*“To foster a community that acknowledges its heritage, values and lifestyles whilst encouraging sustainable development.”*

## Mission Statement

*“The Shire of Nannup will deliver quality services, facilities and representation in order to achieve our Vision”*

## Values

*We will promote and enhance the following values in all our relationships with our community;*

**Honesty** in our dealings

**Integrity** in our actions

**Consistency** in decision making

**Teamwork** in our operations

**Respect** for others and their decisions

**Caring** for people in our community

**Commitment** to decisions and roles

**Responsive** to the needs of other

**Effective communication** with all

## Our Community Statement

*We are a unique town that role models sustainability, friendliness, taking the time to celebrate our heritage and festivals.*

*We are surrounded by amazing nature, with charming historic and built fabric.*

## Our Community

We are a unique town that role models sustainability, friendliness and take the time to celebrate our heritage and festivals

- We will retain our pride in being a small, friendly town that is a nice place to live and full of wonderful people
- We role model self-sufficiency and sustainability as a community
- We respect and value our aged
- Our youth are important and we will focus our energy to give them reasons to stay in Nannup (or come back)

## Our Economy

Sustainability is the key to Nannup's future

- We will have a sustainable, innovative and equitable economy
- Working together to attract people to our amazing Shire

## Our Built Environment

Keep the charm and fabric of Nannup

- Keep the charm and fabric of our unique shire and upgrade the amenity
- Providing a quality planning outcome for community benefit through good consultation
- Increase coverage of our communication systems

## Our Natural Environment

We are surrounded by amazing nature, from our magnificent forests and bush land, to our pristine coastlines

- We will protect our amazing nature, magnificent forests, managed bushland, rivers, agriculture and our pristine coastline
- Keep our beautiful combination of natural landscapes and built environments to retain our community and amenity
- To achieve a green clean future

## Our Community Leadership

We listen to our community leaders

- To listen and partner with our community leaders and all our diverse groups
- To have united community groups working together

## Our Council Leadership

A listening leadership that provides for and represents all

- To do what is right and fair for the people

## Brief Background on Nannup



### Location

Nannup is situated 288km south of Perth and is geographically in the centre of the South West. The Shire of Nannup covers over 3,000 square kilometres, with a total population of 1,328 with a median age of 53 and a population split of 52:48 Male v Female (2016 Census). Eighty-five percent of the Shire is under forest; however, the rich soils, high rainfall and an excellent climate also provide ideal conditions for farming. Environment and heritage play a large role in the community's culture. Nannup boasts a variety of successful industries including beef cattle, horticulture, tourism, arts and crafts, floriculture, aquaculture, viticulture and timber processing.

With National Parks and State Forest being a prominent feature in the Shire, it is a significant tourist attraction for the region and is popular with outdoor adventure enthusiasts. Nannup hosts several significant local events including the Nannup Music Festival, Flower and Garden Festival, Arts Festival and Forest Car Rally.

### The Past

Prior to European settlement, the Wardandi, Bibbulmun, Nyungar and other Indigenous groupings collectively influenced the botany of the areas surrounding the present Nannup locality. Following the European settlement of Western Australia, in Albany and the Swan River in the 1820's, settlers subsequently occupied Augusta and then Busselton (Bussell) in the 1830's.

Settlers quickly looked beyond their immediate vicinity for additional grazing lands. One of the earliest, Thomas Turner of Augusta, followed the Blackwood River towards present day Nannup in 1834. Several expeditions followed in the 1840s, with consistent reports of good grasses. It would appear that some limited squatting commenced in the district during the early 1850's and considerable selections of land had been taken by 1860. The town was officially gazetted in 1890. The predominant industries of timber and agriculture exist to the present day, with recent diversification into tourism.

### **The Present**

The Shire of Nannup is proud to have retained its sense of place, community passion and heritage values whilst achieving growth in the number of residents, infrastructure and economic development.

The completion of the Mowen Road upgrade in 2014 that links the coastal area of Margaret River to the Blackwood River region is a major achievement for the Shire, increasing traffic and visitors to the area, particularly on weekends and for events.

On the 5th December 2015 the Hon Terry Redman MLA, Minister for Regional Development, officially opened the new Function Room and renovation works to the existing facilities at the Nannup Recreation and Community Centre, which will provide greater opportunities for social and recreational activities in our Shire.

A main street improvement project in the northern section of the Nannup's CBD has addressed drainage issues and damaged pavements, increasing the safety and street appeal for residents and visitors to enjoy. The Shire of Nannup intends to further these works via a staged development in future years.

### **The Future**

The future for Nannup is very promising. Council's Strategic Community Plan identifies a number of projects for implementation in the future and includes the ongoing commitment to deliver community based initiatives for the benefit of Nannup's residents.

Annual Community events showcase cultural, educational and social activities and all residents are encouraged to participate in the ongoing success of these events to encourage visitors to our unique town and Shire. As a community Nannup cares about each other and welcome visitors to experience and enjoy our region.

## Council Structure

The Council comprises eight councillors elected from three wards, North, Central and South. The North and Central wards have three Council representatives and the South ward two; this is in line with the number of electors in each Ward. Council elects the Shire President.

Council is the decision making body on all policy matters. It meets monthly, with Ordinary Meetings of Council being held on the fourth Thursday of every month commencing at 4.15 pm. At its October 2017 Ordinary meeting of Council, Councillors voted to change this commencement time from January 2018 back 15 minutes. This will see Council meeting from January 2018 commencing at 4.30pm. Members of the public are welcome to attend all meetings of Council and public question time of at least 15 minutes duration is scheduled at the commencement of all public meetings. In the interest of ensuring that questions are reported correctly within the minutes of the meeting, Council requests wherever possible that a written copy of questions asked by members of the public be handed to Council once questions have been presented. Agendas for Ordinary Council Meetings are available to members of the public four days prior to meetings. Minutes are placed on display in the Nannup Library within ten working days after each meeting.

A number of Acts of Parliament give the Shire of Nannup the necessary powers to make decisions regarding the natural, built and legal environments which it administers. The Local Government Act 1995 enables the Shire to administer its local government area. Local authorities operate strictly within this act and are not able to undertake actions, activities or services that are not specifically provided for in this or other legislation.

Local laws may be adopted by Council to regulate and govern local issues. Council has adopted local laws relating to:

- Cemeteries
- Refuse Disposal
- Health
- Parking
- Standing Orders for Council Meetings
- Dogs

The work of Council is informed by a number of Advisory committees as listed below:

- Audit Advisory Committee (8 councillors)
- Risk Management Advisory Committee (2 councillors)
- Bush Fire Advisory Committee (2 councillors)
- Local Emergency Management Advisory Committee (2 councillors)
- Australia Day Advisory Committee (5 councillors)

## Nannup Shire Councillors

### SHIRE PRESIDENT: Cr Tony Dean

WARD: Central

RETIRING: 2019

ADDRESS: Lot 139 Vasse Highway Nannup WA 6275

PHONE: Ph/Fax 9756 0680

EMAIL: [shirep@nannup.wa.gov.au](mailto:shirep@nannup.wa.gov.au)



### DEPUTY SHIRE PRESIDENT: Cr Robin Mellema

WARD: South

RETIRING: 2021

ADDRESS: 176 Blythe Road Nannup WA 6275

PHONE: Ph/Fax 9756 1156

EMAIL: [deputy.president@nannup.wa.gov.au](mailto:deputy.president@nannup.wa.gov.au)



### COUNCILLOR: Cr Bob Longmore

WARD: North

RETIRING: 2019

ADDRESS: 15 Blackwood River Drive Nannup WA 6275

PHONE: Ph/Fax 9756 0308

EMAIL: [Cr.Longmore@nannup.wa.gov.au](mailto:Cr.Longmore@nannup.wa.gov.au)



### COUNCILLOR: Cr Patricia Fraser

WARD: South

RETIRING: 2019

ADDRESS: PO Box 14, Nannup WA 6275

PHONE: Ph/Fax 9756 1112

EMAIL: [Cr.Fraser@nannup.wa.gov.au](mailto:Cr.Fraser@nannup.wa.gov.au)



**COUNCILLOR: Cr Chris Buckland**

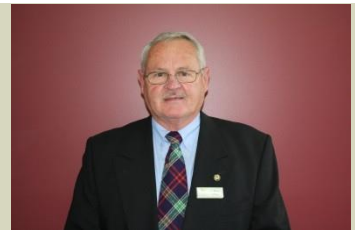
WARD: Central  
RETIRING: 2021  
ADDRESS: 117 Warren Road Nannup WA 6275  
PHONE: Ph: 97560590  
EMAIL: [Cr.Buckland@nannup.wa.gov.au](mailto:Cr.Buckland@nannup.wa.gov.au)

**COUNCILLOR: Cr Vicki Hansen**

WARD: North  
RETIRING: 2021  
ADDRESS: PO Box 349 Nannup WA 6275  
PHONE: 9756 0165  
EMAIL: [Cr.Hansen@nannup.wa.gov.au](mailto:Cr.Hansen@nannup.wa.gov.au)

**COUNCILLOR: Cr Norm Steer**

WARD: Central  
RETIRING: 2019  
ADDRESS: 30b Walter Road Nannup WA 6275  
PHONE: Ph/Fax 9756 1597  
EMAIL: [Cr.Steer@nannup.wa.gov.au](mailto:Cr.Steer@nannup.wa.gov.au)

**COUNCILLOR: Cate Stevenson**

WARD: North  
RETIRING: 2021  
ADDRESS: PO Box 306 Nannup WA 6275  
PHONE: 9756 0250  
EMAIL: [Cr.Stevenson@nannup.wa.gov.au](mailto:Cr.Stevenson@nannup.wa.gov.au)



## Shire President's Report

2016/2017 FINANCIAL YEAR

I am pleased to present the Annual Report in my capacity as Shire President to the residents of the district on the activities of the Shire of Nannup during the course of the 2016/2017 financial year.

The 2016/2017 financial year had been earmarked as a year of consolidation following an extremely busy 2015/2016 financial year with major infrastructure projects. This still did not impede Council in undertaking other projects, albeit of a smaller nature but important nonetheless.

Council imposed a rate increase on-average of 3.97% which was seen to be an acceptable increase in the economic climate at the time. I can assure ratepayers that Councillors are extremely mindful of external factors when setting the rate in the dollar but are cognisant of the fact that the normal standard of services must be delivered to all residents and yet still recognise the need to undertake projects that will benefit the district as a whole. I take this opportunity to congratulate our Manager Corporate Services, Ms. Tracie Bishop, and her staff for the work that they do in managing the finances for the Shire. The compliance responsibilities associated in managing a local government authority are significant and this is evidenced by the financial reports provided in this document.

In the year under review Council completed Phase II of the Main Street development/beautification project from Adam Street to Cross Street. This phase of the project was managed in-house and I sincerely thank Council's Manager Infrastructure, Mr. Jon Jones and his works crew for a job well done. By managing the project in-house, it saved Council considerable dollars in not having to appoint a designated Project Manager. The Main Street project is nearing completion with only the 3rd stage remaining from Cross to Kearney Streets and it is expected that these works will be completed in the 2017/2018 financial year.

A project completed in the 2016/2017 financial year, and one that was long overdue, was the implementation of the Rural Numbering System (RNS). Council engaged the services of Mr. Derek McNutt to identify all properties within the Shire with structures, whether they be sheds or houses, and then allocate the special RNS identifier for the property. I can assure you all that this was not an easy task and for Derek to complete the entire project within a 6-month timeframe was a great achievement. Our emergency services have already tested the system and have commented on the ease of locating the property in an emergency situation.

