



Annual Report 2021-2022

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Acknowledgement of Country

The Shire of Nannup acknowledges the Wardandi and Bibbulum people as the native title holders of the lands and waters in and around Nannup together with all native title holders throughout the Shire.

We pay respect to the Elders, past, present and emerging, and of the Wardandi and Bibbulum people and extend that respect to all Aboriginal Australians living within the Shire of Nannup

Our Vision, Mission and Values

Vision

“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 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

Our Community

We are a unique town that role models sustainability, friendliness, 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

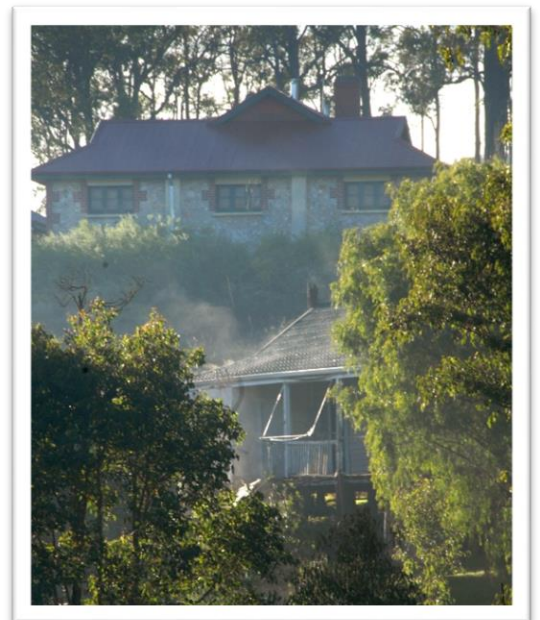
Sustainability is the key to Nannup's future

- 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

- A listening leadership that provides and represents all
- To do what is right and fair for the people



Our Council

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 4.30 pm. 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, 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 (1 councillor)
- Bush Fire Advisory Committee (2 councillors)
- Local Emergency Management Advisory Committee (2 councillors)
- Australia Day Advisory Committee (5 councillors)
- Local Drug Action Group (1 councillor)
- Tourism Committee (8 councillors)

SHIRE PRESIDENT: Tony Dean

WARD: Central
EXPIRES: 2023
PHONE: 0409 371 151
EMAIL: shirep@nannup.wa.gov.au



DEPUTY SHIRE PRESIDENT: Vicki Hansen

WARD: North
EXPIRES: 2025
PHONE: 9756 0165
EMAIL: Cr.Hansen@nannup.wa.gov.au



COUNCILLOR: Cheryle Brown

WARD: North
EXPIRES: 2023
PHONE: 0428 526 598
EMAIL: cr.brown@nannup.wa.gov.au



COUNCILLOR: Chris Buckland

WARD: Central
EXPIRES: 2025
PHONE: 0411 752 761
EMAIL: cr.buckland@nannup.wa.gov.au



COUNCILLOR: Patricia Fraser

WARD: South
EXPIRES: 2023
PHONE: 9756 1112
EMAIL: Cr.Fraser@nannup.wa.gov.au

**COUNCILLOR: Ian Gibb**

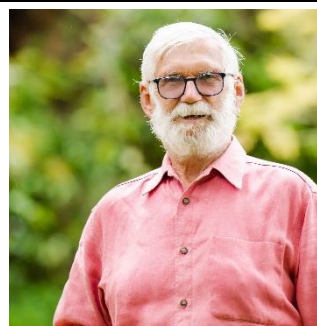
WARD: South
EXPIRES: 2025
PHONE: 0488 110 496
EMAIL: cr.gibb@nannup.wa.gov.au

**COUNCILLOR: Charles Gilbert**

WARD: Central
EXPIRES: 2023
PHONE: 9756 1184
EMAIL: cr.gilbert@nannup.wa.gov.au

**COUNCILLOR: Bob Longmore**

WARD: North
EXPIRES: 2025
PHONE: 0427 560 303
EMAIL: cr.longmore@nannup.wa.gov.au



Message from the Shire President

As Shire President I am pleased to present the Annual Report. This outlines the activities of the Shire of Nannup during the 2021/2022 financial year.

The Nannup Strategic Community Plan 2021-2036 was adopted this financial year and provides the first step towards the Shire's Integrated Planning and Reporting (IPR) framework. The plan is Council's key planning document which, following consultation with our community, details our community's vision for the future and sets Council's priorities and direction for the Shire for the next 15 years. I sincerely thank all community members who provided feedback for this important document.

It gave me great pleasure to officially open the much anticipated Nannup Tank 7 Mountain Bike Park on Friday 13 May 2022, together with partners; Forest Products Commission (FPC) and the Department of Biodiversity Conservation and Attractions (DBCA). The opening was truly a celebration, in every sense of the word, and was attended by more than 60 delegates from the local community and tourism sector.

The Shire of Nannup has been working tirelessly in collaboration with stakeholders to promote the potential for the project which will now become a reality. I believe that the development of trail infrastructure can transform the economy of our small town as we become a world class trail attraction for not only cyclists and mountain bike enthusiasts but also offering canoeing, horse riding, walking and running trails.

With joint funding from the Southern Forests and Valleys and the Shire of Nannup, the amazing local produce of Nannup was featured on the T.V. series, 'State on a Plate' in June 2022. The episode highlighted some of agriculture sector including O.M. Dunnet and Co. cattle stud, Heritage Country Cheese, Nannup Fresh Fruit, Scott River vegetable producers, Out 'N' About Free To Roam Eggs, Cambray Cheese, Chestnut Brae and Long Gully Grove Olive Oil. The episode also shared information on the South West Food Bowl and the fantastic agricultural awareness the group provides. I thank all involved for highlighting the Nannup agricultural sector in such a prominent and positive light.

As always, I would like to thank my fellow Councilors for their support during the year and would like to extend the warmest welcome to our newly elected members. There are always challenging issues and Council faced them with a consultative approach. The desired outcomes have been achieved in the long run.

I would also like to thank the hard working employees of the Shire of Nannup, the volunteers in our community who are the backbone of small towns like ours, and all community members. Your continued support and trust allow myself and my fellow Councillors to govern and lead, into, what I believe, is a vibrant and exciting future.



Tony Dean
Shire President



Message from the Chief Executive Officer

In opening, I would like to thank the Shire President and Councillors for their hard work and dedication to serving the community of Nannup. I would also like to thank all Shire of Nannup staff for continuing to strive to serve the Nannup community as best as possible.

This has been an exciting year for the Shire of Nannup as we solidify foundational work to become a world class trails destination. The opening of the Nannup Tank 7 Mountain Bike Park has been wonderfully received and delivers excellent economic and community development outcomes. It has already increased visitor numbers and defined Nannup as a mountain bike destination.

Community feedback has been requested for a number of plans inclusive of the draft Shire of Nannup Local Planning Scheme No.4, allowing a higher density of zoning to occur in Nannup town centre, the updated Disability Access and Inclusion Plan 2021-2026 and the Health & Wellbeing Plan.

In September 2021, the Shire of Nannup launched the Experience Nannup brand and the new mobile application for visitor information, held at the Nannup Function Centre. The event was attended by the Forest Products Commission, The Department of Biodiversity, Conservation and Attractions, the Munda Biddi Trail Foundation, Hon. Jackie Jarvis MLC South West Region, Councillors and members of the community including those who helped develop the new projects such as the Emu nature playground. Nannup was commended for their journey towards Trail Town status and identifying as the Halfway Town for the Munda Biddi Trail in a formal celebration with the Munda Biddi Trail Foundation.

Major road construction and road works within the year included Governor Broome Road, Cundinup South Road, Fouracres Road, Bridgetown Road, Bridgetown Nannup Road, Mowen Road and the Cundinup West Road Bridge. Building and other Infrastructure improvements included upgrades to the play equipment at Marinko Tomas Park, installation of a reticulation pump and piping at the Town Oval shed, replacement of the Nannup Recreation Sports Centre Sewage Pumps and Control Board and construction of 900 metres of the Town to Tank Sealed Pathway on Brockman Highway. These have been completed by the Works and Services Team. I thank them for another year of jobs well done.

