



BUDGET

FOR THE YEAR ENDED 30 JUNE 2019

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SHIRE OF NANNUP'S VISION

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	1,695,864	1,591,879	1,583,577
Operating grants, subsidies and contributions	9	917,438	1,557,772	924,296
Fees and charges	8	421,204	407,692	383,174
Interest earnings	10(a)	41,868	50,947	45,761
Other revenue	10(b)	31,156	56,565	39,422
		<u>3,107,530</u>	<u>3,664,855</u>	<u>2,976,230</u>
Expenses				
Employee costs		(1,875,166)	(1,582,339)	(1,980,270)
Materials and contracts		(1,798,757)	(1,524,192)	(1,501,743)
Utility charges		(92,249)	(94,814)	(108,260)
Depreciation on non-current assets	5	(821,280)	(820,436)	(1,535,198)
Interest expenses	10(c)	(9,868)	(4,057)	(3,661)
Insurance expenses		(182,575)	(155,567)	(168,460)
Other expenditure		(1,200)	240	(11,200)
		<u>(4,781,095)</u>	<u>(4,181,165)</u>	<u>(5,308,792)</u>
		<u>(1,673,565)</u>	<u>(516,310)</u>	<u>(2,332,562)</u>
Non-operating grants, subsidies and contributions	9	488,000	1,136,187	1,392,850
Profit on asset disposals	4(b)	0	43,110	228,000
Net result		(1,303,691)	657,977	(845,712)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,303,691)	657,977	(845,712)

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

FOR THE YEAR ENDED 30TH JUNE 2019

BASIS OF PREPARATION

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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 budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Nannup controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
General purpose funding		2,397,828	3,012,026	2,306,498
Law, order, public safety		245,790	180,304	199,226
Health		12,975	18,113	8,750
Education and welfare		29,819	48,777	29,775
Housing		20,800	9,970	21,320
Community amenities		274,868	257,737	214,467
Recreation and culture		18,436	29,171	25,082
Transport		62,284	64,886	111,784
Economic services		24,730	33,372	24,328
Other property and services		20,000	10,499	35,000
		<u>3,107,530</u>	<u>3,664,855</u>	<u>2,976,230</u>
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(929,323)	(848,115)	(924,191)
General purpose funding		(98,759)	(40,838)	(74,441)
Law, order, public safety		(397,283)	(369,451)	(372,786)
Health		(54,951)	(59,297)	(60,575)
Education and welfare		(117,246)	(161,029)	(110,107)
Housing		(24,410)	(13,782)	(17,753)
Community amenities		(333,478)	(384,554)	(413,632)
Recreation and culture		(260,588)	(237,811)	(282,283)
Transport		(1,530,191)	(1,111,170)	(1,867,933)
Economic services		(146,695)	(169,069)	(159,193)
Other property and services		(878,303)	(781,992)	(1,022,237)
		<u>(4,771,227)</u>	<u>(4,177,108)</u>	<u>(5,305,131)</u>
Finance costs	6, 10(d)			
Community amenities		(9,868)	(4,057)	(3,661)
		<u>(9,868)</u>	<u>(4,057)</u>	<u>(3,661)</u>
		<u>(1,673,565)</u>	<u>(516,310)</u>	<u>(2,332,562)</u>
Non-operating grants, subsidies and contributions	9	488,000	1,136,187	1,392,850
Profit on disposal of assets	4(b)	0	43,110	228,000
(Loss) on disposal of assets	4(b)	(118,126)	(5,010)	(134,000)
Net result		(1,303,691)	657,977	(845,712)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,303,691)	657,977	(845,712)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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 the Shire's Community Vision, and for each of its broad activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation 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	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community	Supervision of various by-laws, fire prevention, emergency services and animal control
HEALTH	To provide an operational framework for good community health	Food quality, building sanitation and sewage
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth	Provision of youth support, co-ordinate school holiday programs, support education programs
HOUSING	Help to ensure adequate housing	Maintenance of staff and rental housing
COMMUNITY AMENITIES	Provide services required by the community	Rubbish collection services, operation of waste management facility, noise control, administration of the town planning scheme, maintenance of cemetery and maintenance of public conveniences
RECREATION AND CULTURE	To establish and manage efficiently infrastructure and resources which will help the social well being of the community	Maintenance of halls, recreation centre and various reserves; operation of library
TRANSPORT	To provide effective transport services to the community.	Construction and maintenance of streets, roads, bridges; cleaning of streets, depot maintenance
ECONOMIC SERVICES	To help promote the Shire and improve economic wellbeing	Assistance to tourism, area promotion, building control, noxious weeds, vermin control
OTHER PROPERTY AND SERVICES	To accurately allocate plant and labour costs across the various programs of Council	Private works operations, plant repairs and operation costs