Council was fortunate in the year under review to receive funding via the Emergency Services Levy for the construction of a new Fire Shed at East Nannup and for renovation works to the North Nannup Brigade Station. East Nannup's firefighting appliance was stationed at the Nannup Brook Brigade, which was not ideal, and for the volunteers in East Nannup to have their own designated facility will certainly improve their operations and hopefully encourage new members to provide this important first responder service to the landholders in the immediate area.

I am pleased to report that the Shire of Nannup maintains a healthy suite of Reserve Funds for specific areas of Council's operations and as at 30 June 2017 this balance was \$1.605M. These funds are set aside to minimize the impact on annual Budgets and where appropriate, Council accesses these funds for the specific purpose that they are set aside for.



Examples of the Reserves are Plant Replacement, Asset Management, Waste Management, Office Equipment, Aged Housing and Long Service Leave.

Another important aspect of Council's financial management is that the Shire of Nannup is almost debt free. It has one minor debt, which is a self-supporting loan to a local organisation with debt repayments being recovered on an annual basis. Council will continue to advocate for debt free status in the short term but is mindful that at some stage it may have to consider loans if a particular project warrants significant capital input.

Prior to 30 June 2017 Council, in accordance with its obligations pertaining to Integrated Planning, adopted, through community consultation, all of the necessary Forward Plans to ensure that the community, Councillors and staff know of the strategic goals and objectives that we have set ourselves in the coming years. Whilst these Plans project out to 10 years, they are reviewed internally on a regular basis and referred to the community for consultation every 4 years. The Plans are available for viewing on Council's website.

In the year under review your Elected Members have worked cohesively and it has been a pleasure to lead this group of committed representatives. Whilst we do not always agree on certain outcomes, robust debate in the Council Chambers ensures that all views are heard and that sound decisions are made on behalf of the community. I extend my sincere thanks to all Councillors and thank them for having the confidence in me to lead the Shire in such an important role.

I am also indebted to the hard working employees of the Shire of Nannup. I know that all employees take great pride in the work that they undertake and are committed to achieving the objectives set by Council. The past 12 months have been no different and their efforts are to be commended.

In my Annual Report I always make a point to mention and thank the many volunteers in our community who commit their valuable time for their particular organisations and associations. Whether it be our two wonderful Festival volunteers or those involved in sporting or community organisations, the contributions that you make are invaluable and appreciated by the whole community.



Tony Dean

Shire President



## Chief Executive Officer's 2016/2017 Annual Report

I present this Annual Report to outline the activities of the Shire of Nannup for the 2016/2017 financial year.

With a change of State Governments in March 2017 there already have been financial implications for the Shire of Nannup with the new State Government embarking on a Budget repair process. Whilst these implications did not affect the 2016/2017 financial year, they will certainly impact upon the 2017/2018 Budget and Councillors and staff must be ready to respond to these impacts.

The McGowan Government initially responded to reduce the number of government departments through a machinery of government change in the public sector and the local government industry will now be responsible to the newly formed Department of Local Government, Sport and Cultural Industries. Whilst we don't see major changes with this process, our new Minister, the Hon. David Templeman MLA, has announced that he is embarking on a full review of the Local Government Act 1995 through a two stage process and this may well see changes, hopefully for the better, as the legislation is now some 20 years old and outdated for these modern times. Minister Templeman has already engaged with the industry in a positive light and we look forward to working with him during his tenure in the Local Government portfolio.

The Shire President has covered the on the main aspects on the year under review in his report and I will expand on some additional initiatives undertaken during the course of the financial year. Council recognised the need to reduce the amount of paper it was producing via the distribution of Agenda Papers and Minutes and allocated funds to purchase a software program for this purpose. The program "Dashboard" was purchased, including iPads for individual Councillors, to disseminate this material and the transition has been successful. Whilst there was some initial outlay for the iPads, overall the reduction in costs for paper will be cost effective.

The Shire of Nannup has never had a designated Dog Pound for the keeping of stray dogs and the practice of chaining dogs to a verandah post at the rear of the Shire Offices and then expecting staff to take the dogs home if they weren't claimed at knock-off time was not an acceptable practice. In the 2016/2017 financial year Council allocated funds for a designated Dog Pound to be constructed at the Shire Depot and I am now pleased to advise that the constructed Pound provides for a more improved practice for staff and for the animals that will be contained in this facility.

In the year under review Council maintained its annual Community Grants Program and a number of community organisations benefitted financially from the program. Council advertises in the local "Telegraph" newsletter early in the year calling for applications for funding and I would encourage local groups to apply. Louise Stokes, Council's Economic and Community Development Officer administers this program and would be more than happy to provide further details on the program.

It is always difficult to outline all of the achievements when presenting a report of this type but I am more than happy to expand further on any matters that residents may wish to discuss on the year under review, or, on future Budgets and projects that Council is considering.

Before closing, I would like to thank the Shire President and Councillors for the continued support they have given to all Shire employees during the past 12 months. Lastly, I acknowledge and thank all members of the Shire's workforce for their ongoing support and in particular, pay special thanks to Council's Manager Corporate Services, Ms Tracie Bishop, and Mr Jon Jones, Manager Infrastructure, for the professional way in which they have managed their respective divisions within Council's operations.



Peter Clarke

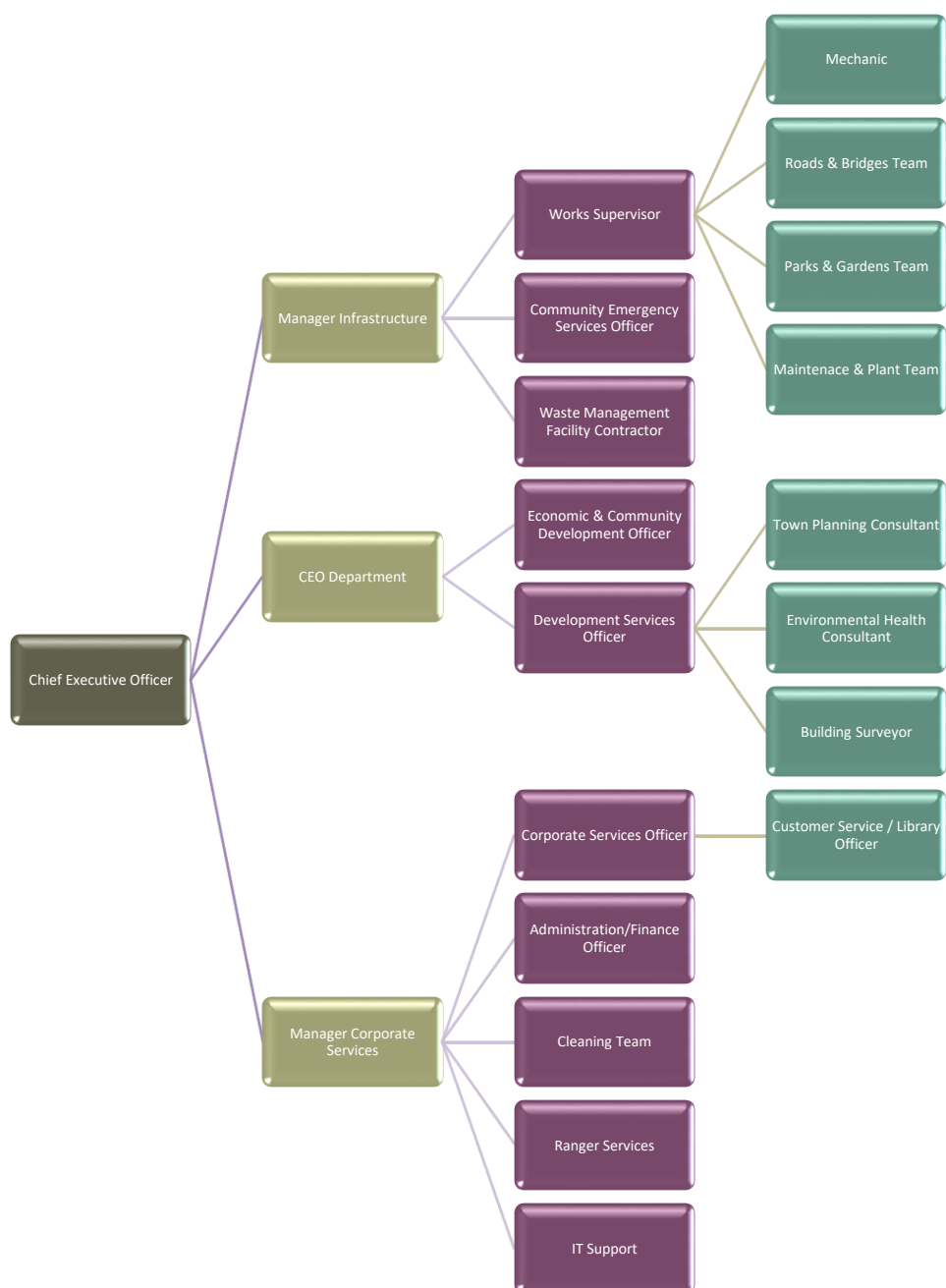
Chief Executive Officer





## Shire of Nannup Organisational Structure

As at 30 June 2017



## Manager Corporate Services

### 2016/2017 Annual Report

It is with pleasure that I present my report to the Electors in my capacity as Manager of Corporate Services for the Shire of Nannup by providing a brief overview of the financial position of Council as at 30 June 2017.

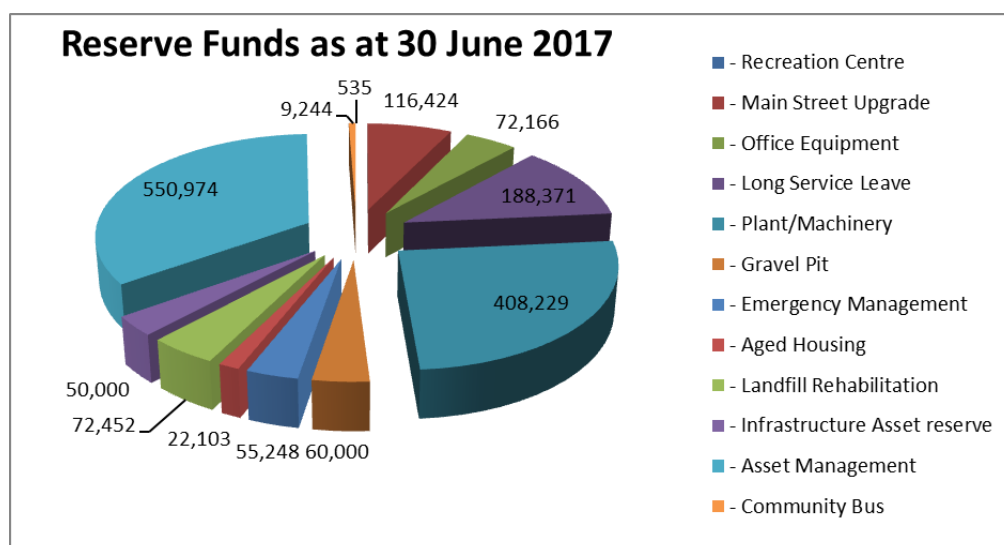
### Financial Summary

Council's auditor, AMD Chartered Accountants have completed an audit of Council's Financial Statements for the period 1 July 2016 to 30 June 2017 and have submitted an Independent Auditors Report to that effect. A copy of this report can be found in the final pages of this document in addition to the Annual Financial Statements.

### Reserve Funds

In line with Council's 'Plan for the Future' a Reserve Portfolio is managed. This portfolio is invested through term deposit structures designed to achieve optimum return on investment as identified in line with Council's Investment Policy FNC 7. As at June 30, 2017 there had been an 8% increase in the overall funds held within the Reserve portfolio since the beginning of this financial year.

