



SHIRE OF NANNUP BUDGET REVIEW REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2023

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

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SHIRE OF NANNUP
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 28 FEBRUARY 2023

		Budget v Actual		Predicted		Material Variance
		Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Year End (a)+(c)+(d)	
	Note	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Net current assets at start of financial year surplus/(deficit)		2,386,002	2,747,070	361,068	2,747,070	▲
Revenue from operating activities (excluding rates)						
Operating grants, subsidies and contributions	4.1.1	889,028	661,138	50,000	939,028	▲
Fees and charges	4.1.2	565,101	435,784	15,000	580,101	▲
Interest earnings	4.1.3	41,743	20,741	0	41,743	
Other revenue	4.1.4	31,600	38,071	40,000	71,600	▲
Profit on asset disposals	4.1.5	61,499	0	0	61,499	
		1,588,972	1,155,733	105,000	1,693,972	
Expenditure from operating activities						
Employee costs	4.2.1	(2,463,211)	(1,405,445)	(30,000)	(2,493,211)	▲
Materials and contracts	4.2.2	(2,352,020)	(1,031,030)	(105,000)	(2,457,020)	▲
Utility charges	4.2.3	(50,500)	(32,302)	0	(50,500)	
Depreciation on non-current assets	4.2.4	(1,476,440)	0	0	(1,476,440)	
Interest expenses	4.2.5	(22,138)	(6,529)	0	(22,138)	
Insurance expenses	4.2.6	(175,443)	(218,759)	0	(175,443)	
Other expenditure	4.2.7	(254,917)	(96,737)	0	(254,917)	
Loss on asset disposals	4.2.8	(3,404)	0	0	(3,404)	
		(6,798,071)	(2,790,802)	(135,000)	(6,933,071)	
Operating activities excluded from budget						
Depreciation on assets	4.2.4	1,476,440	0	0	1,476,440	
(Profit)/loss on asset disposal	4.5.3	(58,095)	0	0	(58,095)	
Movement in Employee Provisions	4.5.5	1,048	0	0	1,048	
Amount attributable to operating activities		(1,403,705)	1,112,000	331,068	(1,072,638)	
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions	4.3.1	3,180,240	299,829	0	3,180,240	
Proceeds from disposal of assets	4.3.2	220,000	0	0	220,000	
Land & Buildings	4.4.1	(395,510)	(127,727)	0	(395,510)	
Furniture & Equipment	4.4.2	(355,000)	(235)	0	(355,000)	
Plant & Equipment	4.4.3	(498,944)	0	(40,000)	(538,944)	▲
Roads	4.4.4	(1,529,000)	(656,607)	0	(1,529,000)	
Drainage	4.4.5	(130,000)	0	0	(130,000)	
Footpaths	4.4.6	(1,146,494)	(181,465)	0	(1,146,494)	
Bridges	4.4.7	(605,000)	0	0	(605,000)	
Parks & Ovals	4.4.8	(123,000)	(99,984)	0	(123,000)	
Other Infrastructure	4.4.9	(10,000)	0	0	(10,000)	
Amount attributable to investing activities		(1,392,708)	(766,189)	(40,000)	(1,432,708)	
FINANCING ACTIVITIES						
Proceeds from loans	4.3.3	630,000	0	0	630,000	
Proceeds from self supporting loans	4.3.4	50,699	14,406	0	50,699	
Repayment of debentures	4.4.10	(90,558)	(34,698)	0	(90,558)	
Repayment of self supporting loans	4.4.11	(330,000)	0	0	(330,000)	
Repayment of lease liabilities	4.4.12	(17,002)	(1,859)	0	(17,002)	
Transfers to cash backed reserves (restricted assets)	4.5.1	(115,000)	0	0	(115,000)	
Transfers from cash backed reserves (restricted assets)	4.5.2	715,000	0	50,000	765,000	▲
Amount attributable to financing activities		843,139	(22,151)	50,000	893,139	
Budget deficiency before general rates		(1,953,275)	323,661	341,068	(1,612,207)	
Estimated amount to be raised from general rates	4.5.3	1,974,413	2,046,495	62,085	2,036,498	▲
Closing funding surplus(deficit)	4	21,138	2,370,156	403,153	424,291	

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The budget review report 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 review report are presented below and have been consistently applied unless stated otherwise.

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.

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 review.

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.

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.