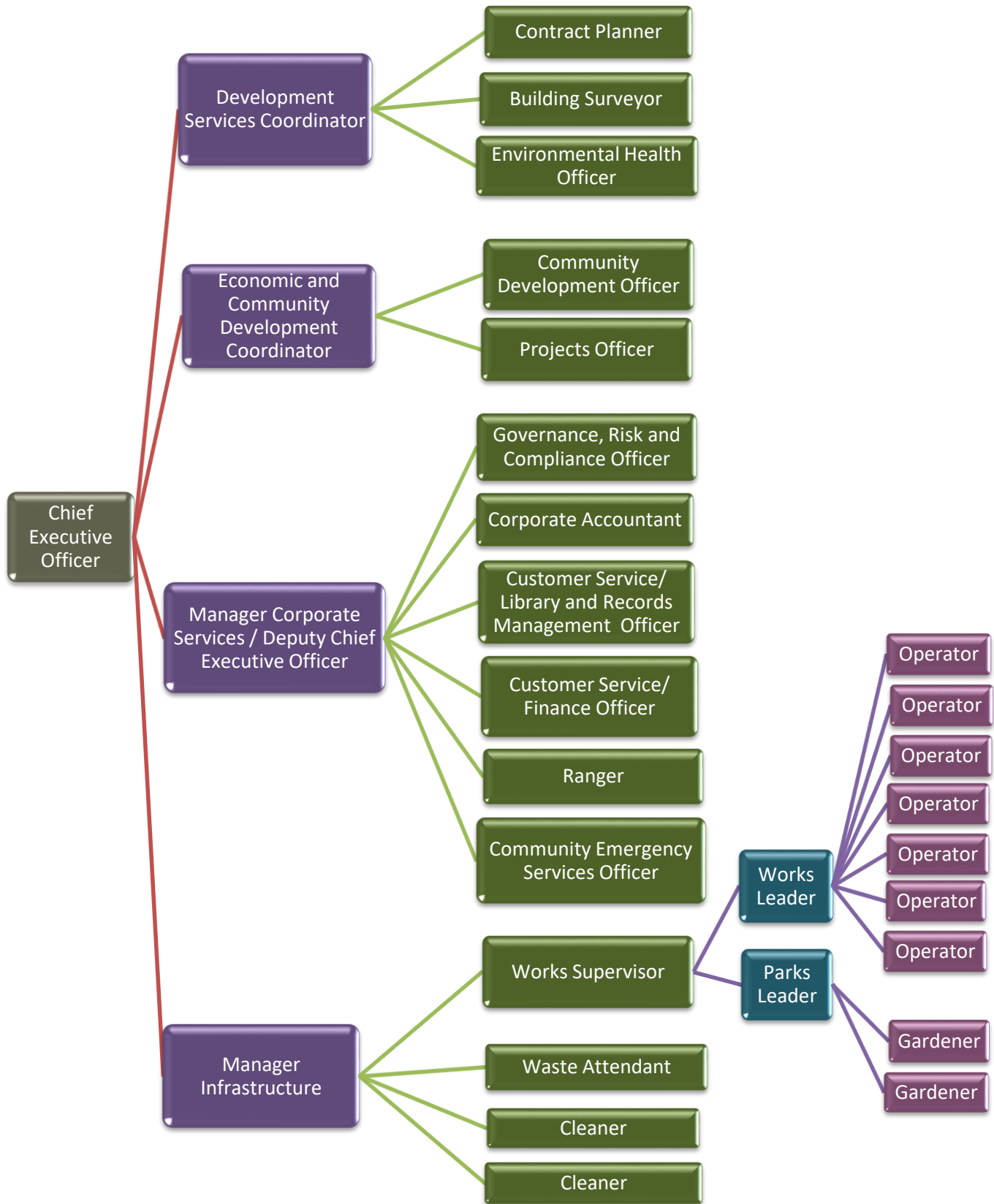
In closing, I would like to thank all the community members that work tirelessly to make Nannup such a special place. We have a significant volunteer base and many community groups and organisations who do fantastic work in making Nannup the warm, welcoming and community it is.



David Taylor
Chief Executive Officer



Organisational Structure



Activities during the Year

The 2021-2022 financial year saw the Shire of Nannup working on multiple large projects that paved the way for a bright and strong future in Nannup. A number of core documents were also updated with the change in vision for Nannup's future, inclusive of changing to the Nannup Strategic Community Plan 2021-2036.



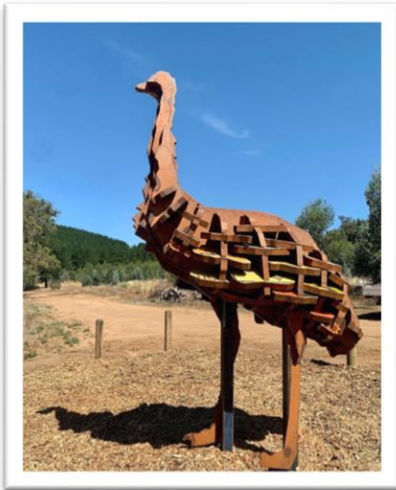
Development Services were busy preparing the draft Shire of Nannup Local Planning Scheme No.4, allowing a higher density of zoning to occur in Nannup town centre. Also in the development services, the Shire of Nannup requested community feedback to create a Health and Wellbeing Plan for the Shire. Information requested included feedback to identify community needs so the Shire could improve health and wellbeing outcomes for all people who live, work and play in our Shire, both now and in to the future.

The Marinko Tomas Park Emu Nature Playground construction was underway at the start of the financial year after the previous year saw a collection of local timber and materials required for the redevelopment. A giant emu footprint and skeletal foot structures were first constructed out of the local Nannup timber, followed by the emu's nest. The Drought Communities Program funding was enhanced with a further \$30,000 allocated from the Developer Contribution to enhance public open space. This allowed the Shire of Nannup to work with Nature Based Play to construct the unique structures. Also supporting the construction was the Shire of Nannup Works and Services Team and the Bunbury Corrections Team.

The Marinko Tomas Emu Nature Playground officially opened in September 2021, as part of the official opening of the Nannup Munda Biddi Half Way Town and launch of the Experience Nannup destination marketing. While this opening was held at the Nannup Function Centre, with many key stakeholders, the children of Nannup and their parents had their own special ceremony that afternoon with a sausage sizzle and play on the new nature playground. All were impressed by the design, created during the Shire ran community feedback sessions. The design based around the Wardandi Noongar Weitj (Emu) Dreaming Story was well received.



A new shelter for the Skate Park was installed. The shelter is a cantilevered design, installed at the western edge of the Skate Park and finishes off the upgrade to the Skate Park which included the new lighting and drink fountain. These projects were possible through the Drought Communities Program at a federal level.



The final workshop with the Nannup District High School students for the 'Living with Emus' project occurred at the end of the 2020-2021 financial year, meaning local artist, Lewis Horne was able to construct the final stages of the 3 metre high sculpture in preparation to install it at the entry to the Tank 7 Mountain Bike Park on Brockman Highway. The project, enabled by a Road Safety Commission grant, saw road safety messages delivered by DFES Lower South West Regional Office, the Nannup Police and Dunsborough Fire and Rescue. The sculpture is made from old road signs and is designed to stand as a reminder of road safety messages now, and into the future, for both visitors and Nannup residents alike. The Living with Emus sculpture was permanently installed in November 2021.

The Nannup Munda Biddi Trail Halfway Town Event saw the culmination in a marketing campaign which saw the Shire of Nannup promote themselves as the halfway town for the Munda Biddi Trail. This is to encourage riders of the trail, when planning their ride, to stay overnight in Nannup for one or more nights to include a rest day in their itinerary. It aims to have riders stay in local accommodation, eat out, conduct repairs and to restock their provisions. Many riders do the trail in sections and by promoting Nannup as the halfway town it will send the correct message that Nannup is a great stopover, starting or finishing point for their trail experience.



The event occurred on the 18 September 2021, in conjunction with the official launch of the Experience Nannup mobile visitor services app on the 17 September 2021. It involved a Pack your Bag workshop with the Munda Biddi Trail Foundation, bike maintenance and off-road workshops with Bikewise, Try the Trail – a guided ride along the Timberline Trail as well as mountain bike skills workshops and more.

The Shire of Nannup has photographs, drone footage and, now a video asset to promote the Nannup Munda Biddi Trail Halfway Town marketing campaign. The trail is promoted on the Experience Nannup app and links it to the surrounds and further promotes the trail facilities within our region.



The Nannup Munda Biddi Trail Halfway Town project, a recipient of the Drought Funding Program, also sees further infrastructure installed around town including bike lockers with Munda Biddi trail welcome signage and further promotional material.

The year commenced with further construction occurring on Stage 2 of the trails for the Nannup Tank 7 Mountain Bike Park. Access gates and the car park construction occurred. The Town to Tank trail was completed by the Bunbury Regional Prison Section 95

Works Team and then bitumised in April 2022. Daniela Tommasi Photography was commissioned to capture quality photography with aerial video footage available for marketing purposes.