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,695,864	1,538,601	1,572,505
Operating grants, subsidies and contributions		917,438	1,595,825	924,489
Fees and charges		421,204	407,692	383,174
Service charges		0	0	0
Interest earnings		41,868	50,947	45,761
Goods and services tax		0	(5)	0
Other revenue		31,156	56,565	39,422
		3,107,530	3,649,625	2,965,351
Payments				
Employee costs		(1,875,166)	(1,462,819)	(1,980,270)
Materials and contracts		(1,798,757)	(1,580,155)	(1,514,453)
Utility charges		(92,249)	(94,814)	(95,550)
Interest expenses		(9,868)	(4,057)	(3,661)
Insurance expenses		(182,575)	(155,567)	(168,460)
Goods and services tax		0	0	0
Other expenditure		(1,200)	240	(11,200)
		(3,959,815)	(3,297,172)	(3,773,594)
Net cash provided by (used in) operating activities	3	(852,285)	352,453	(808,243)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	4(a)	0	0	0
Payments for purchase of property, plant & equipment	4(a)	(396,000)	(401,409)	(596,500)
Payments for construction of infrastructure	4(a)	(495,036)	(1,548,057)	(1,344,082)
Non-operating grants, subsidies and contributions used for the development of assets	9	488,000	1,136,187	1,392,850
Proceeds from sale of plant & equipment	4(b)	131,818	176,111	94,000
Net cash provided by (used in) investing activities		(271,218)	(637,168)	(453,732)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances to Community Group - SSL Capital	6(b)	350,000	0	0
Proceeds from Advances - SSL Capital	6(a)	(350,000)		
Repayment of borrowings	6(a)	43,386	15,460	16,415
Proceeds from borrowings SSL	6(a)	(43,386)	(15,460)	(16,415)
Net cash provided by (used in) financing activities		0	0	0
Net increase (decrease) in cash held				
Cash at beginning of year		(1,123,503)	(284,715)	(693,503)
Cash and cash equivalents at the end of the year	3	3,676,176	3,282,787	2,829,710
		2,552,673	2,998,072	2,136,207