As at 30 June 2017, Council held within this Reserve Portfolio \$1,605,746. This is contained within twelve different Reserve accounts. The individual breakdown of these reserve accounts is shown within the following chart.



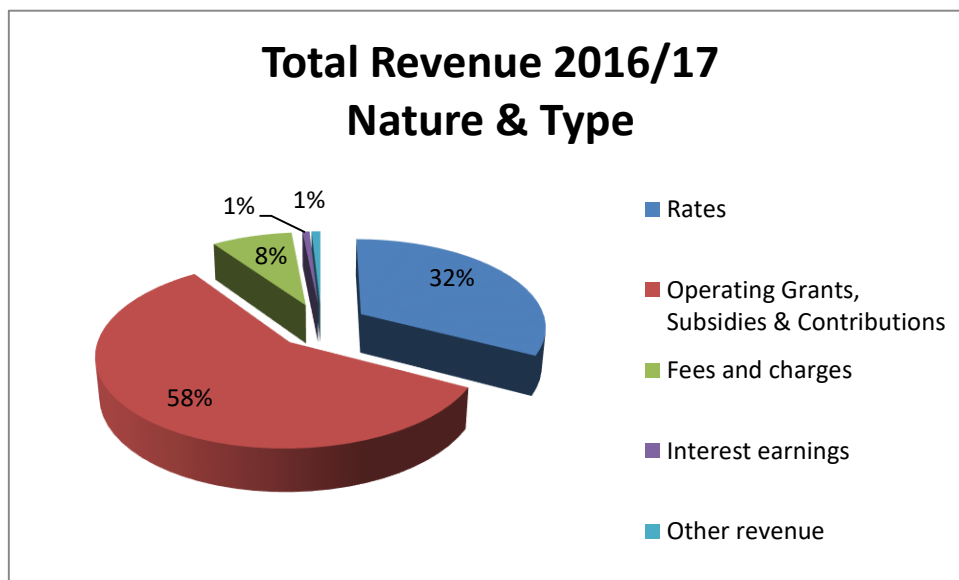
## Revenue

Council is limited in its capacity to raise revenue from its own sources. Revenue is primarily received in the form of grants, rates and fees and charges.

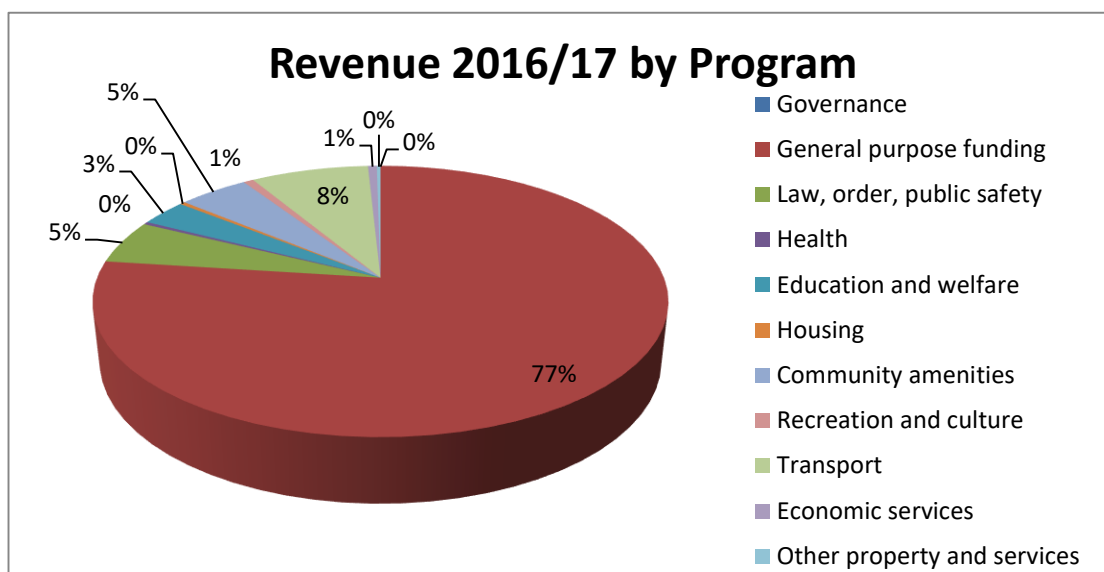
Grant funding comes from both State and Federal Government departments covering a variety of different funding opportunities. One of these funding bodies that Council would like to acknowledge is the Department of Sport and Recreation. Their ongoing funding support through the Kidsport program ensures that the youth of Nannup have the opportunity to pursue sporting activities that may otherwise not be available to them. Other major grant contributions received from these levels of government include the Financial Assistance Grants and Royalties for Regions.

Unfortunately, the Shire of Nannup is restricted in the ability to raise rates on 85% of land within our boundaries as it is contained within state forests and as such is non rateable land. Despite this limitation Council is required to ensure that adequate revenue is achieved annually to match operating expenditure, capital growth within the community and those services are provided to an acceptable standard.

The graph below details the breakdown of the income received for the 2016/17 year by Nature and Type:



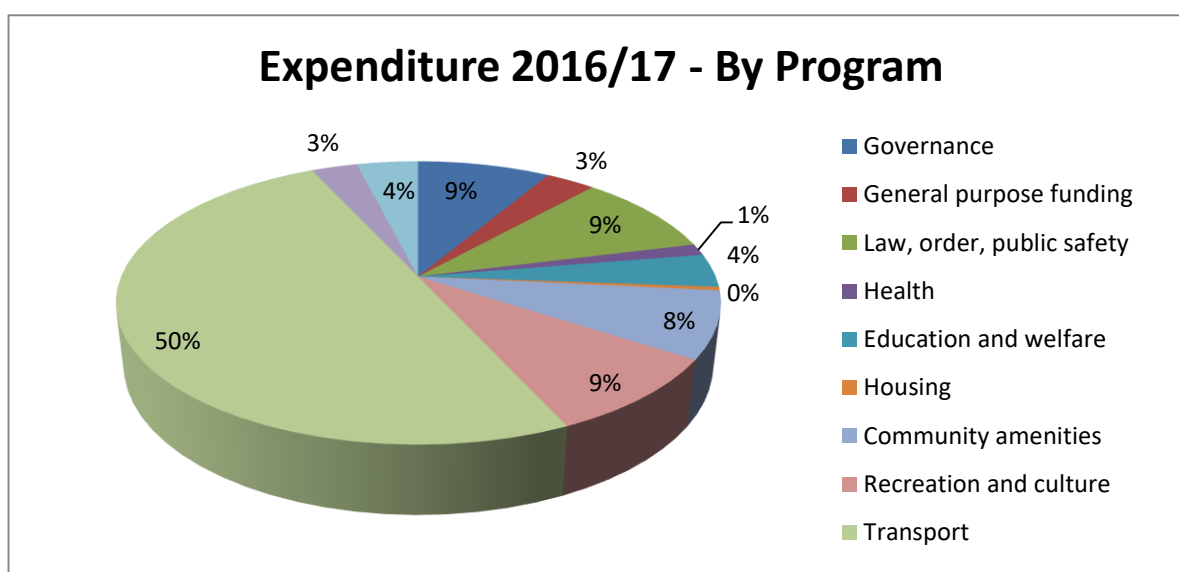
Income received by Program:



Wherever possible Council strives to maintain revenue escalation somewhere between the Australian Bureau of Statistics Consumer Price Index (CPI) and the Western Australian Local Government Association's Local Government Cost Index (LGCI). The latter index is an indicator developed to more accurately reflect increases applicable to this industry specific sector.

### Expenditure

Council's operating expenditure for 2016/17 is shown below by program. Transport continues to be the schedule that the largest expenditure for each year. Primarily this is as a result of maintaining our vast road network within the Shire of Nannup. Within 2016/17 this included upgrades to Gold Gully, Chalwell and Pneumonia Roads. A full review of road expenditure is included within the Works and Services report.



## Rating

The amount of revenue raised from rates depends upon three factors.

1. The type of rate – Gross Rental Value or Unimproved Value
2. The valuation of the property
3. The rate in the dollar set for each rate type.

Gross Rental Values are usually applied to properties within town sites as well as Special Rural lots. These properties are revalued every three years. The last revaluation to this rating group was within the 2015/16 financial year.

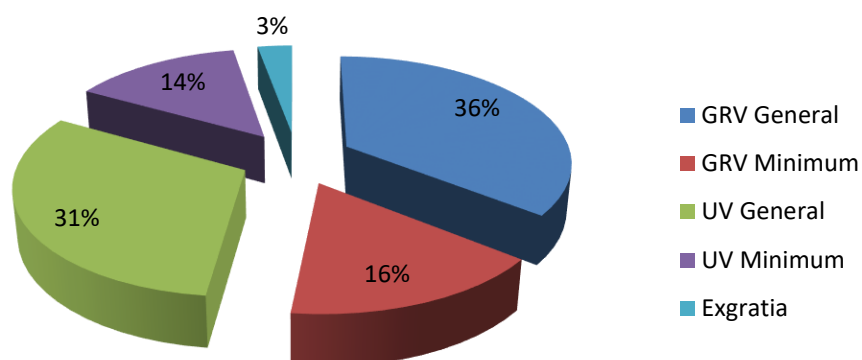
Unimproved Values are applied to rural farmland and mining tenements and are revalued annually.

Land valuation, regardless of type, are set by the Valuer General and are outside of Council's control. Variations in valuations can be quite widespread through the shire as a result of the dependency on current land sales and land type as to valuations applied. This can create inconsistencies in the rates for the individual landowner.

Each year Council sets its rate budget to generate overall revenue for each type of rating and is sympathetic to those ratepayers where increases are higher than the district average. As a general rule this will occur when valuations are higher on an individual property than the average increase to properties. Unfortunately, there is little that Council can do when this occurs except to encourage ratepayers who are unhappy with their valuation to appeal to the Valuer General. For information on the process of doing this please contact staff within the administration office.

Rate Revenue 2016/17	
Rating Type	Rate in Dollar Applied
Gross Rental Value – General	\$0.07895
Unimproved Value - General	\$0.004480
Gross Rental Value – Minimum Rated	\$820.00 per property
Unimproved Value – Minimum Rated	\$1,050.00 per property
Ex-Gratia Properties	\$0.004480

### Rate Revenue 2016/17



Total rate revenue raised for 2016/17 for the Shire of Nannup is \$1,534,243.

Tracie Bishop

Manager Corporate Services

## Works & Services Annual Report



The Works and Service Department were kept busy in the 2016/17 financial year completing the second stage of the Main Street Upgrade and the Forest Street improvement works. These projects included drainage, parking, kerbing, bitumen and new paving. Additional works in Nannup town site included North Street road drainage and the Oval ring road. Construction works completed outside the town were improvement to Chalwell, Fouracres, Pneumonia, Gold Gully, East Nannup, Cundinup South and Balingup Roads. General road maintenance was also carried out which included road grading, verges, signs and guide posts, drainage

and bitumen repairs and removal of fallen trees. Other works were footpath repair, street tree maintenance, building maintenance, firebreaks, cemetery works and fire emergency support.

Our Town Maintenance/Gardens team continued to maintain and improve Councils parks, gardens, River Foreshore, the Cemetery and street verges to a high standard. They assisted with preparation for events and prepared gardens and carried out bulb planting for the Flower and Garden Festival.