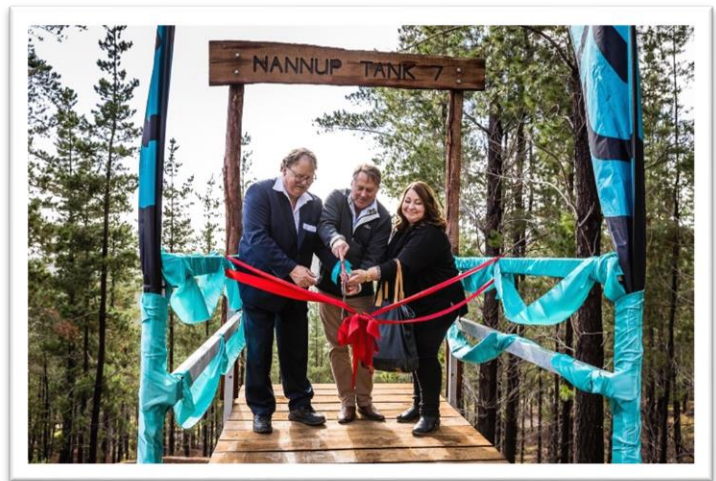
On Wednesday 23 February 2022 the Shire of Nannup held a “Business After 5” networking event at the Nannup Brewing Company. Over 50 businesses and interested members of the community were in attendance. There was overwhelming support from existing businesses and others keen to set up services to support the Tank 7 Mountain Bike Park asset.

The Shire of Nannup were able to inform the community of the predicted increase in visitor traffic once the Park is in full operation. Tourism modelling has indicated that 10,000 new visitors a year will visit Nannup in the first year of the park opening. Once the full Trail Town funding from the Federal Government has been used to develop new

assets, it is expected that 30,000 new visitors will come to Nannup.

The Shire of Nannup encouraged further partnerships between local businesses and the Shire of Nannup to increase participation in marketing distribution with the idea that the collaborative approach would assist in promoting Nannup as an iconic trails destination.

On Friday 13 May 2022 the Shire of Nannup together with its partners, Forest Products Commission (FPC) and the Department of Biodiversity Conservation and Attractions (DBCA) celebrated the official opening of the much anticipated Nannup Tank 7 Mountain Bike Park. The opening was attended by more than 60 delegates from the local community and tourism sector. Local Wardandi Pibulmun Menang elder, Sandra Hill performed the Welcome to Country. The development of a Nannup Tank 7 Mountain Bike Park was supported by Federal and State Government funds, making the trail town aspiration a reality for the community.



This year, the Shire of Nannup awarded Sponsorship to the Nannup Music Festival, Nannup Flower & Garden Festival, QUIT Forest Rally, SEVEN Australia’s Premier Gravel Race and the Tour of Margaret River.

The 2021/2022 grants were awarded to the following groups:

Community Group	Proposed Activities
Nannup Arts Inc	To develop programs that support the local artists in the region. This may include workshops, entertainment, holding regular exhibitions and promoting inclusive programs to the region.
Nannup Historical Society	To purchase new display cabinets to keep the donated memorabilia safely housed and restored for future generations to explore the history and culture of Nannup.
Nannup District High School	Year 10 graduation prizes and scholarship for Year 11/12 learning.
Nannup Chamber of Commerce & Industry	To brighten up the Main Street with the annual Christmas Light Competition that will include the community and local businesses.
Nannup Men's Shed	To enable the Men's Shed to continue to clean the Community Bus with the purchase of quality cleaning products. This will also support their arrangement to clean the Silver Chain car. As well as purchasing signage to keep their space safe.
Nannup Community Cinema Incorporated	To continue the support and subsidy of the Town Hall hire fees so the Cinema can continue its program of providing affordable film screening to our community on a regular basis.
Nannup RSL	To assist with the refurbishment of the building funding will go towards the installation of a covered patio area at the rear of the property. A welcoming new space to support the community and users of the space.
Blackwood River Art Trail	A collaborative project for the region, the event supports local businesses, and brings patronage to town. The 2022 event supports a lively and engaged community. New initiatives may expand into a short film festival and involve the local youth.
Nannup Tee-Ball, Auskick & Nannup LDAG	Continue the arrangement to use Shire Facilities for the duration of their season at no charge.
Black Dog Ride	The Shire of Nannup has agreed to host the morning tea at the Town Hall at no charge to the event organisers.

On Saturday 16 October 2021 the local government elections took place to fill Councillor vacancies. A special meeting of Council was held on Tuesday 19 October to commence their term as Councillors. Cr Ian Gibb and Cr Charles Gilbert joined the Council as new members and Cr Hansen and Cr Buckland were reappointed. Cr Tony Dean was elected unopposed as Shire President and Cr Vicki Hansen was elected to the position of Deputy Shire President.



On the 18 December 2021 the Shire of Nannup held an Extraordinary Election for the North Ward vacancy. The successful Candidate was Cr Longmore, who was welcomed back as an elected member of the Nannup Shire Council after a two year break. Cr Longmore previously held the position from 2011—2019 and rejoined the Shire council with a wealth of knowledge and experience.

With the new ablutions refurbished to offer better accessibility for our community and the updated Disability Access and Inclusion plan, the Shire of Nannup got a special mention with their innovated installation of the Biosecurity Wash down Bay at Foreshore Park in the Disability Access and Inclusion Plans, Ministers Progress Report, 2020 – 2021.

“All abilities cycling and hiking trails have been opened across the South West in recent years, diversifying local tourism economies and offering healthy and nature –based activities for all. The Shire reported progress in developing cycling infrastructure to support its aspirations for Nannup to become a Trail Town. The Shire ensured such infrastructure was designed with universal access in mind. Notably a multi-purpose bi-security wash down bay was installed which is also suitable for people who use wheelchairs.”

As in previous years the Works and Service Team were kept busy in the 2021/22 financial year completing road improvement upgrades, road infrastructure maintenance, town site maintenance including parks and gardens, building maintenance and fire mitigation works both in the Nannup town site and the outlying district.

Other works included bridge maintenance, footpath replacement and repair, firebreaks, grave preparation, waste site maintenance and fire emergency support.



Road improvement, footpath upgrade and bridge maintenance projects carried out were:

Roads, Footpaths and Bridges	Works completed	\$ 000	Funding Body
Governor Broome Road	Reconstruct and Widen	123	Council Funding and Roads To Recovery
Cundinup South Road	Seal Correction	105	Council Funding and Regional Road Grant
Fouracres Road	Reconstruct and Seal	120	Council and Regional Road Group
Bridgetown Road	Seal Correction	90	Council and Regional Road Group
Bridgetown Nannup Road	Seal Widening with Audible Edges	1994	Regional Road Safety Program and Council Funding
Mowen Road	Seal Widening with Audible Edges	1344	Regional Road Safety Program and Council Funding
Cundinup West Road Bridge	Preventative Maintenance	7	Council Funded
Roads - Various	Tree Maintenance to improve traffic safety		Council Funded

General road maintenance carried out included:

- Road grading,
- Drainage maintenance,
- Shoulder rehabilitation,
- Debris removal on road reserves,
- Sign and guide post maintenance,
- Bitumen repairs, and
- Removal of fallen trees on roads
- General Bridge maintenance
- Fire mitigation and firebreaks

Building and other Infrastructure improvement included:

- Upgrade Play Equipment at Marinko Tomas Park
- Refurbish Works Depot Kitchen, Toilets and Meeting Room
- Construct new Server Room at Shire Administration Office.
- Install Reticulation Pump and piping at Town Oval shed.
- Replace Recreation Sports Centre Sewage Pumps and Control Board
- Construct 900 metres of Town to Tank Sealed Pathway on Bridgetown/Nannup Road
- Construct Tank 7 Mountain Bike Park Car Parks and improve road access
- Replace and upgrade Electrical Wiring and RCD Board at Town Hall

Our Town Maintenance/Gardens Team continue to maintain and improve parks, playgrounds, sports ground, gardens, river foreshore, town entries, cemetery and street verges to a very high standard which included:

- Maintenance of reticulation systems, playground equipment, mowing and turf,
- Preparing, watering and maintaining garden beds, street trees and planter boxes,
- Weed and litter control,
- Assistance with preparation for events such as Flower and Garden Festival.

Our Waste Management Team continue to operate the Waste Management Facility which includes: manning the gate, burying rubbish, recycling of re use materials, running the tip shop and making general improvements to the site.

The Bunbury Regional Prison Works team continued to provide their assistance with several projects undertaken this year.

Disability Access and Inclusion Plan

It is a requirement of the Western Australian Disability Services Act (1993 amended 2004) that all local government authorities develop and implement a Disability, Access and Inclusion Plan (DAIP), or Access & Inclusion Plan (AIP) to assist in the promotion of access and inclusion of people with a disability and additional needs.

The Shire of Nannup Access and inclusion Plan (AIP) acts as a framework for the implementation of strategies and actions to ensure people with disability and additional needs are supported to have the same opportunities as others to access services, events, facilities, information, customer service and employment.