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	865,003	1,464,502	696,391
		865,003	1,464,502	696,391
Revenue from operating activities (excluding rates)				
Governance		0	0	0
General purpose funding		701,964	1,420,147	722,921
Law, order, public safety		245,790	180,304	199,226
Health		12,975	18,113	8,750
Education and welfare		29,819	48,777	29,775
Housing		20,800	9,970	21,320
Community amenities		274,868	257,737	214,467
Recreation and culture		18,436	29,171	25,082
Transport		62,284	107,996	339,784
Economic services		24,730	33,372	24,328
Other property and services		20,000	10,499	35,000
		1,411,666	2,116,086	1,620,653
Expenditure from operating activities				
Governance		(929,323)	(848,596)	(851,494)
General purpose funding		(101,941)	(40,838)	(74,441)
Law, order, public safety		(397,283)	(369,451)	(372,786)
Health		(54,951)	(59,297)	(60,575)
Education and welfare		(117,246)	(161,029)	(110,107)
Housing		(24,410)	(13,782)	(17,753)
Community amenities		(343,346)	(388,611)	(417,293)
Recreation and culture		(260,588)	(237,811)	(282,283)
Transport		(1,645,135)	(1,115,699)	(1,597,933)
Economic services		(146,695)	(169,069)	(159,193)
Other property and services		(878,303)	(781,992)	(1,022,237)
		(4,899,221)	(4,186,175)	(4,966,095)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	0	(43,110)	(228,000)
Loss on disposal of assets	4(b)	118,126	5,010	134,000
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Depreciation on assets	5	821,280	820,436	1,535,198
Movement in employee benefit provisions (non-current)		0	-	76,708
Amount attributable to operating activities		(1,683,146)	176,749	(1,131,145)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	488,000	1,136,187	1,392,850
Purchase land held for resale	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(396,000)	(401,409)	(596,500)
Purchase and construction of infrastructure	4(a)	(495,036)	(1,548,057)	(1,344,082)
Proceeds from disposal of assets	4(a)	131,818	176,111	94,000
Amount attributable to investing activities		(271,218)	(637,168)	(453,732)
FINANCING ACTIVITIES				
Proceeds from Advances - SSL Capital	6(a)	(350,000)	0	0
Advances to Community Group - SSL Capital	6(b)	350,000	0	0
Proceeds from borrowings SSL	6(a)	(43,386)	(15,460)	(16,415)
Repayment of borrowings	6(a)	43,386	15,460	16,415
Transfers to cash backed reserves (restricted assets)	7(a)	(35,000)	(533,902)	(369,000)
Transfers from cash backed reserves (restricted assets)	7(a)	293,500	267,445	371,940
Amount attributable to financing activities		258,500	(266,457)	2,940
Budgeted deficiency before general rates		(1,695,864)	(726,876)	(1,581,937)
Estimated amount to be raised from general rates	1	1,695,864	1,591,879	1,583,577
Net current assets at end of financial year - surplus/(deficit)	2	0	865,003	1,640

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
1 GRV General	0.086979	222	3,630,692	315,794	0	0	315,794	1,591,879
2 UV General	0.004534	207	128,891,000	584,392	0	0	584,392	0
3 GRV Special Rural	0.086979	179	2,467,688	214,637	0	0	214,637	0
4 GRV Rural Tourism	0.086979	15	401,856	34,953	0	0	34,953	0
5 GRV Industrial	0.086979	2	293,500	25,528	0	0	25,528	0
6 UV Mining	0.004534	0	0	0	0	0	0	0
Sub-Totals		625	135,684,736	1,175,304	0	0	1,175,304	1,591,879
Minimum								
Minimum payment								
1 GRV General	928	233	1,522,564	216,224	0	0	216,224	0
2 UV General	1,118	184	25,525,500	205,712	0	0	205,712	0
3 GRV Special Rural	928	87	554,108	80,736	0	0	80,736	0
4 GRV Rural Tourism	928	0	0	0	0	0	0	0
5 GRV Industrial	928	0	0	0	0	0	0	0
6 UV Mining	1,118	16	298,898	17,888	0	0	17,888	0
Sub-Totals		520	27,901,070	520,560	0	0	520,560	0
		1,145	163,585,806	1,695,864	0	0	1,695,864	1,591,879
Discounts/concessions (Refer note 1(g))							0	0
Total amount raised from general rates							1,695,864	1,591,879
Specified area rates (Refer note 1(e))							0	0
Total rates							1,695,864	1,591,879

All land (other than exempt land) in the Shire of Nannup is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Nannup.