2022/23 ACTUAL BALANCES

Balances shown in this budget review report as 2022/23 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

ROUNDING OFF FIGURES

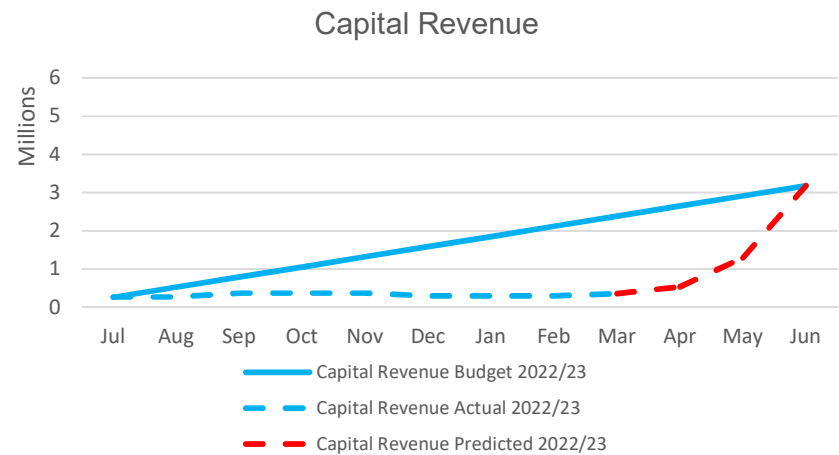
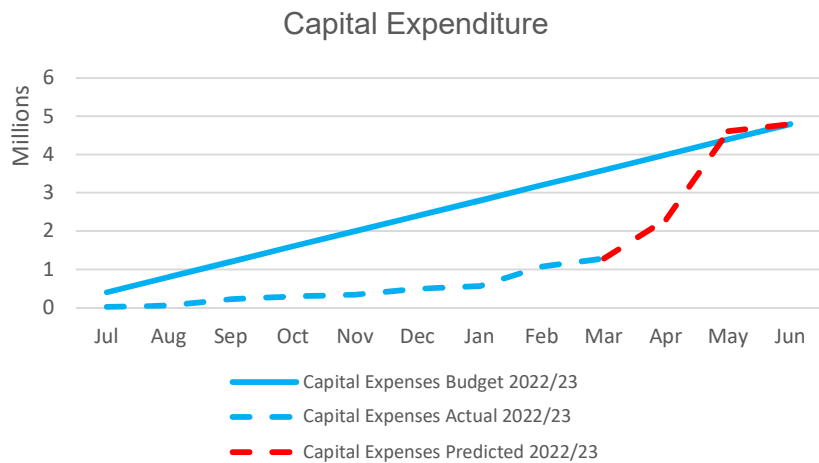
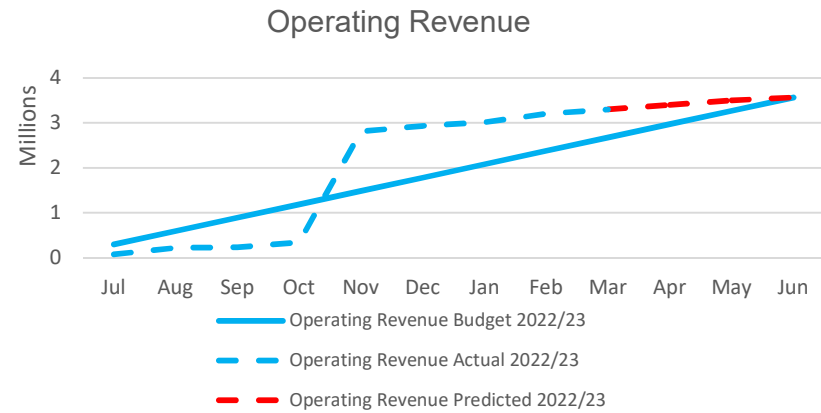
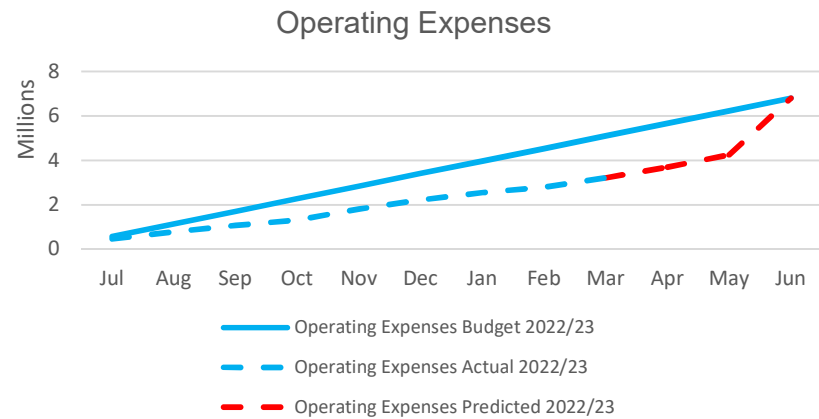
All figures shown in this budget review report are rounded to the nearest dollar.