The Shire of Nannup Access and Inclusion Plan (AIP) for 2021 – 2026 has a particular focus on nurturing a community where diversity, difference and a sense of identity is respected and valued. These values are underpinned by a commitment from the Shire of Nannup to the creation of fair and equitable access for all residents and visitors to the Shire. The AIP is reviewed annually, and subject to amendments and advancements.

Key achievements include:

- Ablution upgrades
Completion of toilet facility upgrades in a number of locations, including the Sport & Recreation Hall, Marinko Tomas Park, Town Hall, Foreshore Park and the Shire Offices.
- Marinko Tomas Park
The new design for the Playground upgrades at the Marinko Tomas Park created with inclusivity in mind, comprising accessible play equipment and drinking stations.
- Trail Town Infrastructure
With the Shire of Nannup's progression to Trail Town Infrastructure, the installation of a bio-security wash-down bay for hikers, walkers, and horses is also accessible for those using wheel assisted mobility.

Employee Salaries

The number of employees earning an annual salary of \$100,000 or more is set out below:

Band	No.
\$100,000 - \$110,000	1
\$110,001 - \$120,000	1
\$120,001 - \$130,000	0
\$130,001 - \$140,000	1

Official Conduct Report

In accordance with Section 5.53(2)(hb) of the *Local Government Act 1995*, the Shire is required to include in its Annual Report details of complaints alleging minor breaches by Council Members during the financial year including:

1. The number of complaints recorded in the register of complaints;
2. How the complaints were dealt with; and
3. Any other details that the regulations may require.

The Shire received two complaints alleging minor breaches by Cr Gibb during the financial year. Council at its meeting held on 24 February 2022 confirmed that a breach had occurred. The second complaint was referred to the Local Government Standards Panel and a decision was made on 5 May 2022 that a breach had occurred.



Statutory Compliance Report

Freedom of Information Act 1992 – Information Statement

The Western Australian *Freedom of Information Act 1992* applicants the right to apply for access to documents held by the Shire of Nannup. The Shire of Nannup's Freedom of Information Statement was prepared in accordance with the Freedom of Information Act 1992, and associated guidelines. To read the FOI Statement and further information regarding Freedom of Information please see our website [here](#).

In the 2021/22 financial year the Shire received one valid application for access to non-personal information. This application was completed within the same financial year.

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 Governance Officer to fulfil this role. The legislation requires the reporting of serious wrongdoing to State Public Sector and Local Government as well as providing a mechanism for responding to reports.

No disclosures were received in relation to the Shire of Nannup during 2020/21.

State Records Act 2000 – Record Keeping Plan

In line with Section 19 of the *State Records Act 2000*, local governments are required to have a Record Keeping Plan approved by the State Records Commission. The plan applies to employees, Elected Members and contractors.

The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. In line with Section 17 of the Act, the Shire of Nannup and all its employees are legally required to comply with the contents of the Record Keeping Plan.

The Shire of Nannup is committed to the management of records in accordance with legislative requirements and best practice. The State Records Commission approved the Shire's revised Record Keeping Plan for a five-year period in December 2015. The next review was due in August 2021, this review has commenced.

Financial Report

FOR THE YEAR ENDED 30 JUNE 2022

SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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COMMUNITY VISION

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

Principal place of business:
15 Adam Street
Nannup WA 6275

**SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Shire of Nannup for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Nannup at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the *26* day of *April* 2023



Chief Executive Officer

David Taylor

Name of Chief Executive Officer



SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	22(a),2(a)	1,868,487	1,863,527	1,771,991
Operating grants, subsidies and contributions	2(a)	2,373,881	1,078,935	1,860,193
Fees and charges	21(c),2(a)	559,694	551,143	536,829
Interest earnings	2(a)	25,213	30,240	42,164
Other revenue	2(a)	49,917	35,409	67,087
		4,877,192	3,559,254	4,278,264
Expenses				
Employee costs		(2,147,595)	(2,254,244)	(1,898,886)
Materials and contracts		(1,754,773)	(1,975,404)	(1,708,822)
Utility charges		(130,240)	(110,693)	(104,745)
Depreciation	9(a)	(1,326,228)	(1,522,380)	(1,474,452)
Finance costs	2(a)	(10,146)	(10,214)	(11,854)
Insurance		(197,539)	(187,742)	(190,440)
Other expenditure	2(a)	(32,855)	(132,016)	(50,659)
		(5,599,376)	(6,192,693)	(5,439,858)
		(722,184)	(2,633,439)	(1,161,594)
Capital grants, subsidies and contributions	2(a)	5,991,227	5,263,316	1,816,565
Profit on asset disposals	9(b)	54,000	58,439	57,895
Loss on asset disposals	9(b)	(43,913)	(8,007)	(4,761)
		6,001,314	5,313,748	1,869,699
Net result for the period	21(b)	5,279,130	2,680,309	708,105
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		5,279,130	2,680,309	708,105

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



**SHIRE OF NANNUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,730,849	3,023,520
Trade and other receivables	5	1,253,050	346,871
Other financial assets	4(a)	2,653,818	2,646,943
Inventories	6	4,164	4,164
TOTAL CURRENT ASSETS		7,641,881	6,021,498
NON-CURRENT ASSETS			
Trade and other receivables	5	76,080	70,797
Other financial assets	4(b)	181,577	210,623
Property, plant and equipment	7	12,793,823	13,270,169
Infrastructure	8	100,707,176	96,054,393
Right-of-use assets	10(a)	29,768	46,768
TOTAL NON-CURRENT ASSETS		113,788,424	109,652,750
TOTAL ASSETS		121,430,305	115,674,248
CURRENT LIABILITIES			
Trade and other payables	11	1,449,764	538,096
Other liabilities	12	0	427,637
Lease liabilities	10(b)	17,002	17,002
Borrowings	13	64,878	63,574
Employee related provisions	14	448,482	380,456
TOTAL CURRENT LIABILITIES		1,980,126	1,426,765
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	12,752	29,754
Borrowings	13	427,823	492,719
Employee related provisions	14	42,557	37,093
TOTAL NON-CURRENT LIABILITIES		483,132	559,566
TOTAL LIABILITIES		2,463,258	1,986,331
NET ASSETS		118,967,047	113,687,917
EQUITY			
Retained surplus		37,269,258	31,878,019
Reserve accounts	25	3,209,514	3,321,623
Revaluation surplus	15	78,488,275	78,488,275
TOTAL EQUITY		118,967,047	113,687,917

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



**SHIRE OF NANNUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		31,426,081	3,065,456	78,488,275	112,979,812
Comprehensive income for the period					
Net result for the period		708,105	0	0	708,105
Total comprehensive income for the period		708,105	0	0	708,105
Transfers to reserves	25	(256,167)	256,167	0	0
Balance as at 30 June 2021		31,878,019	3,321,623	78,488,275	113,687,917
Comprehensive income for the period					
Net result for the period		5,279,130	0	0	5,279,130
Total comprehensive income for the period		5,279,130	0	0	5,279,130
Transfers from reserves	25	204,204	(204,204)	0	0
Transfers to reserves	25	(92,095)	92,095	0	0
Balance as at 30 June 2022		37,269,258	3,209,514	78,488,275	118,967,047

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

**SHIRE OF NANNUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,852,817	1,863,527	1,844,421
Operating grants, subsidies and contributions		1,238,669	1,078,935	2,194,519
Fees and charges		559,694	551,143	536,829
Interest received		25,213	30,240	42,164
Goods and services tax received		722,990	0	614,046
Other revenue		49,917	35,409	67,087
		4,449,300	3,559,254	5,299,066
Payments				
Employee costs		(2,038,983)	(2,254,244)	(1,867,573)
Materials and contracts		(1,019,633)	(1,975,404)	(1,405,410)
Utility charges		(130,240)	(110,693)	(104,745)
Finance costs		7,602	(10,214)	(11,839)
Insurance paid		(197,539)	(187,742)	(190,440)
Goods and services tax paid		(787,549)	0	(630,096)
Other expenditure		(32,855)	(132,016)	(50,659)
		(4,199,197)	(4,670,313)	(4,260,762)
Net cash provided by (used in) operating activities	16(b)	250,103	(1,111,059)	1,038,304
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(526,642)	(1,168,409)	(1,162,383)
Payments for construction of infrastructure	8(a)	(5,212,026)	(5,605,546)	(1,629,826)
Non-operating grants, subsidies and contributions		5,991,227	5,263,316	1,816,565
Payments for financial assets at amortised cost		(6,009)	0	490,360
Proceeds from financial assets at amortised cost - self supporting loans		28,179	28,164	41,987
Proceeds from sale of property, plant & equipment	9(b)	263,091	225,091	223,636
Net cash provided by (used in) investing activities		537,820	(1,257,384)	(219,661)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	24(a)	(63,592)	(63,592)	(76,963)
Payments for principal portion of lease liabilities	24(b)	(17,002)	(17,002)	(4,251)
Net cash provided by (used in) financing activities		(80,594)	(80,594)	(81,214)
Net increase (decrease) in cash held		707,329	(2,449,037)	737,429
Cash at beginning of year		3,023,520	5,618,612	2,286,091
Cash and cash equivalents at the end of the year	16(a)	3,730,849	3,169,575	3,023,520