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rate(s) has|have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single Full Payment	17/08/2018	0	0.00%	11.00%
Option two				
First Instalment	17/08/2018	\$ 5.00	5.50%	11.00%
Second Instalment	19/10/2018	\$ 5.00	5.50%	11.00%
Third Instalment	19/12/2018	\$ 5.00	5.50%	11.00%
Fourth Instalment	19/02/2019	\$ 5.00	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	(3,500)	(3,560)
Instalment plan interest earned	(4,500)	(4,716)
Deferred Pensioner Interest	(500)	(451)
Unpaid rates and service charge interest earned	(11,000)	(14,300)
	(19,500)	(23,026)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS

Note	2018/19 Budget	2017/18 Actual
	\$	\$
Composition of estimated net current assets		
Current assets		
Cash - unrestricted	3 938,968	1,803,971
Cash - restricted reserves	3 1,613,705	1,872,205
Receivables	202,445	174,519
Inventories	6,240	6,240
	2,761,358	3,856,935
Less: current liabilities		
Trade and other payables	(149,565)	(149,565)
Long term borrowings	(43,386)	(15,460)
Provisions	(336,652)	(336,652)
	(529,603)	(501,677)
	2,231,755	3,355,258
Unadjusted net current assets		
Adjustments		
Less: Cash - restricted reserves	3 (1,613,705)	(1,872,205)
Less: Carry Forward Grant Funding	(730,411)	(730,411)
Less: Current loans - clubs / institutions	(43,386)	(15,460)
Add: Current portion of borrowings	43,386	15,460
Add: Current liabilities not expected to be cleared at end of year	112,361	112,361
Adjusted net current assets - surplus/(deficit)	0	865,003

Reason for Adjustments

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Nannup's operational cycle. In the case of liabilities where the Shire of Nannup 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 the Shire of Nannup's intentions to release for sale.

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.

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

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

PROVISIONS

Provisions are recognised when the Shire of Nannup has a 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.

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.

Superannuation

The Shire of Nannup contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Nannup contributes are defined contribution plans.

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	938,968	1,803,971	566,230
Cash - restricted	1,613,705	1,872,205	1,569,977
	2,552,673	3,676,176	2,136,207
The following restrictions have been imposed by regulation or other externally imposed requirements:			
- Recreation Centre	544	544	535
- Main Street Upgrade	0	0	39,452
- Office Equipment	62,919	80,919	67,639
- Leave Reserve	188,642	188,642	195,290
- Plant/Machinery	131,318	269,318	433,083
- Gravel Pit	80,000	80,000	81,140
- Emergency Management	56,207	56,207	56,226
- Aged Housing	370,817	370,817	23,094
- Landfill Rehabilitation	93,710	93,710	93,431
- Infrastructure Reserve	67,500	75,000	81,175
- Asset Management	533,188	633,188	482,852
- Community Bus	28,859	23,859	16,057
	1,613,705	1,872,205	1,569,974
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,303,691)	657,977	(845,712)
Depreciation	821,280	820,436	1,535,198
(Profit)/loss on sale of asset	118,126	(38,100)	(94,000)
(Increase)/decrease in receivables	0	(15,230)	(10,879)
Increase/(decrease) in payables	0	(56,455)	0
Increase/(decrease) in employee provisions	0	120,012	0
Grants/contributions for the development of assets	(488,000)	(1,136,187)	(1,392,850)
Net cash from operating activities	(852,285)	352,453	(808,243)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>													
Buildings	0	0	0	0	0	0	0	150,000	0	0	0	150,000	54,929
Furniture and equipment	18,000	0	0	0	0	0	0	0	0	0	0	18,000	12,996
Plant and equipment	0	50,000	0	0	0	0	0	0	178,000	0	0	228,000	333,484
	18,000	50,000	0	0	0	0	0	150,000	178,000	0	0	396,000	401,409
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	486,250	0	0	486,250	1,548,057
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	8,786	0	0	8,786	0
	0	0	0	0	0	0	0	0	495,036	0	0	495,036	1,548,057
Total acquisitions	18,000	50,000	0	0	0	0	0	150,000	673,036	0	0	891,036	1,949,465