BUDGET COMPARATIVE FIGURES

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

SHIRE OF NANNUP
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED FOR THE PERIOD ENDED 28 FEBRUARY 2023

2. SUMMARY GRAPHS - BUDGET REVIEW

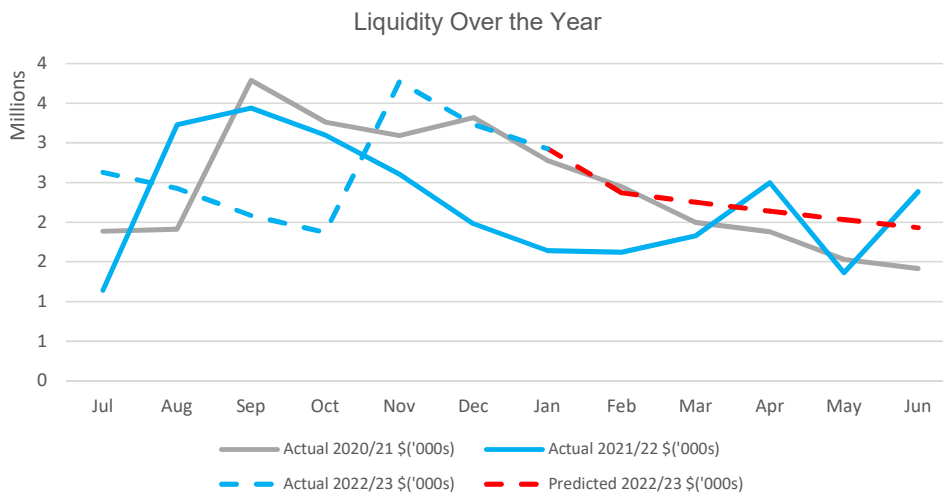


This information is to be read in conjunction with the accompanying financial statements and notes.

SHIRE OF NANNUP
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

3. NET CURRENT FUNDING POSTION

	30-Jun-22	28-Feb-23	28-Feb-22
		\$	\$
Current assets			
Cash & Cash Equivalents	6,281,310	5,102,720	5,813,083
Rates receivables	157,134	758,211	349,993
Receivables	63,656	245,052	30,274
Other Assets	799,476	1,262	1,262
Self Supporting Loans	29,011	14,604	9,470
Fuel & Oil	4,164	4,164	4,164
	7,334,751	6,126,014	6,208,247
Less: Current liabilities			
Payables	(1,124,903)	(307,485)	(197,485)
Borrowings	(64,878)	(30,162)	(27,229)
Lease Liabilities	(17,002)	(15,143)	0
Contract Liabilities	0	0	(913,102)
Provisions	(448,482)	(448,482)	(371,658)
Total adjustments to net current assets			
Less: Reserves - Restricted Cash	(3,209,514)	(3,209,514)	(3,321,624)
Add: Current portion of long term borrowings	64,878	30,162	27,229
Add: Current portion of lease liabilities	17,002	15,143	0
Less: Current portion of self supporting loans	(29,011)	(14,604)	(9,470)
Add: Cash Backed Leave Entitlements	224,228	224,228	223,802
Net current funding position	2,747,070	2,370,156	1,618,711



**SHIRE OF NANNUP
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

3. COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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 of the budget.

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.

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.

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.

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.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Nannup prior to the end of the financial year that are unpaid and arise when the Shire of Nannup becomes obligated 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.

EMPLOYEE BENEFITS

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

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.

PROVISIONS

Provisions are recognised when the Shire of Nannup 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.

RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS

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.

SHIRE OF NANNUP
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$ Permanent
4.1 OPERATING REVENUE (EXCLUDING RATES)	
4.1.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS	
SWDC - Arts, Recreation, Tourism and Liveability Master Plan	50,000
4.1.2 FEES AND CHARGES	
DoT Licensing Commission	15,000
4.1.3 INTEREST EARNINGS	
No material variance	0
4.1.4 OTHER REVENUE	
Insurance claim reimbursement for vehicle	40,000
4.1.5 PROFIT ON ASSET DISPOSAL	
No Material Variance	0
4.2 OPERATING EXPENSES	
4.2.1 EMPLOYEE COSTS	
Fridge Benefits Tax	(30,000)
4.2.2 MATERIAL AND CONTRACTS	
Arts, Recreation, Tourism and Liveable Master Plan	(50,000)
Reg 17 and Reg 5 Audit Fees	(25,000)
Park Operations lower than Budget	70,000
Building Operations higher than Budget	(70,000)
Revaluation of Assets for 30 June 2023	(30,000)
4.2.3 UTILITY CHARGES	
No Material Variance	0
4.2.4 DEPRECIATION (NON CURRENT ASSETS)	
No Material Variance	0
4.2.5 INTEREST EXPENSES	
No Material Variance	0
4.2.6 INSURANCE EXPENSES	
No Material Variance	0
4.2.7 OTHER EXPENDITURE	
No Material Variance	0
4.2.8 LOSS ON ASSET DISPOSAL	
No Material Variance	0