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

**SHIRE OF NANNUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	23(b)	1,549,325	2,078,538	2,259,183
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		2,373,881	1,078,935	1,860,193
Fees and charges		559,694	551,143	536,829
Interest earnings		25,213	30,240	42,164
Other revenue		49,917	35,409	67,087
Profit on asset disposals	9(b)	54,000	58,439	57,895
		3,062,705	1,754,166	2,564,168
Expenditure from operating activities				
Employee costs		(2,147,595)	(2,254,244)	(1,898,886)
Materials and contracts		(1,754,773)	(1,975,404)	(1,708,822)
Utility charges		(130,240)	(110,693)	(104,745)
Depreciation		(1,326,228)	(1,522,380)	(1,474,452)
Finance costs		(10,146)	(10,214)	(11,854)
Insurance		(197,539)	(187,742)	(190,440)
Other expenditure		(32,855)	(132,016)	(50,659)
Loss on asset disposals	9(b)	(43,913)	(8,007)	(4,761)
		(5,643,289)	(6,200,700)	(5,444,619)
Non-cash amounts excluded from operating activities	23(a)	1,316,748	1,471,948	1,446,004
Amount attributable to operating activities		285,489	(896,048)	824,736
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,991,227	5,263,316	1,816,565
Proceeds from disposal of assets	9(b)	263,091	225,091	223,636
Proceeds from financial assets at amortised cost - self supporting loan	24(a)	28,179	28,164	41,987
Purchase of property, plant and equipment	7(a)	(526,642)	(1,168,409)	(1,162,383)
Purchase and construction of infrastructure	8(a)	(5,212,026)	(5,605,546)	(1,629,826)
		543,829	(1,257,384)	(710,021)
Amount attributable to investing activities		543,829	(1,257,384)	(710,021)
FINANCING ACTIVITIES				
Repayment of borrowings	24(a)	(63,592)	(63,592)	(76,963)
Payments for principal portion of lease liabilities	24(b)	(17,002)	(17,002)	(4,251)
Transfers to reserves (restricted assets)	25	(92,095)	(47,001)	(256,167)
Transfers from reserves (restricted assets)	25	204,204	417,500	0
Amount attributable to financing activities		31,515	289,905	(337,381)
Surplus/(deficit) before imposition of general rates		860,833	(1,863,527)	(222,666)
Total amount raised from general rates	22(a)	1,868,487	1,863,527	1,771,991
Surplus/(deficit) after imposition of general rates	23(b)	2,729,320	0	1,549,325

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

**SHIRE OF NANNUP
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial 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 controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure
- estimation uncertainties made in relation to lease accounting.

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates			1,868,487	0	1,868,487
Operating grants, subsidies and contributions	2,373,881	0	0	0	2,373,881
Fees and charges	559,694	0	0	0	559,694
Interest earnings	12,282	0	12,931	0	25,213
Other revenue	0	0	0	49,917	49,917
Non-operating grants, subsidies and contributions	0	5,991,227	0	0	5,991,227
Total	2,945,857	5,991,227	1,881,418	49,917	10,868,419

For the year ended 30 June 2021

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	1,771,991	0	1,771,991
Operating grants, subsidies and contributions	1,860,193	0	0	0	1,860,193
Fees and charges	536,829	0	0	0	536,829
Interest earnings	29,471	0	12,693	0	42,164
Other revenue	0	0	0	67,087	67,087
Non-operating grants, subsidies and contributions	0	1,816,565	0	0	1,816,565
Total	2,426,493	1,816,565	1,784,684	67,087	6,094,829

Note	2022 Actual	2022 Budget	2021 Actual
Interest earnings			
Financial assets at amortised cost - self supporting loans	6,101	6,169	7,432
Interest on reserve funds	6,077	9,331	16,668
Rates instalment and penalty interest (refer Note 22(c))	12,931	10,740	12,693
Other interest earnings	104	0	5,371
	25,213	26,240	42,164
(a) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	30,000	25,000	18,500
	30,000	25,000	18,500
Finance costs			
Borrowings	24(a) 10,146	10,214	11,854
	10,146	10,214	11,854
Other expenditure			
Sundry expenses	32,855	132,016	50,659
	32,855	132,016	50,659

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Note	2022	2021
	\$	\$
Cash at bank and on hand	3,730,849	3,023,520
Total cash and cash equivalents	3,730,849	3,023,520
Held as		
- Unrestricted cash and cash equivalents	3,146,124	2,320,677
- Restricted cash and cash equivalents	584,725	702,843
	3,730,849	3,023,520

SIGNIFICANT ACCOUNTING POLICIES

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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Restricted cash and cash equivalents

Restricted cash equivalent assets are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 16.

4. OTHER FINANCIAL ASSETS

(a) Current assets

	2022	2021
	\$	\$
Financial assets at amortised cost	2,653,818	2,646,943
	2,653,818	2,646,943
Other financial assets at amortised cost		
Self supporting loans receivable	29,029	28,163
Term deposits	2,624,789	2,618,780
	2,653,818	2,646,943
Held as		
- Unrestricted other financial assets at amortised cost	29,029	28,163
- Restricted other financial assets at amortised cost	2,624,789	2,618,780
	2,653,818	2,646,943

(b) Non-current assets

Financial assets at amortised cost	164,060	193,106
Financial assets at fair value through profit and loss	17,517	17,517
	181,577	210,623
Financial assets at amortised cost		
Self supporting loans receivable	164,060	193,106
	164,060	193,106
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	17,517	17,517
	17,517	17,517

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 20 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 19.

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. TRADE AND OTHER RECEIVABLES

Note	2022 \$	2021 \$
Current		
Rates receivable	170,170	148,714
Trade and other receivables	58,007	149,908
GST receivable	225,397	48,249
Accrued income	799,476	0
	1,253,050	346,871
Non-current		
Pensioner's rates and ESL deferred	76,080	70,797
	76,080	70,797

SIGNIFICANT ACCOUNTING POLICIES

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 19.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to value is considered immaterial.

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

6. INVENTORIES

Note	2022	2021
	\$	\$
Current		
Fuel and materials	4,164	4,164
	4,164	4,164

The following movements in inventories occurred during the year:

Balance at beginning of year	4,164	4,164
Balance at end of year	4,164	4,164

SIGNIFICANT ACCOUNTING POLICIES

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.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		1,765,000	8,497,481	10,262,481	12,539	2,315,014	12,590,034
Additions		0	261,969	261,969	26,907	873,507	1,162,383
Disposals		0	0	0	0	(170,502)	(170,502)
Depreciation	9(a)	0	(39,026)	(39,026)	(5,758)	(266,962)	(311,746)
Balance at 30 June 2021		1,765,000	8,720,424	10,485,424	33,688	2,751,057	13,270,169
Comprises:							
Gross balance amount at 30 June 2021		1,765,000	8,867,014	10,632,014	43,478	3,313,708	13,989,200
Accumulated depreciation at 30 June 2021		0	(146,590)	(146,590)	(9,790)	(562,651)	(719,031)
Balance at 30 June 2021		1,765,000	8,720,424	10,485,424	33,688	2,751,057	13,270,169
Additions		0	354,046	354,046	0	172,596	526,642
Disposals		(150,000)	0	(150,000)	0	(103,004)	(253,004)
Transfer between asset classes		0	(376,559)	(376,559)	0	31,811	(344,748)
Depreciation	9(a)	0	(40,680)	(40,680)	(7,106)	(357,450)	(405,236)
Balance at 30 June 2022		1,615,000	8,657,231	10,272,231	26,582	2,495,010	12,793,823
Comprises:							
Gross balance amount at 30 June 2022		1,615,000	8,837,164	10,452,164	43,478	3,403,538	13,899,180
Accumulated depreciation at 30 June 2022		0	(179,933)	(179,933)	(16,896)	(908,528)	(1,105,357)
Balance at 30 June 2022		1,615,000	8,657,231	10,272,231	26,582	2,495,010	12,793,823

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per hectare / market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per square metre / market borrowing rate
<p>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.</p> <p>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.</p>					
(ii) Cost					
Furniture and equipment		Cost	At cost	N/A	N/A
Plant and equipment		Cost	At Cost	N/A	N/A