Council Road Construction works included within 2016/17 budget were as follows:

Road	Works completed	Cost \$000	Funding Body
Chalwell Road	Construction	\$120	Roads to Recovery
Gold Gully Road	Final Seal	\$155	Roads to Recovery
Pneumonia Road	Construction	\$50	Roads to Recovery
Forest Street	Drainage and Access	\$70	Roads to Recovery
North Street	Drainage improvement	\$120	Roads to Recovery
Cundinup South Road	Seal Correction	\$90	Council and Regional Road Group
Balingup Road	Road Stabilization and Seal Correction	\$75	Council and Regional Road Group
Fouracres Road	Reconstruct and Seal	\$120	Council and Regional Road Group
Main Street Stage 2	Drainage & Aesthetics	\$222	Council and Regional Road Group

As part of Council's commitment to maintain a modern, safe and reliable fleet the Plant Replacement Program allowed for replacement of one light vehicles in 2016/17.

The Works and Services Department employed 13 full time staff consisting of the Works Supervisor, Leading Hands, Plant Mechanic, Horticulturist, Gardener, Handy Man and Plant Operators.



Jonathan Jones  
Manager Infrastructure



## Statutory Compliance Report

This section of the Annual Report fulfils reporting requirements that may be imposed on the Shire of Nannup through State and Federal Statutes and subsidiary legislation.

### Competitive Neutrality – Business Activities

The Principals of National Competition Policy require councils to test the cost efficiency of all Council activities which generate annual user income in excess of \$200,000 against the private sector.

As no activities of the Shire of Nannup generate this level of income, no review of activities needs to be undertaken. Council does have an in-house philosophy of constantly reviewing the way we work with the view to making our operations as cost effective as possible.

### The Financial Management Review

As per the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

This review was completed in April 2016 and reported to Council at the April 2016 Ordinary Meeting of Council.

### Audit Regulation 17 Review

As per Local Government (Audit) Regulations 1996, this review is required every 2 years and requires the Chief Executive Officer to carry out a review of the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- risk management; and
- internal control; and
- legislative compliance.

This review was last carried out in June 2016 and is required to be reviewed next by 31 December 2018.

### Freedom of Information Act 1992 - Information Statement

Council adopted its Information Statement on 23 November 2000. This Statement was prepared in accordance with the Freedom of Information Act 1992, and associated guidelines. The Statement was last reviewed by Council on 26 November 2015.

**Public Interest Disclosure**

A local government is required to appoint one of its officers to act as the Council's Public Interest Disclosure Officer under the Public Interest Disclosures Act 2003. The CEO has appointed the Manager Corporate Services to fulfil this role. The legislation requires the reporting of serious wrongdoing with State Public Sector and Local Government as well as providing the mechanism for responding to reports.

No disclosures were received in relation to the Shire of Nannup during 2016/17.

**Disability Access and Inclusion Plan**

The Disability Services Amendment Act 2004 introduced a requirement for Councils to produce a Disability Access and Inclusion Plan. Council submitted a revised Disability Access and Inclusion Plan to the Disability Services Commission who accepted the Plan. Council reviewed the updated plan on 22 June 2017. The new Disability and Inclusion Plan is for the period 2017 – 2020 with the new review due July 2020.

**State Records Act 2000 – Record Keeping Plan**

The Shire of Nannup is committed to good record keeping practices compliant with the State Records Act 2000. The Shire's Record Keeping Plan has been approved for a period of five years with no further requirements required. This Plan was last reviewed in December 2015.

**Overview of Integrated Planning**

Council's Plan for the Future is articulated in the Strategic Community Plan and the Corporate Business Plan. These plans are the primary documents that form part of the integrated planning and reporting framework legislated by State Government that give communities the opportunity to shape their own future. A review is required of these plans every 4 years. The Shire of Nannup completed this four yearly review process in June 2017.

The Community Strategic Plan sits at the top of the Framework supported by the Corporate Business Plan, Annual Budget, Asset Management Plan, Long Term Financial Plan and Workforce Plan. The Corporate Business Plan is the first step towards achieving the communities' key priorities.

Members of the public are encouraged to read Council's other publications which are available either from the Administration Building or by visiting our webpage

Projects undertaken in the 2016/17 financial year were ones that were identified in the current Strategic Community Plan 2013/2023.

As previously stated, the financial year 2016/17 was always marked as a period of consolidation as a result of the high level of capital expenditure and labour used within the 2015/16 year. This allowed Council the opportunity to reflect on what has been achieved within this very busy period and analyse where to from here. This analysis was then carried forward into the reviews of the corporate documents to ensure that capital project planning for the subsequent four years could be assessed on merit and community expectations. This process is a fluid process that will continue to evolve based on the current expectations of the community. For this reason, Council continues to encourage all residents of the Shire of Nannup to firstly ensure that they are aware of what is currently included within these documents and then to actively participate in the review and construction of the plans for the future.

**Employee Remuneration**

During 2016/17 the number of employees whose remuneration exceeded \$100,000 (excluding benefits in kind) was as follows:

Band	No.
\$110,001 - \$120,000	1
\$130,001 - \$140,000	1

**Complaints under Section 5.121 of the Local Government Act 1995**

No complaints relating to this section of the Local Government Act 1995

**Shire of Nannup - Audited Financial Statements****SHIRE OF NANNUP****FINANCIAL REPORT****TABLE OF CONTENTS**

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Principal place of business: 15 Adam Street  
Nannup WA 6275

**SHIRE OF NANNUP****FOR THE YEAR ENDED 30TH JUNE 2017****LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996****STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Nannup being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire of Nannup at 30th June 2016 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 of issue on the

13 day of

November

2017



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Peter Clarke  
Chief Executive Officer

**SHIRE OF NANNUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	\$ 1,534,244	\$ 1,509,754	\$ 1,459,639
Operating grants, subsidies and contributions	29	\$ 2,710,346	\$ 1,633,997	\$ 1,287,555
Fees and charges	28	\$ 378,049	\$ 342,762	\$ 367,971
Interest earnings	2(a)	\$ 33,082	\$ 67,802	\$ 37,125
Other revenue	2(a)	\$ 41,164	\$ 44,151	\$ 63,501
		<u>4,696,885</u>	<u>\$ 3,598,466</u>	<u>\$ 3,215,790</u>
Expenses				
Employee costs		(1,780,976)	(1,685,355)	(1,603,730)
Materials and contracts		(1,243,874)	(1,400,348)	(918,214)
Utility charges		(109,083)	(94,178)	(110,979)
Depreciation on non-current assets	2( a )	(1,480,047)	(1,708,889)	(2,033,873)
Interest expenses	2( a )	(5,988)	(4,650)	(6,971)
Insurance expenses		(150,217)	(183,476)	(158,993)
Other expenditure		(200)	(300)	-
		<u>(4,770,385)</u>	<u>(5,077,196)</u>	<u>(4,832,761)</u>
		(73,502)	(1,478,730)	(1,616,971)
Non-operating grants, subsidies and contributions	29	\$ 975,687	\$ 1,308,000	\$ 2,299,216
Profit on asset disposals	20	\$ 5,125	\$ -	\$ -
(Loss) on asset disposals	20	\$ -	(18,000)	(60,071)
Fair value adjustments to financial assets at				
(Loss) on revaluation of Infrastructure - parks and ovals	7(b)	(22,110)	\$ -	\$ -
Reversal of prior year loss on revaluation of furniture and equipment	6(b)	\$ -	\$ -	(76,951)
<b>Net result</b>		<b>885,200</b>	<b>(188,730)</b>	<b>\$ 545,223</b>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
<i>Changes on revaluation of non-current assets</i>	12	(1,690,490)	\$ -	(80,799)
<b>Total other comprehensive income</b>		<b>(1,690,490)</b>	<b>\$ -</b>	<b>(80,799)</b>
<b>Total comprehensive income</b>		<b>(805,290)</b>	<b>(188,730)</b>	<b>464,424</b>

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

**SHIRE OF NANNUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2( a )			
Governance		\$ -	\$ -	\$ 79
General purpose funding		3,616,996	\$ 2,934,892	\$ 2,221,379
Law, order, public safety		244,572	\$ 194,763	\$ 171,565
Health		14,962	\$ 7,885	\$ 9,032
Education and welfare		146,908	\$ 48,969	\$ 63,878
Housing		16,085	\$ 31,720	\$ 25,419
Community amenities		218,741	\$ 185,237	\$ 175,639
Recreation and culture		31,467	\$ 29,446	\$ 31,982
Transport		368,111	\$ 111,284	\$ 459,313
Economic services		27,586	\$ 24,270	\$ 28,460
Other property and services		11,457	\$ 30,000	\$ 29,044
		<u>4,696,884</u>	<u>\$ 3,598,466</u>	<u>\$ 3,215,790</u>
<b>Expenses</b>	2( a )			
Governance		(425,090)	(312,261)	(746,022)
General purpose funding		(149,229)	(163,227)	(75,646)
Law, order, public safety		(449,690)	(449,330)	(391,057)
Health		(62,394)	(65,070)	(44,363)
Education and welfare		(183,069)	(179,946)	(191,637)
Housing		(19,029)	(48,004)	(28,453)
Community amenities		(365,286)	(509,106)	(279,243)
Recreation and culture		(427,444)	(630,666)	(288,657)
Transport		(2,335,868)	(2,647,345)	(1,756,848)
Economic services		(140,674)	(167,768)	(95,791)
Other property and services		(206,626)	100,177	(928,074)
		<u>(4,764,398)</u>	<u>(5,072,546)</u>	<u>(4,825,790)</u>
<b>Finance costs</b>	2( a )			
General purpose funding		(1,014)	\$ -	\$ -
Community amenities		(4,853)	(4,650)	(5,258)
Transport		(121)	\$ -	(1,713)
		<u>(5,988)</u>	<u>(4,650)</u>	<u>(6,971)</u>
		<u>(73,502)</u>	<u>(1,478,730)</u>	<u>(1,616,971)</u>
Non-operating grants, subsidies and contributions	29	975,687	1,308,000	2,299,216
Profit on disposal of assets	20	5,125	\$ -	\$ -
(Loss) on disposal of assets	20	\$ -	(18,000)	(60,071)
Loss on Revaluation of Infrastructure	7(b)	(22,110)	\$ -	\$ -
Reversal of prior year loss on revaluation of furniture and equipment	6(b)	\$ -	\$ -	(76,951)
<b>Net result</b>		<u><b>885,200</b></u>	<u><b>(188,730)</b></u>	<u><b>545,223</b></u>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	12	(1,690,490)	\$ -	(80,799)
<b>Total other comprehensive income</b>		<u>(1,690,490)</u>	<u>\$ -</u>	<u>(80,799)</u>
<b>Total comprehensive income</b>		<u><b>(805,290)</b></u>	<u><b>(188,730)</b></u>	<u><b>464,424</b></u>

**SHIRE OF NANNUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	\$ 3,283,036	\$ 2,040,257
Trade and other receivables	4	\$ 159,288	\$ 207,635
Inventories	5	\$ 6,240	\$ 6,240
<b>TOTAL CURRENT ASSETS</b>		<b>\$ 3,448,564</b>	<b>\$ 2,254,132</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	\$ 120,683	\$ 136,106
Property, plant and equipment	6	\$ 13,958,277	\$ 14,036,565
Infrastructure	7	\$ 96,093,487	\$ 98,015,244
<b>TOTAL NON-CURRENT ASSETS</b>		<b>\$ 110,172,447</b>	<b>\$ 112,187,915</b>
<b>TOTAL ASSETS</b>		<b>\$ 113,621,010</b>	<b>\$ 114,442,047</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	\$ 93,110	\$ 173,540
Current portion of long term borrowings	9	\$ 15,460	\$ 15,460
Provisions	10	\$ 405,645	\$ 355,919
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 514,215</b>	<b>\$ 544,919</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	\$ 51,516	\$ 66,975
Provisions	10	\$ 34,145	\$ 20,365
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>\$ 85,661</b>	<b>\$ 87,340</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 599,876</b>	<b>\$ 632,259</b>
<b>NET ASSETS</b>		<b>\$ 113,021,134</b>	<b>\$ 113,809,788</b>
<b>EQUITY</b>			
Retained surplus		\$ 31,689,805	\$ 30,915,104
Reserves - cash backed	11	\$ 1,605,746	\$ 1,478,611
Revaluation surplus	12	\$ 79,725,583	\$ 81,416,073
<b>TOTAL EQUITY</b>		<b>\$ 113,021,134</b>	<b>\$ 113,809,788</b>