SHIRE OF NANNUP
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$ Permanent
4.3 CAPITAL REVENUE	
4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS	
No Material Variance	0
4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS	
No Material Variance	0
4.3.3 PROCEEDS FROM LOANS	
No Material Variance	0
4.3.4 PROCEEDS FROM SELF-SUPPORTING LOANS	
No Material Variance	0
4.4 CAPITAL EXPENSES	
4.4.1 LAND & BUILDINGS	
No Material Variance	0
4.4.2 FURNITURE AND EQUIPMENT	
No Material Variance	0
4.4.3 PLANT AND EQUIPMENT	
E&CDC - vehicle purchase	(40,000)
4.4.4 ROADS	
No Material Variance	0
4.4.5 DRAINAGE	
No Material Variance	0
4.4.6 FOOTPATHS	
No Material Variance	0
4.4.7 BRIDGES	
No Material Variance	0
4.4.8 PARKS & OVALS	
No Material Variance	0
4.4.9 OTHER INFRASTRUCTURE	
No Material Variance	0

SHIRE OF NANNUP
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$ Permanent
4.4.10 REPAYMENT OF DEBENTURES	
No Material Variance	0
4.4.11 REPAYMENT OF SELF SUPPORTING LOANS	
No Material Variance	0
4.4.12 REPAYMENT OF LEASE LIABILITIES	
No Material Variance	0
4.5 OTHER ITEMS	
4.5.1 TRANSFER TO RESERVES (RESTRICTED ASSETS)	
No Material Variance	0
4.5.2 TRANSFER FROM RESERVES (RESTRICTED ASSETS)	
Strategic Initiatives	50,000
4.5.3 RATE REVENUE	
Ex-Gratia Rates for 2022/23	62,085
4.5.4 OPENING FUNDING SURPLUS(DEFICIT)	
End of year adjustments to closing balance after budget finalised	361,068
4.5.5 NON-CASH WRITE BACK OF PROFIT (LOSS)	
Depreciation	0
Profit on Sale of Assets	0
Loss on Sale of Assets	0
Total Predicted Variances as per Annual Budget Review	403,153

SHIRE OF NANNUP
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

5. BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
Budget Adoption			Opening Surplus(Deficit)				2,386,002	
Actual opening surplus as per audited financial statements					361,068		2,747,070	End of year adjustments to closing balance
3030140	RATES - Ex-Gratia Rates (CBH, etc.)	Proposed	Operating Revenue		62,085		2,809,155	Ex-Gracia Rates received
3040210	OTH GOV - Grant Funding - Council	Proposed	Operating Revenue		50,000		2,859,155	SWDC - Arts, Recreation, Tourism and Liveability Master Plan
2040206	OTH GOV - Fringe Benefits Fax (FBT)	Proposed	Operating Expenses			(30,000)	2,829,155	Tax paid to ATO
2040251	OTH GOV - Consultancy - Strategic	Proposed	Operating Expenses			(50,000)	2,779,155	Arts, Recreation, Tourism and Liveable Master Plan
2040284	OTH GOV - Audit Fees	Proposed	Operating Expenses			(25,000)	2,754,155	Reg 17 and Reg 5 Audit Fees
2110365	REC - Parks & Gardens Maintenance/Operations	Proposed	Operating Expenses		70,000		2,824,155	Park Operations lower than Budget
2110388	REC - Building Operations	Proposed	Operating Expenses			(70,000)	2,754,155	Building Operations higher than Budget
3120502	LICENSING - Transport Licensing Commission	Proposed	Operating Revenue		15,000		2,769,155	DoT Commissions received
3140235	ADMIN - Other Income	Proposed	Operating Revenue		40,000		2,809,155	Insurance claim reimbursement for vehicle
4140230	ADMIN - Plant & Equipment (Capital)	Proposed	Capital Expenses			(40,000)	2,769,155	New vehicle - Insurance funded
9674303	Strategic Initiatives Reserves - Payments	Proposed	Capital Revenue		50,000		2,819,155	Arts, Recreation, Tourism and Liveability Master Plan
2140252	ADMIN - Consultants	Proposed	Operating Expenses			(30,000)	2,789,155	Revaluation Assets - Bridges, Parks and Ovals, Land and Buildings.
Amended Budget Cash Position as per Council Resolution				0	648,153	(245,000)	2,789,155	