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

Note	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks and ovals	Other infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	70,877,791	1,042,261	8,454,163	95,275	15,113,544	95,583,034
Additions	1,595,721	9,455	0	14,180	10,470	1,629,826
Depreciation	9(a) (906,620)	(20,207)	(72,095)	(1,609)	(157,936)	(1,158,467)
Balance at 30 June 2021	71,566,892	1,031,509	8,382,068	107,846	14,966,078	96,054,393
Comprises:						
Gross balance at 30 June 2021	76,329,150	1,138,708	8,731,676	121,727	15,777,707	102,098,968
Accumulated depreciation at 30 June 2021	(4,762,258)	(107,199)	(349,608)	(13,881)	(811,629)	(6,044,575)
Balance at 30 June 2021	71,566,892	1,031,509	8,382,068	107,846	14,966,078	96,054,393
Additions	4,128,942	915,967	0	167,117	0	5,212,026
Transfer between asset classes	(23,118,556)	23,097,545	0	365,760	0	344,749
Depreciation	9(a) (343,993)	(320,036)	(72,097)	(9,834)	(158,032)	(903,992)
Balance at 30 June 2022	52,233,285	24,724,985	8,309,971	630,889	14,808,046	100,707,176
Comprises:						
Gross balance at 30 June 2022	55,966,034	26,525,284	8,731,676	661,625	15,777,707	107,662,326
Accumulated depreciation at 30 June 2022	(3,732,749)	(1,800,299)	(421,705)	(30,736)	(969,661)	(6,955,150)
Balance at 30 June 2022	52,233,285	24,724,985	8,309,971	630,889	14,808,046	100,707,176

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Other infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Other infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Other infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment 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 30 JUNE 2022

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 period 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 the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in the following way:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings	7(a)	40,680	37,001	39,026
Furniture and equipment	7(a)	7,106	7,000	5,758
Plant and equipment	7(a)	357,450	247,998	266,962
Infrastructure - roads	8(a)	343,993	1,068,379	906,620
Other infrastructure - footpaths	8(a)	320,036	0	20,207
Other infrastructure - drainage	8(a)	72,097	0	72,095
Other infrastructure - parks and ovals	8(a)	9,834	0	1,609
Other infrastructure - bridges	8(a)	158,032	145,000	157,936
Right-of-use assets - plant and equipment	10(a)	17,000	17,002	4,239
		1,326,228	1,522,380	1,474,452

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Land	not depreciated
Buildings	20 to 100
Furniture and equipment	4 to 20
Plant and equipment	4 to 20
Bridges	90 to 100
Footpaths	35 to 60
Sealed roads	
formation	not depreciated
pavement	
- bituminous seal	up to 34
- asphalt surface	up to 43
Gravel roads	
formation	not depreciated
pavement	50 to 80
Drainage	70 to 150
Parks	50 to 75

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value \$	2022 Actual Sale Proceeds \$	2022 Actual Profit \$	2022 Actual Loss \$	2022 Budget Net Book Value \$	2022 Budget Sale Proceeds \$	2022 Budget Profit \$	2022 Budget Loss \$	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
Land - freehold land	150,000	204,000	54,000	0	0	0	0	0	0	0	0	0
Plant and equipment	103,004	59,091	0	(43,913)	174,659	225,091	58,439	(8,007)	170,502	223,636	57,895	(4,761)
	253,004	263,091	54,000	(43,913)	174,659	225,091	58,439	(8,007)	170,502	223,636	57,895	(4,761)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Transport				
TRAILER PIG BY82376	22,503	0	0	(22,503)
TRAILER PIG NP2366	16,819	0	0	(16,819)
PRADO - PEARL	63,682	59,091	0	(4,591)
	103,004	59,091	0	(43,913)
Land				
Other Property and Services				
LOT 82 WILSON (JAN 08)	75,000	89,000	14,000	0
LOT 294 CAREY (SEP 85)	75,000	115,000	40,000	0
	150,000	204,000	54,000	0
	253,004	263,091	54,000	(43,913)

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

10. LEASES

(a) Right-of-Use Assets

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.			
Balance at 1 July 2020		51,007	51,007
Depreciation		(4,239)	(4,239)
Balance at 30 June 2021		46,768	46,768
Depreciation	9(a)	(17,000)	(17,000)
Balance at 30 June 2022		29,768	29,768

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	Note	2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	9(a)	(17,000)	(4,239)
Total amount recognised in the statement of comprehensive income		(17,000)	(4,239)
Total cash outflow from leases		(17,002)	(4,251)
(b) Lease Liabilities			
Current		17,002	17,002
Non-current	24(b)	12,752	29,754
		29,754	46,756

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 24(b).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
GST Payable
Bonds and deposits held
Accrued expenses
PAYG Payable

	2022	2021
	\$	\$
	1,077,390	395,381
	25,193	14,124
	35,122	0
	170,966	58,377
	74,353	69,588
	18,374	626
	48,366	0
	1,449,764	538,096

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 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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

**SHIRE OF NANNUP
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12. OTHER LIABILITIES

Current

Grant liabilities

Reconciliation of changes in grant liabilities

Opening balance

Additions

Revenue from grant liability at the start of the period

	2022	2021
	\$	\$
	0	427,637
	0	427,637
	427,637	46,881
	0	427,637
	(427,637)	(46,881)
	0	427,637

Performance obligations in relation to grant liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Grant liabilities

Grant liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Grant liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current grant liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2022**

13. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
WATreasury Corporation		64,878	427,823	492,701	63,574	492,719	556,293
Total secured borrowings	24(a)	64,878	427,823	492,701	63,574	492,719	556,293

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Nannup. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Nannup has complied with the financial covenants of its borrowing facilities during 2022.

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 19.

Details of individual borrowings required by regulations are provided at Note 24(a).

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2022	2021
	\$	\$
Current provisions		
Annual Leave	243,375	228,115
Long Service Leave	205,107	152,341
	448,482	380,456
Non-current provisions		
Long Service Leave	42,557	37,093
	42,557	37,093
	491,039	417,549

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

Note	2022	2021
	\$	\$
	448,482	291,428
	42,557	126,121
	491,039	417,549

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5	0
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SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Shire'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'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.

Other long-term employee benefits

Long-term employee benefits provisions 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.

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

**SHIRE OF NANNUP
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15. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation (Decrement)	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	4,812,147	0	4,812,147	4,812,147	0	4,812,147
Revaluation surplus - Furniture and equipment	163	0	163	163	0	163
Revaluation surplus - Plant and equipment	472,474	0	472,474	472,474	0	472,474
Revaluation surplus - Infrastructure - roads	50,190,704	0	50,190,704	50,190,704	0	50,190,704
Revaluation surplus - Other infrastructure - footpaths	794,838	0	794,838	794,838	0	794,838
Revaluation surplus - Other infrastructure - drainage	6,776,704	0	6,776,704	6,776,704	0	6,776,704
Revaluation surplus - Other infrastructure - bridges	15,441,245	0	15,441,245	15,441,245	0	15,441,245
	78,488,275	0	78,488,275	78,488,275	0	78,488,275

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were 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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16. 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:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	3,730,849	3,169,575	3,023,520
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	584,725	326,335	702,843
- Financial assets at amortised cost	4	2,624,789	2,624,788	2,618,780
		3,209,514	2,951,123	3,321,623
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	25	3,209,514	2,951,123	3,321,623
Total restricted financial assets		3,209,514	2,951,123	3,321,623

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result		5,279,130	2,680,309	708,105
Non-cash items:				
Depreciation/amortisation		1,326,228	1,522,380	1,474,452
(Profit)/loss on sale of asset		(10,087)	(50,432)	(53,134)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(911,462)	(504,000)	9,950
(Increase)/decrease in inventories		0		24,522
Increase/(decrease) in trade and other payables		911,668	787,990	279,474
Increase/(decrease) in employee related provisions		73,490	72,010	30,744
Increase/(decrease) in other liabilities		(427,637)	(355,990)	380,756
Non-operating grants, subsidies and contributions		(5,991,227)	(5,263,326)	(1,816,565)
Net cash provided by/(used in) operating activities		250,103	(1,111,059)	1,038,304

(c) Undrawn Borrowing Facilities

Loan facilities

Loan facilities - current		64,878		63,574
Loan facilities - non-current		427,823		492,719
Total facilities in use at balance date		492,701		556,293

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

The Shire has a refuse site located at Reserve number: 38737 - Lot 13219 on deposited plan 214941 - Beggars Road, Nannup. This site has been classified by the Department of Water and Environmental Regulation (DWER) as 'possibly contaminated - investigation required.'