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

**SHIRE OF NANNUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>29,291,761</b>	<b>2,510,330</b>	<b>81,496,872</b>	<b>113,298,963</b>
Comprehensive income					
Net result		545,224	-	-	545,224
Changes on revaluation of assets	12	-	-	(80,799)	(80,799)
<b>Total comprehensive income</b>		<b>545,224</b>	<b>-</b>	<b>(80,799)</b>	<b>464,425</b>
Transfers from/(to) reserves		1,078,119	(1,078,119)	-	-
Reserve Interest Transfer	11	-	46,400	-	46,400
<b>Balance as at 30 June 2016</b>		<b>30,915,104</b>	<b>1,478,611</b>	<b>81,416,073</b>	<b>113,809,788</b>
Comprehensive income					
Net result		885,200	-	-	885,200
Changes on revaluation of assets	12	-	-	(1,690,490)	(1,690,490)
<b>Total comprehensive income</b>		<b>885,200</b>	<b>-</b>	<b>(1,690,490)</b>	<b>(805,290)</b>
Transfers from/(to) reserves	11	(110,500)	110,500	-	-
Reserve Interest transfer - Reseve Ac		-	16,634	-	16,634
<b>Balance as at 30 June 2017</b>		<b>31,689,805</b>	<b>1,605,746</b>	<b>79,725,583</b>	<b>113,021,134</b>

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

**SHIRE OF NANNUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,539,146	1,509,754	1,466,229
Operating grants, subsidies and contributions		2,733,787	1,633,997	1,388,192
Fees and charges		378,049	342,762	370,692
Interest earnings		49,716	67,801	37,125
Goods and services tax		1	-	-
Other revenue		61,252	44,150	43,489
		<b>4,761,951</b>	<b>3,598,464</b>	<b>3,305,727</b>
<b>Payments</b>				
Employee costs		(1,713,544)	(1,469,937)	(1,527,531)
Materials and contracts		(1,328,231)	(1,400,350)	(1,117,340)
Utility charges		(109,083)	(94,178)	(110,979)
Interest expenses		(5,988)	(183,476)	(8,464)
Insurance expenses		(150,217)	(4,616)	(158,993)
Goods and services tax		4	-	-
Other expenditure		(200)	(300)	-
		<b>(3,307,259)</b>	<b>(3,152,857)</b>	<b>(2,923,307)</b>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<b>1,454,692</b>	<b>445,607</b>	<b>382,420</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(162,406)	(1,563,184)	(1,709,313)
Payments for construction of infrastructure		(1,045,194)	(2,675,100)	(2,657,584)
Non-operating grants, subsidies and contributions		975,687	2,388,884	2,299,216
Proceeds from sale of fixed assets		20,000	183,000	146,533
<b>Net cash provided by (used in) investment activities</b>		<b>(211,913)</b>	<b>(1,666,400)</b>	<b>(1,921,148)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(15,460)	(15,460)	(76,933)
Proceeds from self supporting loans		15,460	14,560	14,560
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>(900)</b>	<b>(62,373)</b>
<b>Net increase (decrease) in cash held</b>		<b>1,242,779</b>	<b>(1,221,693)</b>	<b>(1,601,101)</b>
Cash at beginning of year		2,040,256	2,884,558	3,641,357
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<b>3,283,036</b>	<b>1,662,865</b>	<b>2,040,256</b>

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

**SHIRE OF NANNUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>366,373</u>	<u>200,440</u>	<u>645,221</u>
		366,373	200,440	645,221
<b>Revenue from operating activities (excluding rates)</b>				
Governance		-	-	79
General purpose funding		2,144,105	1,426,450	866,194
Law, order, public safety		244,572	194,763	171,565
Health		14,962	7,885	9,032
Education and welfare		146,908	48,969	63,878
Housing		16,085	31,720	25,419
Community amenities		218,741	185,237	175,639
Recreation and culture		31,467	29,446	31,982
Transport		373,236	1,419,282	459,314
Economic services		27,586	24,270	28,460
Other property and services		<u>11,457</u>	<u>30,000</u>	<u>29,044</u>
		3,229,119	3,398,022	1,860,606
<b>Expenditure from operating activities</b>				
Governance		(425,088)	(312,261)	(779,735)
General purpose funding		(150,243)	(163,227)	(75,646)
Law, order, public safety		(449,690)	(449,330)	(391,057)
Health		(62,394)	(65,070)	(44,363)
Education and welfare		(183,069)	(179,946)	(191,637)
Housing		(19,029)	(48,004)	(28,453)
Community amenities		(370,139)	(513,756)	(284,501)
Recreation and culture		(427,444)	(630,666)	(288,657)
Transport		(2,335,867)	(2,666,730)	(1,707,967)
Economic services		(140,674)	(167,768)	(95,791)
Other property and services		<u>(206,626)</u>	<u>100,177</u>	<u>(928,074)</u>
		(4,770,263)	(5,096,581)	(4,815,881)
<b>Net Operating Result Excluding Rates</b>		<u><b>(1,541,144)</b></u>	<u><b>(1,698,559)</b></u>	<u><b>(2,955,275)</b></u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	(5,125)	18,000	-
Loss on disposal of assets	20	-	-	60,071
Movement in deferred pensioner rates (non-current)	5	(37)	28,705	(10,709)
Loss on Revaluations		-	-	78,781
Movement in Restricted Assets		(761)	-	-
Movement in employee benefit provisions (non-current)	11	13,780	186,747	1,661
Depreciation and amortisation on assets	2(a)	<u>1,480,047</u>	<u>1,708,889</u>	<u>2,033,873</u>
<b>Amount attributable to operating activities</b>		<b>313,133</b>	<b>444,222</b>	<b>(146,377)</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contribution:	29	975,687	1,308,000	2,299,216
Proceeds from disposal of assets	20	20,000	35,000	146,533
Purchase of property, plant and equipment	6(b)	(162,406)	(169,900)	(1,709,313)
Purchase and construction of infrastructure	7(b)	<u>(1,045,194)</u>	<u>(1,442,737)</u>	<u>(2,657,584)</u>
<b>Amount attributable to investing activities</b>		<b>(211,913)</b>	<b>(269,637)</b>	<b>(1,921,148)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	21(a)	(15,459)	(15,459)	(76,933)
Proceeds from self supporting loans	5	15,459	15,459	14,560
Transfers to reserves (restricted assets)	11	(323,819)	(339,685)	(297,000)
Transfers from reserves (restricted assets)	11	<u>196,685</u>	<u>165,100</u>	<u>1,375,119</u>
<b>Amount attributable to financing activities</b>		<b>(127,134)</b>	<b>(174,585)</b>	<b>1,015,746</b>
Surplus(deficiency) before general rates		(25,914)	-	(1,051,779)
Total amount raised from general rates		<u>1,490,416</u>	<u>1,508,441</u>	<u>1,418,151</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><b>1,464,502</b></u>	<u><b>1,508,441</b></u>	<u><b>366,373</b></u>

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

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), 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 stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, 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.

**The local government reporting entity**

All Funds through which 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. A separate statement of those monies appears at Note 19 to these financial statements.

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

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

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**(d) 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.

**(e) Inventories**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Land held for sale**

Land held for development and sale 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 profit or loss 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 sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**(f) 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.

During the year ended 30 June 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and Council revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), 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.

***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 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.

***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 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 Council."

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, 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 or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

***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***

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 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.

**SHIRE OF NANNUP**  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

*Classification and subsequent measurement (continued)*

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(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.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

Provision is made for 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.

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. Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee 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 remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where 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.

**(l) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**(m) Provisions**

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

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

**(n) 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 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.

**SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in Council's share of net assets of the associate. In addition, Council's share of the profit or loss of the associate is included in Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between Council and the associate are eliminated to the extent of Council's interest in the associate.

When Council's share of losses in an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(q) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) Superannuation**

Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which Council contributes are defined contribution plans.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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 Council's operational cycle. In the case of liabilities where 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 for land held for sale where it is held as non-current based on Council's intentions to release for sale.

**(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 Figures**

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

When Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to Council's operations.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 &amp; 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of Council as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2 REVENUE AND EXPENSES****2017****2016****\$****\$****(a)**

The Net result includes:

(i) Charging as an expense:

**Auditors remuneration**

- Audit of the Annual Financial Report	10,700	10,200
- Additional Auditor Assistance	2,187	3,900
- Financial Management Review	7,200	

**Depreciation**

Buildings	63,659	213,643
Furniture and equipment	2,896	4,752
Plant & Equipment	159,139	354,811
Infrastructure - Roads	971,299	1,080,708
Infrastructure - footpaths	23,579	22,113
Infrastructure - drainage	69,526	38,884
Infrastructure - parks and ovals	7,478	2,282
Infrastructure - Bridges	182,471	316,680
	<u>1,480,047</u>	<u>2,033,873</u>

Debentures (refer Note 21 (a))	4,616	6,971
Rates - Writeoffs	1,014	
Loan Service Fees	358	
<b>Total Finance Cost:</b>	<u>5,988</u>	<u>6,971</u>

(ii) Crediting as revenue:

**Other revenue**

Other	41,164	63,501
	<u>41,164</u>	<u>63,501</u>

**2017****2017****2016****Actual****Budget****Actual****\$****\$****\$****Interest earnings**

- Loans receivable - clubs/institutions	4,616	4,616	5,516
- Reserve funds	3,584	36,686	3,584
-DOTARS Roads to Recovery & General	6,380	10,000	5,739
- Rates Interest	18,502	16,500	22,286
	<u>33,082</u>	<u>67,802</u>	<u>37,125</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2 REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by Council's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

To foster a community that acknowledges its heritage, values and lifestyles, whilst encouraging sustainable development.

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

**GOVERNANCE**

**Objective:**

Objective: To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

Activities: Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

Supervision of various by-laws, fire prevention, emergency services and animal control.

**HEALTH**

**Objective:**

To provide an operational framework for good community health.

**Activities:**

Food quality, building sanitation and sewage.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Provision of youth support, co-ordinate school holiday programs, support education programs

**HOUSING**

**Objective:**

Help ensure adequate housing.

**Activities:**

Maintenance of staff and rental housing.

**SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**2 REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

Provide services required by the community.

**Activities:**

Rubbish collection services, operation of tip, noise control, administration of the town planning scheme, maintenance of cemetery and maintenance of public conveniences.

**RECREATION AND CULTURE**

**Objective:**

To establish and manage efficiently infrastructure and resources which will help the social well being of the community.

**Activities:**

Maintenance of halls, recreation centre and various reserves; operation of library.

**TRANSPORT**

**Objective:**

To provide effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of streets, roads, bridges; cleaning of streets, depot maintenance.

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and improve economic wellbeing.

**Activities:**

Assistance to tourism, area promotion, building control, noxious weeds, vermin control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To accurately allocate plant and labour costs across the various programs of Council.

**Activities:**

Private works operations, plant repairs and operations costs.

SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

2 REVENUE AND EXPENSES (Continued)

(c) Conditions over Grants / Contributions

Grant/Contribution	Function/ Activity	Opening Balance (1) 2015/16 \$	Received (2) 2015/16 \$	Expended (3) 2015/16 \$	Closing Balance (1) 2015/16 \$	Received (2) 2016/17 \$	Expended (3) 2016/17 \$	Overspend Council Contribution \$	Closing Balance 2016/17 \$	Operating Grants 2016/17 \$	Non Operating Grants 2016/17 \$
Kidsport	Education & Welfare	6,641	30,000	(19,698)	16,943	10,000	(16,147)	-	10,796	(10,000)	-
Heritage Trails	Education & Welfare	-	-	(25,640)	(25,640)	25,145	-	495	-	(25,145)	-
Community Sheds	Education & Welfare	6,324	-	(6,324)	-	-	-	-	-	-	-
Bridle Trails	Education & Welfare	13,250	-	(13,250)	-	-	-	-	-	-	-
Dept Regional Develop - Comm. Bus	Education & Welfare	-	55,526	(55,526)	-	-	-	-	-	-	-
Family Fun Day LDAG	Education & Welfare	-	800	(800)	-	-	-	-	-	-	-
Dept of Regional Developments	Education & Welfare	-	12,626	(12,626)	-	-	-	-	-	-	-
Home Maintenance Grant	Education & Welfare	-	-	-	-	17,486	-	-	17,486	(17,486)	-
Y Culture	Education & Welfare	-	-	-	-	3,000	-	-	3,000	(3,000)	-
Healthways - FFD	Education & Welfare	-	-	-	-	3,000	(3,000)	-	-	(3,000)	-
National Youth Week - FFD	Education & Welfare	-	-	-	-	1,000	(1,000)	-	-	(1,000)	-
Local Drug Action Group - FFD	Education & Welfare	-	-	-	-	1,227	(1,227)	-	-	(1,227)	-
Country Ways Grant - FFD	Education & Welfare	-	-	-	-	1,780	(1,780)	-	-	(1,780)	-
Y Culture	Education & Welfare	-	-	-	-	2,334	(2,334)	-	-	(2,334)	-
Prime Minister and Cabinet - Reconciliation Week	Education & Welfare	-	-	-	-	4,545	(4,545)	-	-	(4,545)	-
Local Drug Action Group - FFD	Education & Welfare	-	-	-	-	2,545	(2,545)	-	-	(2,545)	-
Crime Prevention	Education & Welfare	-	-	-	-	25,000	-	-	25,000	(25,000)	-
Local Drug Action Group - Survival Camp	Education & Welfare	-	-	-	-	3,290	(3,290)	-	-	(3,290)	-
Lotterywest	Education & Welfare	-	-	-	-	26,000	-	-	26,000	(26,000)	-
General Equalisation Grant	General Purpose Funding	-	415,105	(415,105)	-	1,212,868	(735,945)	-	476,923	(1,212,868)	-
Grants Commission - Roads	General Purpose Funding	-	212,036	(212,036)	-	778,332	(522,698)	-	255,634	(778,332)	-
Department of Communities	General Purpose Funding	-	19,773	(19,773)	-	-	-	-	-	-	-
Old Railway Bridge Grant	General Purpose Funding	-	-	-	-	17,525	-	-	17,525	-	(17,525)
Bushfire Operating Grant 14/15	Law, Order, Public Safety	18,830	-	-	18,830	-	(18,830)	-	-	-	-
Bushfire Operating Grant 15/16	Law, Order, Public Safety	-	94,544	(94,544)	-	-	-	-	-	-	-
Bushfire Operating Grant 15/16 - SES	Law, Order, Public Safety	-	14,438	(14,438)	-	-	-	-	-	-	-
CESM Operating Grant 15/16	Law, Order, Public Safety	-	59,606	(59,606)	-	-	-	-	-	-	-
Bushfire Operating Grant 16/17	Law, Order, Public Safety	-	-	-	-	108,300	(91,611)	-	16,689	(108,300)	-
Bushfire Operating Grant 16/17 - SES	Law, Order, Public Safety	-	-	-	-	18,285	(14,070)	-	4,215	(18,285)	-
Bushfire Management Plan	Law, Order, Public Safety	50,000	-	(28,764)	21,236	-	(2,096)	-	19,140	-	-
CESM Operating Grant	Law, Order, Public Safety	-	-	-	-	100,925	(100,925)	-	-	(100,925)	-
DFES Capital Grant - East Nannup Shed	Law, Order, Public Safety	-	-	(32,540)	(32,540)	105,300	(72,760)	-	-	-	(105,300)
DFES Capital Grant - North Nannup Shed	Law, Order, Public Safety	-	-	(24,674)	(24,674)	29,563	(4,862)	-	27	-	(29,563)
Cat Registration/Sterilisation Grant	Law, Order, Public Safety	7,000	(7,000)	-	-	-	-	-	-	-	-
Lotterywest	Recreation & Culture	-	300,000	(300,000)	-	-	-	-	-	-	-
SEMC	Recreation & Culture	-	110,588	(110,588)	-	-	-	-	-	-	-
Nannup Sportsmans Assocation	Recreation & Culture	-	95,455	(95,455)	-	-	-	-	-	-	-
Nannup Golf Club Donation	Recreation & Culture	-	100,000	(100,000)	-	-	-	-	-	-	-
Cr Gilbert Donation	Recreation & Culture	-	47,727	(47,727)	-	-	-	-	-	-	-
Southwest Development Commission	Recreation & Culture	-	144,294	(144,294)	-	-	-	-	-	-	-
Department of Sport & Recreation	Recreation & Culture	-	165,000	(165,000)	-	-	-	-	-	-	-
Mowen Road DOTARS	Transport	-	150,000	(150,000)	-	-	-	-	-	-	-
MRD Bridgeworks	Transport	-	118,000	(118,000)	-	-	-	-	-	-	-
Direct Grants	Transport	-	101,400	(101,400)	-	109,284	(109,284)	-	-	(109,284)	-
RegionaI Grant Funding	Transport	-	354,000	(354,000)	-	256,000	(256,000)	-	-	(256,000)	-
Roads to Recovery	Transport	-	630,785	(630,785)	-	513,299	(513,299)	-	-	-	(513,299)
Regional Road Group	Transport	-	190,000	(190,000)	-	190,000	(190,000)	-	-	-	(190,000)
MRD - Heart of Nannup Contribution	Economic	-	150,000	(150,000)	-	120,000	(120,000)	-	-	-	(120,000)
Community Resorce Centre	Economic	-	3,121	(3,121)	-	-	-	-	-	-	-
Visitor Centre Upgrade	Economic	-	18,947	(18,947)	-	-	-	-	-	-	-
Total		102,045	3,586,771	(3,714,661)	(25,845)	3,686,033	(2,788,248)	495	872,435	(2,710,346)	(975,687)

**SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (continued)**

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.  
Grants/contributions showing negative balance are result of spending occurring before grant received. It is expected that the grant will be forthcoming within next financial year.
- (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) - 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 within the Statement of Comprehensive Income.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	Note	2017 \$	2016 \$
<b>3 CASH &amp; CASH EQUIVALENTS</b>			
Unrestricted		1,537,412	561,645
Restricted			
Reserve Contributions		1,745,624	1,478,612
		<b>3,283,036</b>	<b>2,040,257</b>
Unrestricted Cash			
Cash at Bank		1,676,790	561,395
Cash Advance		250	250
Trust Transfer to be completed July 2017		250	-
		<b>1,677,290</b>	<b>561,645</b>
Less: Restricted Other - Unspent grants	2 ( c )	(139,878)	
<b>Total unrestricted cash:</b>		<b>1,537,412</b>	<b>561,645</b>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
- Recreation Centre	11	535	529
- Main Street Upgrade	11	116,423	185,569
- Office Equipment	11	72,166	66,677
- Long Service Leave	11	188,371	198,858
- Plant/Machinery	11	408,229	357,993
- Emergency Management	11	60,000	40,000
- Aged Housing	11	55,248	54,602
- Landfill Rehabilitation	11	22,103	21,845
- Infrastructure Asset reserve	11	72,452	51,839
- Asset Management	11	50,000	50,000
- Community Bus	11	550,975	445,701
		9,244	5,000
		<b>1,605,746</b>	<b>1,478,613</b>
Grants received but not expended to date	2 ( c )	139,878	(25,845)
<b>Total Restricted Cash:</b>		<b>1,745,624</b>	<b>1,452,768</b>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2017 \$	2016 \$
<b>4 TRADE AND OTHER RECEIVABLES</b>		
<i>Current</i>		
Rates outstanding	105,781	110,720
Sundry debtors	38,053	61,494
Accrued Income	-	19,962
GST receivable	(5)	-
Loans receivable - clubs/institutions	15,459	15,459
	<b>159,288</b>	<b>207,635</b>
<i>Non-current</i>		
Rates outstanding - pensioners	69,167	69,130
Loans receivable - clubs/institutions	51,516	66,976
	<b>120,683</b>	<b>136,106</b>
<b>5. INVENTORIES</b>		
<i>Current</i>		
Fuel and materials	6,240	6,240
	<b>6,240</b>	<b>6,240</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Land and buildings</i>		
Land - freehold at:		
- Independent valuation 2015	2,120,000	2,120,000
	2,120,000	2,120,000
	<b>2,120,000</b>	<b>2,120,000</b>
<i>Buildings at:</i>		
- Independent valuation 2015	8,838,985	8,838,985
- Additions after valuation - cost	1,285,573	1,207,951
Less: accumulated depreciation	(390,566)	(326,906)
	9,733,992	9,720,030
	<b>9,733,992</b>	<b>9,720,030</b>
<b>Total land and buildings</b>	<b>11,853,992</b>	<b>11,840,030</b>
<i>Furniture and equipment at:</i>		
- Management valuation 2016	27,541	27,541
- Additions after valuation - cost	10,178	2,136
Less accumulated depreciation	(4,594)	(1,698)
	33,125	27,979
<i>Plant and equipment at:</i>		
- independent valuation 2016	1,724,550	1,724,552
- Additions after valuation - cost	550,709	488,964
Less accumulated depreciation	(204,100)	(44,960)
	2,071,159	2,168,556
	<b>13,958,277</b>	<b>14,036,565</b>

*The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.*

SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,120,000	-	-	-	-	-	-	-	2,120,000
<b>Total land</b>	<b>2,120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,120,000</b>
Buildings	9,720,030	77,621	-	-	-	-	(63,659)	-	9,733,992
<b>Total buildings</b>	<b>9,720,030</b>	<b>77,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,659)</b>	<b>-</b>	<b>9,733,992</b>
<b>Total land and buildings</b>	<b>11,840,030</b>	<b>77,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,659)</b>	<b>-</b>	<b>11,853,992</b>
Furniture and equipment	27,979	8,043	-	-	-	-	(2,896)	-	33,125
Plant and equipment	2,168,556	76,742	(15,000)	-	-	-	(159,139)	-	2,071,160
<b>Total property, plant and equipment</b>	<b>14,036,565</b>	<b>162,406</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(225,695)</b>	<b>-</b>	<b>13,958,277</b>

**SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology.	Independent Registered Valuer	June 2015	Price per hectare / Market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2015	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Buildings	3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology.	Independent Registered Valuer	June 2015	Price per square metre / market borrowing rates
Buildings - specialised	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology.	Independent Registered Valuer	June 2015	Price per square metre / market borrowing rates
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>					
- independent valuation 201€	2	Market approach using recent observable market data for similar assets.	Independent Valuer	June 2016	Market price per item.