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	0	0	0	0	0	(481)	0	(4,000)
General Purpose Funding	15,000	11,818	0	(3,182)	0	0	0	0
Transport	234,944	120,000	0	(114,944)	43,110	(4,529)	228,000	(130,000)
	249,944	131,818	0	(118,126)	43,110	(5,010)	228,000	(134,000)
By Class								
<u>Property, Plant and Equipment</u>								
Plant and equipment	249,944	131,818	0	(118,126)	43,110	(5,010)	228,000	(134,000)
	249,944	131,818	0	(118,126)	43,110	(5,010)	228,000	(134,000)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

	NBV	Sale Price	(Profit)/Loss
Hyundai Sonata NP0	15,000	(11,818)	3,182
Volvo Loader	130,000	(40,000)	90,000
Scania Truck	89,443	(80,000)	9,443
Pig Trailer	15,501	0	15,501
	249,944	(131,818)	118,126

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

5. ASSET DEPRECIATION

By Program

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
8,000	7,963	18,500	
0	0	(1)	
32,000	31,526	29,305	
0	0	(1)	
700	628	1,374	
3,200	3,185	2,282	
1,310	1,265	2,623	
11,270	11,331	40,598	
623,000	622,492	1,313,566	
4,200	5,211	6,950	
137,600	136,835	120,000	
821,280	820,436	1,535,196	
60,680	33,899	63,659	
2,600	2,658	2,896	
135,000	159,789	159,264	
468,000	445,333	1,309,379	
	5,200	0	
	16,591	0	
	1,598	0	
155,000	155,368	0	
821,280	820,436	1,535,196	

By Class

Buildings
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks and ovals
Infrastructure - Bridges

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired of the lease or the estimated useful life of the improvements.

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

DEPRECIATION (CONTINUED)

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 Years
Buildings - specialised	0 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Roads	
Sealed Roads	
Formation	Not Depreciated
Pavement	50 Years
Sealed Roads	
- Bituminous Seals	20 Years
-Asphalt Surfaces	25 Years
Gravel Roads	
Formation	Not Depreciated
Pavement	50 Years
Gravel Sheet	12 Years
Formed Roads	
Formation	Not Depreciated
Pavement	50 Years
Footpaths - Slab	20 Years
Sewerage Piping	100 Years
Water Supply Piping & Drainage Systems	75 Years

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Community amenities								
SSL Loan 37	51,516	0	17,429	15,009	36,507	51,516	2,647	4,057
SSL NMF	0	350,000	25,957	0	324,043	0	7,221	0
	51,516	350,000	43,386	15,009	360,550	51,516	9,868	4,057
	51,516	350,000	43,386	15,009	360,550	51,516	9,868	4,057

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
SSL Nannup Music Club	West Australian Treasury	SSL	10	4	\$ 350,000	\$ 72,838	\$ 350,000	\$ 0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
Undrawn borrowing facilities	\$	\$	\$
credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	5,000	5,000	5,000
Total amount of credit unused	5,000	5,000	5,000
Loan facilities			
Loan facilities in use at balance date	360,550	51,516	0

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
- Recreation Centre	544	0	0	544	535	9	0	544	535	0	0	535
- Main Street Upgrade	0	0	0	0	116,423	2,022	(118,445)	0	102,892	500	(63,940)	39,452
- Office Equipment	80,919	0	(18,000)	62,919	72,166	8,753	0	80,919	72,139	16,000	(20,500)	67,639
- Leave Reserve	188,642	0	0	188,642	188,371	3,271	(3,000)	188,642	188,290	26,500	(19,500)	195,290
- Plant/Machinery	269,318	0	(138,000)	131,318	408,229	7,089	(146,000)	269,318	408,083	155,000	(130,000)	433,083
- Gravel Pit	80,000	0	0	80,000	60,000	20,000	0	80,000	60,140	21,000	0	81,140
- Emergency Management	56,207	0	0	56,207	55,248	959	0	56,207	55,226	1,000	0	56,226
- Aged Housing	370,817	0	0	370,817	22,103	348,713	0	370,817	22,094	1,000	0	23,094
- Landfill Rehabilitation	93,710	0	0	93,710	72,452	21,258	0	93,710	72,431	21,000	0	93,431
- Infrastructure Reserve	75,000	30,000	(37,500)	67,500	50,000	25,000	0	75,000	55,175	26,000	0	81,175
- Asset Management	633,188	0	(100,000)	533,188	550,975	82,213	0	633,188	525,852	95,000	(138,000)	482,852
- Community Bus	23,859	5,000	0	28,859	9,244	14,615	0	23,859	10,057	6,000	0	16,057
	1,872,205	35,000	(293,500)	1,613,705	1,605,746	533,902	(267,445)	1,872,205	1,572,914	369,000	(371,940)	1,569,974