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DWER on the need and criteria for remediation on a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of this site. This approach is consistent with the DWER Guidelines.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
President T Dean			
President's annual allowance	12,000	12,000	8,000
Meeting attendance fees	12,000	12,000	2,880
ICT expenses	0	0	1,100
Annual allowance for ICT expenses	1,100	1,100	
Travel and accommodation expenses	1,416	375	1,125
	26,516	25,475	13,105
Deputy President V Hansen			
Deputy President's annual allowance	2,129	0	0
Meeting attendance fees	6,000	6,000	2,665
Annual allowance for ICT expenses	1,100	1,100	860
Travel and accommodation expenses	631	375	0
	9,860	7,475	3,525
Councillor C Brown			
Meeting attendance fees	6,000	6,000	1,690
ICT expenses	0	0	1,100
Annual allowance for ICT expenses	1,100	1,100	0
Travel and accommodation expenses	0	375	0
	7,100	7,475	2,790
Councillor C Buckland			
Meeting attendance fees	6,000	6,000	1,885
ICT expenses	0	0	1,100
Annual allowance for ICT expenses	1,100	1,100	0
Travel and accommodation expenses	0	375	0
	7,100	7,475	2,985
Councillor R Longmore			
Meeting attendance fees	3,000	0	0
Annual allowance for ICT expenses	1,100	0	0
	4,100	0	0
Councillor I Gibb			
Meeting attendance fees	4,500	0	0
Annual allowance for ICT expenses	1,100	0	0
	5,600	0	0
Councillor R Mellema (Former Deputy President)			
Deputy President's annual allowance	871	3,000	2,000
Meeting attendance fees	1,742	6,000	2,015
Annual allowance for ICT expenses	319	1,100	1,100
Travel and accommodation expenses	0	375	340
	2,932	10,475	5,455
Councillor C Stephenson			
Meeting attendance fees	1,742	6,000	2,275
ICT expenses	0	0	1,100
Annual allowance for ICT expenses	319	1,100	0
Travel and accommodation expenses	144	375	688
	2,205	7,475	4,063
Councillor C Gilbert			
Meeting attendance fees	4,500	0	0
Annual allowance for ICT expenses	1,100	0	0
	5,600	0	0
	71,013	65,850	31,923
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	12,000	12,000	8,000
Deputy President's annual allowance	3,000	0	2,000
Meeting attendance fees	45,484	42,000	13,410
ICT expenses	0	0	4,400
Annual allowance for ICT expenses	8,338	6,600	1,960
Travel and accommodation expenses	2,191	2,250	2,153
	71,013	62,850	31,923

18(b)

* Councillor P Fraser did not receive any remuneration in 2020-21 or 2021-22

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(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

	2022 Actual \$	2021 Actual \$
Short-term employee benefits	355,590	396,724
Post-employment benefits	50,793	48,658
Employee - other long-term benefits	40,238	47,585
Council member costs	71,013	31,923
	517,634	524,890

18(a)

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual \$	2021 Actual \$
Purchase of goods and services	1,170	13,685

(d) 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 council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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.

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19. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.30%	3,730,849	1,000,000	2,730,849	0
Financial assets at amortised cost - term deposits	0.25%	2,624,789	2,624,789	0	0
2021					
Cash and cash equivalents	0.40%	3,023,520	1,510,872	1,512,398	250
Financial assets at amortised cost - term deposits	0.25%	2,618,780	2,618,780	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	27,308	15,124

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 24(a).

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19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire 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 the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is 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.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	0	26,559	29,374	101,201	157,134	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	4,811	74,415	36,973	32,516	148,715	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	43,915	2,707	2,030	15,003	63,655	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	363	1,108	8,238	139,199	148,908	
Loss allowance	0	0	0	0	0	5

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 0	\$ 0	\$ 0	\$ 0
Closing loss allowance at 30 June	0	0	0	0

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and 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. The Shire 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 and disclosed in Note 16(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2022					
Trade and other payables	1,449,764	0	0	1,449,764	1,449,764
Borrowings	73,815	369,074	116,134	559,023	492,701
Lease liabilities	17,002	12,752	0	29,754	29,754
	<u>1,540,581</u>	<u>381,826</u>	<u>116,134</u>	<u>2,038,541</u>	<u>1,972,219</u>
2021					
Trade and other payables	538,096	0	0	538,096	538,096
Borrowings	73,815	369,074	189,949	632,838	556,293
Lease liabilities	17,002	29,754	0	46,756	46,756
	<u>628,913</u>	<u>398,828</u>	<u>189,949</u>	<u>1,217,690</u>	<u>1,141,145</u>

20. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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 or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, 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.

e) 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.

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the Shire 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.

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 118) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

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21. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Governance

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

General purpose funding

To collect revenue to allow for the provision of services.

Law, order, public safety

To provide services to help ensure a safer community.

Health

To provide an operational framework.

Education and welfare

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

Housing

To ensure adequate staff housing.

Community amenities

Provide services required by the community.

Recreation and culture

To establish and maintain efficient infrastructure and resources which will help the social wellbeing of the community.

Transport

To provide effective and efficient transport services to the community.

Economic services

To help promote the Shire and improve economic wellbeing.

Other property and services

To help promote the Shire and improve economic wellbeing.

Description

Administration and operation of facilities and services that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

Rates, general purpose government grants and interest revenue.

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

Food quality, building, sanitation and sewerage.

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

Maintenance of staff rental housing.

Rubbish collection services, operation of waste management facility, noise control, administration of town planning scheme, maintenance of cemetery and maintenance of public conveniences.

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

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

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

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

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21. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

Income excluding grants, subsidies and contributions

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Governance	0	9,331	0
General purpose funding	1,938,249	1,949,568	1,855,685
Law, order, public safety	41,700	9,812	9,721
Health	657	16,050	978
Education and welfare	6,444	3,970	11,284
Housing	23,000	20,000	20,800
Community amenities	393,846	380,937	385,340
Recreation and culture	15,087	28,012	52,677
Transport	1,608	49,208	57,969
Economic services	73,987	59,300	53,384
Other property and services	62,733	12,570	28,128

Grants, subsidies and contributions

General purpose funding	1,582,781	609,974	855,486
Law, order, public safety	454,314	456,351	395,786
Education and welfare	55,253	39,030	9,085
Community amenities	260,860	0	567,665
Recreation and culture	20,000	1,164,812	81,500
Transport	5,991,900	3,972,084	1,719,487
Economic services	0	100,000	47,749

Total Income

2,557,311	2,538,758	2,475,966
8,365,108	6,342,251	3,676,758
10,922,419	8,881,009	6,152,724

Expenses

Governance	(544,742)	(607,407)	(492,533)
General purpose funding	(46,166)	(237,743)	(162,500)
Law, order, public safety	(688,065)	(740,656)	(679,614)
Health	(82,307)	(90,325)	(72,564)
Education and welfare	(254,009)	(274,765)	(187,910)
Housing	(37,803)	(23,422)	(23,294)
Community amenities	(544,785)	(607,217)	(540,290)
Recreation and culture	(671,570)	(629,338)	(555,464)
Transport	(2,264,179)	(2,597,301)	(2,286,826)
Economic services	(134,792)	(179,099)	(328,516)
Other property and services	(374,871)	(213,427)	(115,108)

Total expenses

(5,643,289)	(6,200,700)	(5,444,619)
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Net result for the period

5,279,130	2,680,309	708,105
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21. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
(c) Fees and Charges			
General purpose funding	44,806	28,640	31,761
Law, order, public safety	12,792	8,336	8,445
Health	657	550	978
Education and welfare	(218)	0	6,499
Housing	23,000	20,000	20,800
Community amenities	387,677	396,968	377,909
Recreation and culture	11,477	14,201	19,952
Transport	1,608	100	74
Economic services	73,987	64,800	53,181
Other property and services	3,908	17,548	17,230
	559,694	551,143	536,829

	2022	2021
	\$	\$
(d) Total Assets		
Governance	0	1,664,488
General purpose funding	0	548,640
Law, order, public safety	1,373,921	1,525,903
Health	0	26,423
Education and welfare	445,344	892,899
Housing	2,219,756	2,381,367
Community amenities	756,531	1,044,161
Recreation and culture	6,278,768	5,117,865
Transport	98,356,965	95,774,658
Economic services	542,799	550,381
Other property and services	3,153,851	2,946,945
Unallocated	8,302,371	3,200,518
	121,430,305	115,674,248

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22. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations								0				0	
GRV		0.093385	401	6,771,682	632,124	3,768	(819)	635,073	632,336	0	0	632,336	345,433
Unimproved valuations								0				0	
UV		0.004695	193	129,794,095	609,383	(380)	(212)	608,791	617,521	0	0	617,521	227,113
Sub-Total			594	136,565,777	1,241,507	3,388	(1,031)	1,243,864	1,249,857	0	0	1,249,857	572,546
Minimum payment		\$											
GRV		1,065	338	2,476,484	359,970	0	0	359,970	359,970	0	0	359,970	563,406
UV		1,190	220	28,782,699	261,800	2,735	118	264,653	253,700	0	0	253,700	636,039
Sub-Total			558	31,259,183	621,770	2,735	118	624,623	613,670	0	0	613,670	1,199,445
			1,152	167,824,960	1,863,277	6,123	(913)	1,868,487	1,863,527	0	0	1,863,527	1,771,991
Total amount raised from general rates								1,868,487				1,863,527	1,771,991

* Rateable value is based on the value of properties at the time the rate is raised.