these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

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

**SHIRE OF NANNUP**  
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	2017 \$	2016 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Fair Value	70,891,363	112,063,375
- Additions after valuation - cost	1,037,580	2,634,642
Less accumulated depreciation	<u>(971,299)</u>	<u>(39,623,389)</u>
	70,957,644	75,074,628
Infrastructure - footpaths		
- Fair Value	1,060,838	1,420,546
- Additions after valuation - cost	7,615	22,942
Less accumulated depreciation	<u>(23,579)</u>	<u>(431,914)</u>
	1,044,874	1,011,574
Infrastructure - drainage		
- Fair Value	8,731,676	2,509,343
Less accumulated depreciation	<u>(69,526)</u>	<u>(554,372)</u>
	8,662,150	1,954,971
Infrastructure - parks and ovals		
- Fair Value	107,532	133,000
Less accumulated depreciation	<u>(7,478)</u>	<u>(3,358)</u>
	100,053	129,642
Infrastructure - Bridges		
- Fair Value	15,511,237	20,166,438
- Additions after valuation - cost	-	398,000
Less accumulated depreciation	<u>(182,471)</u>	<u>(720,009)</u>
	15,328,766	19,844,429
	<b><u>96,093,487</u></b>	<b><u>98,015,244</u></b>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

SHIRE OF NANNUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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7. INFRASTRUCTURE (Continued)

- (b) Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	75,074,655	1,037,580	-	(4,183,292)	-	-	(971,299)	-	70,957,644
Infrastructure - footpaths	1,011,547	7,615	-	49,291	-	-	(23,579)	-	1,044,874
Infrastructure - drainage	1,954,971	-	-	6,776,704	-	-	(69,526)	-	8,662,149
Infrastructure - parks and ovals	129,641	-	-	-	(22,110)	-	(7,478)	-	100,053
Infrastructure - Bridges	19,844,430	-	-	(4,333,193)	-	-	(182,471)	-	15,328,766
<b>Total infrastructure</b>	<b>98,015,244</b>	<b>1,045,194</b>	<b>-</b>	<b>(1,690,490)</b>	<b>(22,110)</b>	<b>-</b>	<b>(1,254,353)</b>	<b>-</b>	<b>96,093,487</b>

**SHIRE OF NANNUP**  
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**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - footpaths</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - drainage</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - parks and ovals</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - Bridges</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$	
8. TRADE AND OTHER PAYABLES			
Current			
Sundry creditors	\$ 5,420	\$ 80,159	
Accrued salaries and wages	\$ 36,330	\$ 32,407	
ATO liabilities	\$ -	(6)	
Restricted Assets	\$ 35,110	\$ 34,349	
Youth Advisory Council	\$ 16,250	\$ 16,250	
Accrued Expenses	\$ -	\$ 10,379	
	<u>\$ 93,110</u>	<u>\$ 173,538</u>	
9. LONG-TERM BORROWINGS			
Current			
Secured by floating charge			
Debentures	\$ 15,460	\$ 15,460	
	<u>\$ 15,460</u>	<u>\$ 15,460</u>	
Non-current			
Secured by floating charge			
Debentures	\$ 51,516	\$ 66,975	
	<u>\$ 51,516</u>	<u>\$ 66,975</u>	
10. PROVISIONS			
	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<i>Opening balance at 1 July 2016</i>			
Current provisions	\$ 220,150	\$ 135,769	\$ 355,919
Non-current provisions	-	\$ 20,365	\$ 20,365
	<u>\$ 220,150</u>	<u>\$ 156,134</u>	<u>\$ 376,284</u>
Additional provision	\$ 49,598	\$ 13,908	\$ 63,506
Balance at 30 June 2017	<u>\$ 269,748</u>	<u>170042</u>	<u>\$ 439,790</u>
Comprises			
Current	\$ 269,748	\$ 135,897	\$ 405,645
Non-current	\$ -	\$ 34,145	\$ 34,145
	<u>\$ 269,748</u>	<u>\$ 170,042</u>	<u>\$ 439,790</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**11. RESERVES - CASH BACKED**

	Actual 2017	Actual 2017	Actual 2017	Actual 2017	Actual 2017	Budget 2017	Budget 2017	Budget 2017	Budget 2017	Actual 2016	Actual 2016	Actual 2016	Actual 2016
	Opening Balance \$	Operating Transfer to \$	Interest Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
- Recreation Centre	529	-	6	-	535	3,175	-	-	3,175	141,080	13,624	(154,175)	529
- Main Street Upgrade	185,569	-	2,400	(71,545)	116,424	207,568	14,123	-	221,691	966,416	7,207	(788,054)	185,569
- Office Equipment	66,677	15,000	789	(10,300)	72,166	66,516	15,740	(15,600)	66,656	50,669	16,008	-	66,677
- Long Service Leave	198,858	25,000	2,353	(37,840)	188,371	198,255	27,768	(19,500)	206,523	189,395	28,963	(19,500)	198,858
- Plant/Machinery	357,993	123,000	4,236	(77,000)	408,229	317,865	132,471	(110,000)	340,336	506,991	104,502	(253,500)	357,993
- Gravel Pit	40,000	20,000	-	-	60,000	40,088	20,292	-	60,380	20,000	20,000	-	40,000
- Emergency Management	54,602	-	646	-	55,248	54,431	779	-	55,210	53,298	1,304	-	54,602
- Aged Housing	21,845	-	258	-	22,103	21,777	312	-	22,089	21,322	523	-	21,845
- Landfill Rehabilitation	51,839	20,000	613	-	72,452	51,709	20,601	-	72,310	41,140	10,699	-	51,839
- Infrastructure Asset reserve	50,000	-	-	-	50,000	50,440	1,461	-	51,901	100,000	-	(50,000)	50,000
- Asset Management	445,700	100,000	5,274	-	550,974	446,278	106,138	(20,000)	532,416	420,020	135,570	(109,890)	445,700
- Community Bus	5,000	4,185	59	-	9,244	-	-	-	-	-	5,000	-	5,000
	<b>1,478,612</b>	<b>307,185</b>	<b>16,634</b>	<b>(196,685)</b>	<b>1,605,746</b>	<b>1,458,102</b>	<b>339,685</b>	<b>(165,100)</b>	<b>1,632,687</b>	<b>2,510,331</b>	<b>343,400</b>	<b>(1,375,119)</b>	<b>1,478,612</b>

*All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.*

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

<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
- Recreation Centre	To be used for the construction of stage two the new recreation centre.
- Main Street Upgrade	To be used to support the project to upgrade stage two the main street of Nannup.
- Office Equipment	To be used to ensure that the equipment required for Shire administration and the supporting computer system is maintained.
- Long Service Leave	An accounting requirement to fund long service leave accumulated by employees.
- Plant/Machinery	To be used for the purchase of major plant.
- Gravel Pit	To be used for the rehabilitation of the gravel pit at the end of its useful life.
- Emergency Management	To provide funding for costs of dealing with local emergencies, where those costs cannot be recovered from another party.
- Aged Housing	To be used to facilitate the development of Aged Housing.
- Landfill Rehabilitation	To provide funding for the rehabilitation of the refuse disposal site once it reaches the end of its useful life.
- Infrastructure Asset reserve	To provide support to the future budgets to minimise the impact of the loss of capital grants as required.
- Asset Management	To provide funding for works to Shire buildings as determined by the Asset Management Plan.
- Community Bus	To be used to cover future capital upgrades of this asset.

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12. REVALUATION SURPLUS

	2017					2016				
	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation Decrement	Total Movement on Revaluation	2017 Closing Balance	2016 Opening Balance	2016 Revaluation Increment	2016 Revaluation Decrement	Total Movement on Revaluation	2016 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Reserve - Roads	54,373,996	-	(4,183,292)	(4,183,292)	50,190,704	54,373,996	-	-	-	54,373,996
Revaluation Reserve - Footpaths	745,547	49,291	-	49,291	794,838	745,547	-	-	-	745,547
Revaluation Reserve - Bridges	19,774,438	0	(4,333,193)	(4,333,193)	15,441,245	19,774,438	-	-	-	19,774,438
Revaluation Reserve - Drainage	-	6,776,704	-	6,776,704	6,776,704	-	-	-	-	-
Revaluation Reserve - Furniture & Equipment	163	-	-	-	163	-	163	-	163	163
Revaluation Reserve - Land & Buildings	6,521,929	-	-	-	6,521,929	6,521,929	-	-	-	6,521,929
Revaluation Reserve - Plant & Equipment	-	-	-	-	-	80,962	(80,962)	-	(80,962)	-
	<b>81,416,073</b>	<b>6,825,995</b>	<b>(8,516,485)</b>	<b>(1,690,490)</b>	<b>79,725,583</b>	<b>81,496,872</b>	<b>(80,799)</b>	<b>0</b>	<b>(80,799)</b>	<b>81,416,073</b>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of cash**

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

	2017 Actual \$	2017 Budget \$	2016 Actual \$
Cash and cash equivalents	<u>\$ 3,283,036</u>	<u>\$ 1,700,330</u>	<u>\$ 2,040,257</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	885,200	(188,734)	545,224
Non-cash flows in Net result:			
Depreciation	1,480,047	1,708,889	2,033,873
(Profit)/Loss on sale of asset	(5,125)	18,000	60,071
Add back depreciation through sale	125	-	-
Reserve Interest	16,634	-	46,400
Loss on revaluation of fixed assets	22,110	-	76,952
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	48,310	-	43,536
Increase/(Decrease) in payables	(80,430)	34	(152,954)
Increase/(Decrease) in provisions	63,506	215,418	28,534
Grants contributions for the development of assets	(975,687)	(1,308,000)	(2,299,216)
Net cash from operating activities	<u>1,454,690</u>	<u>445,607</u>	<u>382,420</u>
<b>(c) Undrawn Borrowing Facilities</b>	2017 \$		2016 \$
<b>Credit Standby Arrangements</b>			
Credit card limit	5,000		5,000
Total amount of credit unused	<u>5,000</u>		<u>5,000</u>
Loan facilities			
Loan facilities - current	15,460		15,460
Loan facilities - non-current	51,516		66,975
Total facilities in use at balance date	<u>66,976</u>		<u>82,435</u>
Unused loan facilities at balance date	NIL		NIL

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**14. CONTINGENT LIABILITIES**

Council did not have any contingent liabilities commitments at the reporting date.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:	2017	2016
- not later than one year	\$ 9,596	\$ 9,596
- later than one year but not later than five years	\$ 3,196	\$ 9,596
- later than five years	-	\$ 3,196
	<b>\$ 12,792</b>	<b>\$ 22,388</b>

**(b) Capital Expenditure Commitments**

Council did not have any future capital expenditure commitments at the reporting date.