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Purpose of the reserve
- Recreation Centre	To be used for future enhancements to Recreation Facility
- Main Street Upgrade	To be used to support the project upgrade
- Office Equipment	To be used to ensure that the equipment required for Council Administration and the supportin computer system is maintained
- Leave Reserve	An accounting requirement to fund leave accumulated by employees
- Plant/Machinery	To be used fo purchase of major plant items
- Gravel Pit	To be used for the rehabilitation of gravel pits at the end of their useful lives
- Emergency Management	To provide funding for costs of deals with local emergencies, where these 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 Waste Management Facility once it reaches the end of its useful life
- Infrastructure Reserve	To provide funding for works to Infrastructure Assets where these costs cannot be recovered through external sources
- Asset Management	To provide funding for works to Council buildings as determined by the Asset Management Plan
- Community Bus	To be used to cover future capital upgrades to this asset

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
General purpose funding	(47,500)	(40,149)
Law, order, public safety	(7,100)	(8,571)
Health	(12,975)	(18,113)
Education and welfare	(12,319)	(14,127)
Housing	(20,800)	(9,970)
Community amenities	(265,000)	(254,343)
Recreation and culture	(10,780)	(17,952)
Transport	0	(595)
Economic services	(24,730)	(33,372)
Other property and services	(20,000)	(10,499)
	(421,204)	(407,692)

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	(601,464)	(1,301,729)
Law, order, public safety	(238,690)	(171,733)
Education and welfare	(15,000)	(20,019)
Transport	(62,284)	(64,291)
	(917,438)	(1,557,772)
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	(30,671)
Education and welfare	0	(14,000)
Recreation and culture	(50,000)	0
Transport	(438,000)	(952,665)
Economic services	0	(138,850)
Other property and services	0	(1)
	(488,000)	(1,136,187)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments			
- Reserve funds	(20,000)	(25,965)	(20,000)
- Other funds	(16,000)	(28,087)	(5,000)
Other interest revenue (refer note 1b)	(16,000)	(19,466)	(17,100)
	(52,000)	(73,518)	(42,100)

The net result includes as expenses

(b) Auditors remuneration

Audit services	33,600	11,293	14,230
Other services	8,500	0	0
	42,100	11,293	14,230

(c) Interest expenses (finance costs)

Borrowings (refer note 6(a))	9,868	4,057	3,661
	9,868	4,057	3,661

(d) Elected members remuneration

Meeting fees	17,000	7,042	17,000
Mayor/President's allowance	8,000	8,000	8,000
Deputy Mayor/President's allowance	2,000	2,000	2,000
Travelling expenses	3,000	912	3,000
Dashboard Annual Subscription	4,600	4,800	4,600
Training/Conferences	6,000	12,037	12,000
Telecommunications allowance	8,800	5,646	10,000
	49,400	40,437	56,600

(e) Operating lease expenses

Office equipment	30,000	22,382	22,000
Plant and equipment	16,320	17,079	14,000
	46,320	39,461	36,000

SIGNIFICANT ACCOUNTING POLICIES

LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Nannup 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.

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
BCITF Levy	210	0	0	210
BRB Levy	212	0	0	212
Bonds	44,932	0	0	44,932
	45,354	0	0	45,354

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Nannup 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.