(b) Total Rates

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

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22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	24-09-21	0	0.00%	7.00%
Option Three				
First instalment	24-09-21	5	5.50%	7.00%
Second instalment	23-11-21	5	5.50%	7.00%
Third instalment	24-01-22	5	5.50%	7.00%
Fourth instalment	24-03-22	5	5.50%	7.00%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	7,698	7,000	8,953
Interest on instalment plan	5,233	3,740	3,740
Charges on instalment plan	2,895	2,300	2,455
	15,826	13,040	15,148

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23. RATE SETTING STATEMENT INFORMATION

	2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	9(b) (54,000)	(58,439)	(57,895)
Less: Non-cash grants and contributions for assets			21,102
Less: Movement in liabilities associated with restricted cash	426	0	0
Add: Loss on disposal of assets	9(b) 43,913	8,007	4,761
Add: Depreciation	9(a) 1,326,228	1,522,380	1,474,452
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(5,283)	0	17,471
Employee benefit provisions	5,464	0	(13,887)
Non-cash amounts excluded from operating activities	1,316,748	1,471,948	1,446,004
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	25 (3,209,514)	(2,951,123)	(3,321,623)
Less: Financial assets at amortised cost - self supporting loans	4(a) (29,029)	(28,164)	(28,163)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	13 64,878	64,878	63,574
- Current portion of lease liabilities	10(b) 17,002	17,002	17,002
- Employee benefit provisions	224,228	223,802	223,802
Total adjustments to net current assets	(2,932,435)	(2,673,605)	(3,045,408)
Net current assets used in the Rate Setting Statement			
Total current assets	7,641,881	5,319,064	6,021,498
Less: Total current liabilities	(1,980,126)	(2,645,459)	(1,426,765)
Less: Total adjustments to net current assets	(2,932,435)	(2,673,605)	(3,045,408)
Net current assets used in the Rate Setting Statement	2,729,320	0	1,549,325

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24. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at	New Loans	Principal	Principal at	New Loans	Principal	Principal at	
		1 July 2020	During 2020-21	Repayments During 2020-21	30 June 2021	During 2021-22	Repayments During 2021-22	30 June 2022	1 July 2021	During 2021-22	Repayments During 2021-22	30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Waste facility machine		370,000	0	(34,976)	335,024	0	(35,411)	299,613	335,024	0	(35,428)	299,596
Total		370,000	0	(34,976)	335,024	0	(35,411)	299,613	335,024	0	(35,428)	299,596
Self Supporting Loans												
Nannup Community Resource Centre		14,626	0	(14,626)	0	0	0	0	0	0	0	0
Nannup Music club		248,630	0	(27,361)	221,269	0	(28,181)	193,088	221,269	0	(28,164)	193,105
Total Self Supporting Loans		263,256	0	(41,987)	221,269	0	(28,181)	193,088	221,269	0	(28,164)	193,105
Total Borrowings	13	633,256	0	(76,963)	556,293	0	(63,592)	492,701	556,293	0	(63,592)	492,701

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Waste facility machine		Community amenities	40	WATC	1.24%	\$ (4,045)	\$ (4,045)	\$ (4,422)
Total						(4,045)	(4,045)	(4,422)
Self Supporting Loans Interest Repayments								
Nannup Community Resource Centre		Community amenities	37	WATC	6.01%	0	0	(369)
Nannup Music club		Community amenities	39	WATC	2.96%	(6,101)	(6,169)	(7,063)
Total Self Supporting Loans Interest Repayments						(6,101)	(6,169)	(7,432)
Total Interest Repayments	2(a)					(10,146)	(10,214)	(11,854)

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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24. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Leases During 2020- 21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Vehicle - Ford Ranger		\$ 0	\$ 51,007	\$ (4,251)	\$ 46,756	\$ 0	\$ (17,002)	\$ 29,754	\$ 46,768	\$ 0	\$ (17,002)	\$ 29,766
Total Lease Liabilities	10(b)	0	51,007	(4,251)	46,756	0	(17,002)	29,754	46,768	0	(17,002)	29,766

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25. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
Restricted by council												
(a) Leave reserve	223,802	426	0	224,228	223,802	1,011	0	224,813	202,700	21,102	0	223,802
(b) Gravel pit reserve	163,772	312	0	164,084	163,772	740	0	164,512	142,000	21,772	0	163,772
(c) Plant machinery reserve	608,534	867	(152,420)	456,981	608,534	2,748	(215,000)	396,282	575,405	33,129	0	608,534
(d) Recreation centre reserve	577	1	0	578	577	3	0	580	574	3	0	577
(e) Office equipment reserve	165,800	315	0	166,115	165,799	749	0	166,548	130,092	35,708	0	165,800
(f) Asset management reserve	899,552	1,613	(51,784)	849,381	899,552	4,062	(151,000)	752,614	844,958	54,594	0	899,552
(g) Infrastructure reserve	180,897	20,382	0	201,279	180,897	817	(51,500)	130,214	165,000	15,897	0	180,897
(h) Main street reserve	60	0	0	60	60	0	0	60	60	0	0	60
(i) Emergency management reserve	61,621	2,121	0	63,742	61,621	2,278	0	63,899	59,299	2,322	0	61,621
(j) Aged housing reserve	399,663	760	0	400,423	399,663	1,805	0	401,468	391,037	8,626	0	399,663
(k) Landfill reserve	180,243	343	0	180,586	180,243	20,814	0	201,057	159,377	20,866	0	180,243
(l) Community bus reserve	30,871	59	0	30,930	30,871	139	0	31,010	30,704	167	0	30,871
(m) Strategic initiative reserve	309,675	54,692	0	364,367	309,675	1,398	0	311,073	308,000	1,675	0	309,675
(n) Youth reserve	16,339	31	0	16,370	16,339	74	0	16,413	16,250	89	0	16,339
(o) Trails reserve	60,163	115	0	60,278	60,163	272	0	60,435	30,000	30,163	0	60,163
(p) Footpath reserve	20,054	10,058	0	30,112	20,054	10,091	0	30,145	10,000	10,054	0	20,054
	3,321,623	92,095	(204,204)	3,209,514	3,321,622	47,001	(417,500)	2,951,123	3,065,456	256,167	0	3,321,623

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	An accounting requirement to fund leave accumulated by employees
(b) Gravel pit reserve	Ongoing	To be used for the rehabilitation of gravel pits at the end of their useful lives
(c) Plant machinery reserve	Ongoing	To be used for the purchase of major plant items
(d) Recreation centre reserve	2029	To be used for future enhancements to recreation facility
(e) Office equipment reserve	Ongoing	To be used to ensure the equipment required for Council Administration and the supporting computer system is maintained
(f) Asset management reserve	Ongoing	To provide funding for works to Council buildings as determined by the Asset Management Plan.
(g) Infrastructure reserve	Ongoing	To provide support to future budgets to minimise the impact of the loss of capital grants as and when required.
(h) Main street reserve	2029	To be used to support the Main Street upgrade project.
(i) Emergency management reserve	Ongoing	To provide funding for costs associated with local emergencies, where the costs cannot be recovered from another party.
(j) Aged housing reserve	2029	To be used to facilitate the development of Aged Housing within the Shire of Nannup.
(k) Landfill reserve	Ongoing	To provide funding for the rehabilitation of the refuse disposal site once it reaches the end of useful life.
(l) Community bus reserve	Ongoing	To be used to cover future capital upgrades.
(m) Strategic initiative reserve	Ongoing	To fund Strategic Projects identified by Council not included within original budgets.
(n) Youth reserve	2029	To be used for future Youth Asset Purchases.
(o) Trails reserve	Ongoing	To be used for trial upgrade project
(p) Footpath reserve	Ongoing	To be used for preservation of footpaths



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Nannup

To the Councillors of the Shire of Nannup

Opinion

I have audited the financial report of the Shire of Nannup (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of my report, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for qualified opinion

Infrastructure reported at the carrying value of \$100,707,176 in the financial report as at 30 June 2022 has not been revalued as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2016-17. Consequently, I was unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, I am unable to determine whether there may be any consequential impact on Revaluation Surplus and Note 21(d) Total Assets by Function and Activity.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparing and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit 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 my 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Nannup for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 April 2023