**16. JOINT VENTURE ARRANGEMENTS**

Council is not involved in any joint venture arrangements.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2017	2016
	\$	\$
Governance	\$ 2,606,229	\$ 2,627,573
General purpose funding	\$ 3,569,247	\$ 2,364,035
Law, order, public safety	\$ 1,299,713	\$ 1,249,301
Education and welfare	\$ 480,741	\$ 482,115
Housing	\$ 1,024,358	\$ 1,026,639
Community amenities	\$ 524,751	\$ 528,012
Recreation and culture	\$ 5,286,416	\$ 5,449,532
Transport	\$ 98,149,339	\$ 100,027,703
Economic services	\$ 680,216	\$ 687,137
	<b>\$ 113,621,010</b>	<b>\$ 114,442,047</b>

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**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	5.22	2.24	2.69
Asset sustainability ratio	0.75	1.48	0.61
Debt service cover ratio	69.51	3.42	12.98
Operating surplus ratio	(0.04)	(0.98)	(0.67)
Own source revenue coverage ratio	0.41	0.38	0.35

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

*Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 59 of this document.*

Three of the 2017 ratios disclosed above are distorted as a result of the early receipt of half of the allocation of the 2017/18 Financial Assistance Grants in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$732,557.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns would be as follows:

	2017	2016	2015
Current Ratio	3.83	2.24	2.69
Debt Service Ratio	69.51	3.42	12.98
Operating Surplus Ratio	(0.42)	(0.98)	(0.67)

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**19 TRUST FUNDS**

Funds held at balance date over which Council has no control and which are not included in the financial statements are as follows:

	<b>1 July 2016</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>	<b>(\$)</b>	<b>\$</b>
BCITF Levy	28,798	13,200	(41,998)	-
BRB Levy	30,321	10,785	(41,106)	-
Bonds	34,032	5,250	(450)	38,832
Nomination Deposits	80	-	(80)	-
Donation Rec Centre Deposit	250	-	-	250
Nannup Community Bus	777	-	-	777
	<u>94,259</u>	<u>29,235</u>	<u>(83,634)</u>	<u>39,859</u>

**20. DISPOSALS OF ASSETS -2016/17 FINANCIAL YEAR**

	<b>Actual Net Book Value</b>	<b>Actual Sale Proceeds</b>	<b>Actual Profit</b>	<b>Actual Loss</b>	<b>Budget Net Book Value</b>	<b>Budget Sale Proceeds</b>	<b>Budget Profit</b>	<b>Budget Loss</b>
<b>Transport</b>								
Ford Ranger PX Super Cab	14,875	20,000	5,125	-	15,000	10,000	-	(5,000)
Ford Ranger	-	-	-	-	16,000	10,000	-	(6,000)
Ford Transit	-	-	-	-	22,000	15,000	-	(7,000)
	<u>14,875</u>	<u>20,000</u>	<u>5,125</u>	<u>-</u>	<u>53,000</u>	<u>35,000</u>	<u>-</u>	<u>(18,000)</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal	New	Principal Repayments		Principal 30 June 2017		Interest Repayments	
	1 July 2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b><u>Self Supporting Loans</u></b>								
<b>Community Amenities</b>								
Loan 37	82,435	-	15,460	15,460	66,975	66,975	4,616	4,616
	82,435	-	15,460	15,460	66,975	66,975	4,616	4,616
	82,435	-	15,460	15,460	66,975	66,975	4,616	4,616

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2016/17

The Shire of Nannup did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire of Nannup did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire of Nannup did not have an Overdraft facility in place as at 30 June 2017

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV	0.078950	412	6,611,776	522,000	24,490	-	546,490	522,000	-	-	522,000
<b>Unimproved value valuations</b>											
UV	0.004480	206	107,008,000	479,396	-	-	479,396	479,396	-	-	479,396
<b>Sub-Total</b>		618	113,619,776	1,001,396	24,490	-	1,025,886	1,001,396	-	-	1,001,396
<b>Minimum payment</b>	<b>Minimum \$</b>										
GRV	820	304	1,845,182	249,280	-	-	249,280	249,280	-	-	249,280
<b>Unimproved value valuations</b>											
UV	1,050	205	26,430,391	215,250	-	-	215,250	215,250	-	-	215,250
<b>Sub-Total</b>		509	28,275,573	464,530	-	-	464,530	464,530	-	-	464,530
		<b>1,127</b>	<b>141,895,349</b>	<b>1,465,926</b>	<b>24,490</b>	<b>-</b>	<b>1,490,416</b>	<b>1,465,926</b>	<b>-</b>	<b>-</b>	<b>1,465,926</b>
<b>Total amount raised from general rate</b>							<b>1,490,416</b>	1,465,926			<b>1,465,926</b>
Ex-gratia rates			9,783,036				43,828	43,828			43,828
<b>Totals</b>			<b>151,678,385</b>				<b>1,534,244</b>	<b>1,509,754</b>			<b>1,509,754</b>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. NET CURRENT ASSETS**

Composition of net current assets

	<b>2017</b> <b>(30 June 2017</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2017</b> <b>1 July 2016</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2016</b> <b>30 June 2016</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) 1 July 2016 brought forward</b>	1,464,503	366,373	366,373
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,537,412	561,645	561,645
Restricted	1,745,624	1,478,612	1,478,612
Receivables			
Rates outstanding	105,781	110,720	110,720
Sundry debtors	38,053	61,494	61,494
Accrued Income	-	19,962	19,962
GST receivable	(5)	-	-
Loans receivable - clubs/institutions	15,459	15,459	15,459
Fuel and materials	6,240	6,240	6,240
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(5,912)	(80,159)	(80,159)
Restricted Assets	(35,110)	(34,349)	(34,349)
Youth Advisory Council Funds	(16,250)	(16,250)	(16,250)
Accrued interest on debentures	0	0	0
Accrued salaries and wages	(36,330)	(32,407)	(32,407)
ATO liabilities	-	6	6
Expenses	492	(10,379)	(10,379)
Current portion of long term borrowings			
Secured by floating charge	(15,459)	(15,459)	(15,459)
Lease liability	0	0	0
Provisions			
Provision for annual leave	(269,748)	(220,150)	(220,150)
Provision for long service leave	(135,897)	(135,769)	(135,769)
<b>Unadjusted net current assets</b>	<b>2,934,350</b>	<b>1,709,215</b>	<b>1,709,215</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,745,624)	(1,478,612)	(1,478,612)
Less: Loans receivable - clubs/institutions	(15,459)	(15,459)	(15,459)
Add: Cash back Long Service Leave	135,897	135,769	135,769
Add: Secured by floating charge	15,459	15,459	15,459
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>1,464,502</b>	<b>366,373</b>	<b>366,373</b>

*There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.*

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

Council did not impose Specified Area Rates in 2016/17

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

Council did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2016/17 FINANCIAL YEAR**
**Rates Discounts**

Discount Granted	% or \$	Actual \$	Budget \$
No discounts granted		-	-

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
			-	-

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	Date Due	Plan Admin Charge \$	Plan Interest Rate %	Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	23-Sep-16	-	0.00%	11.00%
<b>Option Two</b>				
First Instalment	23-Sep-16	-	5.50%	11.00%
Second Instalment	23-Nov-16	5	5.50%	11.00%
Third Instalment	23-Jan-17	5	5.50%	11.00%
Fourth Instalment	27-Mar-17	5	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			11,737	12,000
Interest on instalment plan			5,222	4,500
Charges on instalment plan			1,543	-
			<u>18,502</u>	<u>16,500</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>28. FEES &amp; CHARGES</b>		
Governance	-	79
General purpose funding	45,504	61,663
Law, order, public safety	17,062	9,978
Health	14,962	9,032
Education and welfare	13,849	12,304
Housing	16,085	25,419
Community amenities	214,125	170,124
Recreation and culture	14,693	17,753
Transport	2,827	3,914
Economic services	27,485	28,661
Other property and services	11,457	29,044
	<u>378,049</u>	<u>367,971</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

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

	2017	2016
	\$	\$
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,991,200	627,141
Law, order, public safety	227,510	161,588
Education and welfare	126,352	43,426
Transport	365,284	455,400
	<u>2,710,346</u>	<u>1,287,555</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	17,525	19,773
Law, order, public safety	134,863	-
Education and welfare	-	55,526
Recreation and culture	-	963,064
Transport	703,299	1,088,785
Economic services	120,000	172,068
	<u>975,687</u>	<u>2,299,216</u>
	<u>3,686,033</u>	<u>3,586,771</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>24</u>	<u>25</u>
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**31. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	11,915	16,000	9,103
President's allowance	8,000	8,000	8,000
Deputy President's allowance	2,000	2,000	2,000
Travelling expenses	1,782	3,000	2,248
Conference Expenses	10,935	12,000	5,262
Telecommunications Allowance	18,086	17,400	5,780
	<u>52,718</u>	<u>58,400</u>	<u>32,393</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

**2017**

**\$**

The total of remuneration paid to KMP of the Council during the year are as follows:

Short-term employee benefits	422,812
Post-employment benefits	93,610
Other long-term benefits	9,391
Termination benefits	36,773
	<u>562,586</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32

**Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**Related Parties**

**The Shire's main related parties are as follows:"**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Entities subject to significant influence by the Council*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

The following transactions occurred with related parties:

**2017**

**\$**

**Associated companies/individuals:**

Purchase of goods and services	5,293
Lease Income	5,000

**Amounts outstanding from related parties:**

Trade and other receivables	10,000
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**Amounts payable to related parties:**

Trade and other payables	9,376
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Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

 **33. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2016/17 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings for the 2016/17 financial year.

**SHIRE OF NANNUP**  
**NOTES FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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. Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise 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.

*Council held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	3,283,036	2,040,257	3,283,036	2,040,257
Receivables	279,971	343,741	279,971	343,741
	<u>3,563,007</u>	<u>2,383,998</u>	<u>3,563,006</u>	<u>2,383,998</u>
<b>Financial liabilities</b>				
Payables	93,110	173,538	93,110	173,538
Borrowings	66,976	82,435	66,976	82,435
	<u>160,086</u>	<u>255,973</u>	<u>160,086</u>	<u>255,973</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

35. **FINANCIAL RISK MANAGEMENT (Continued)**  
**Financial assets at fair value through profit and loss**  
**Available-for-sale financial assets**

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 and investments portfolio with the assistance of independent advisers (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 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 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 investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	-	-
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	32,830	20,403
- Statement of Comprehensive Income	32,830	20,403

**Notes:**

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

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

▼ **35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge 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 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 debtors.

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

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

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	68.6%	94%
- Overdue	31.4%	6%

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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 obligations as and when they fall 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:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	93,110	-	-	93,110	93,110
Borrowings	30,919	36,057	-	66,976	66,976
	<u>124,029</u>	<u>36,057</u>	<u>-</u>	<u>160,086</u>	<u>160,086</u>
<b><u>2016</u></b>					
Payables	173,538	-	-	173,538	173,538
Borrowings	33,132	49,303	-	82,435	82,435
	<u>206,670</u>	<u>49,303</u>	<u>-</u>	<u>255,973</u>	<u>255,973</u>

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**(c) Payables****Borrowings (continued)**

"Borrowings are also subject to interest rate risk - the risk that movements in interest rates could 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 negotiation.

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Effective Interest Rate %
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	16,415	17,429	18,506	14,626	0	0	66,976	4.07%
Weighted average								
Effective interest rate	6.01%	6.01%	6.01%	6.01%	0.00%	0.00%		
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	15,459	16,415	17,429	18,506	14,626	0	82,435	6.01%
Weighted average								
Effective interest rate	6.01%	6.01%	6.01%	6.01%	6.01%	0.00%		

**SHIRE OF NANNUP  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**36. RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.98	0.73	0.71
Asset renewal funding ratio	1.13	1.213	0.85

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

## Auditors Report



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### INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF NANNUP

#### Opinion

We have audited the accompanying financial report of the Shire of Nannup which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Nannup:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Nannup as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

#### Report on Other Legal and Regulatory Requirements

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 of Nannup;
- (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, with the exception of the following:
  - The mid-year budget review was not submitted to the Department within 30 days of review being completed as required by Regulation 33A(4) of the Local Government (Financial Management) Regulations 1996.
- (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; and
- (v) All audit procedures were satisfactorily completed during our audit.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

**Responsibilities of Management and Council 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 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

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

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our audit report.

**AMD Chartered Accountants**

**TIM PARTRIDGE**  
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 14<sup>th</sup> day of November 2017