



Annual Report

For

2014/15



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Introduction

Council is pleased to present the Annual report for the Shire of Nannup for the financial year ending June 30, 2015. This report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant standards and Regulations.

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

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

Vision Statement

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

Mission Statement

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

Values

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

Honesty in our dealings

Integrity in our actions

Consistency in decision making

Teamwork in our operations

Respect for others and their decisions

Caring for people in our community

Commitment to decisions and roles

Responsive to the needs of other **Effective communication** with all

Our Community Statement

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

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

Our leaders provide for and listen to all of us.

Our Community

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

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

Our Economy

Sustainability is the key to Nannup's future

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

Our Built Environment

Keep the charm and fabric of Nannup

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

Our Natural Environment

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

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

Our Community Leadership

We listen to our community leaders

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

Our Council Leadership

A listening leadership that provides for and represents all

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

Brief Background on Nannup

Location



Nannup is situated 288km south of Perth and is geographically in the centre of the South West. The Shire of Nannup covers over 3,000 square kilometres, with a total population of 1,262 (2011 Census). Eighty-five percent of the Shire is under forest; however the rich soils, high rainfall and an excellent climate also provide ideal conditions for farming. Environment and heritage play a large role in the community's culture. Nannup boasts a variety of successful industries including beef cattle, horticulture, tourism, arts and crafts, floriculture, aquaculture, viticulture and timber processing.

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

History

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

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

Council Structure

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

Council is the decision making body on all policy matters. It meets monthly, with Ordinary Meetings of Council being held on the fourth Thursday of every month commencing at 4.15 pm. 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. Agendas for Ordinary Council Meetings are available to members of the public four days prior to meetings. Minutes are placed on display in the Nannup Library within ten working days after each meeting.

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

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

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

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

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

Nannup Shire Councillors**SHIRE PRESIDENT: Cr Tony Dean**

WARD: Central
RETIRING: 2019
ADDRESS: Lot 139 Vasse Highway Nannup WA 6275
PHONE: Ph/Fax 9756 0680
EMAIL: shirep@nannup.wa.gov.au

**DEPUTY SHIRE PRESIDENT: Cr Robin Mellema**

WARD: South
RETIRING: 2017
ADDRESS: Loc 4184 Blythe Road Nannup WA 6275
PHONE: Ph/Fax 9756 1156
EMAIL: robin.mellema@education.wa.gov.au

**COUNCILLOR: Cr Charles Gilbert**

WARD: Central
RETIRING: 2017
ADDRESS: 17 Adam Street Nannup WA 6275
PHONE: Ph/Fax 9756 1184
EMAIL: gilbertce@bigpond.com

**COUNCILLOR: Cr Bob Longmore**

WARD: North
RETIRING: 2019
ADDRESS: 15 Blackwood River Drive Nannup WA 6275
PHONE: Ph/Fax 9756 0308
EMAIL: longmore@westnet.com.au



COUNCILLOR: Cr Patricia Fraser

WARD: South
RETIRING: 2019
ADDRESS: PO Box 14, Nannup WA 6275
PHONE: Ph/Fax 9756 1112
EMAIL: pc3fraser@bigpond.com

**COUNCILLOR: Cr Anne Slater**

WARD: North
RETIRING: 2017
ADDRESS: PO Box 315 Nannup WA 6275
PHONE: 9756 1997
EMAIL: aslates@westnet.com.au

**COUNCILLOR: Cr Norm Steer**

WARD: Central
RETIRING: 2019
ADDRESS: 30b Walter Road Nannup WA 6275
PHONE: Ph/Fax 9756 1597
EMAIL: norman.steer5@bigpond.com

**COUNCILLOR: Cate Stevenson**

WARD: North
RETIRING: 2017
ADDRESS: PO Box 306 Nannup WA 6275
PHONE: 9756 0250
EMAIL: catherinestevenson25@bigpond.com



Shire President's Report

2014/2015 FINANCIAL YEAR

It is with pleasure that I present this Annual Report to the residents on the activities of the Shire of Nannup during the course of the 2014/2015 financial year.

Firstly, I would like to thank my fellow Councillors for their support during the year and having a dedicated and cohesive cohort of Councillors certainly makes my position as Shire President an enjoyable one. Throughout the course of the year there have been some challenging issues for the Council to deal with and I believe that through a consultative approach we have been able to achieve the desired objectives for the community.

Having a professional management team to support Council has also been an integral part in the operations of the organisation and I pay particular thanks to CEO, Robert Jennings, Manager Corporate Services, Vic Smith and Manager Infrastructure, Chris Wade for their guidance. Unfortunately Robert and Vic left Council's employ late in the financial year and I pay particular thanks to them for the support that they provided to all Councillors during their tenure with the Shire of Nannup.

Whilst Council's management team are an important aspect of the organisation, I must commend the contribution made by all of the employees of the Shire throughout the financial year. The administration and the road works employees have all shown that they have ownership of the organisation and work extremely hard to deliver the goals and objectives that are set by management and Council. Without these dedicated employees, we would not be achieving the results expected by the residents of the district.

This financial year saw the commencement of construction of the new function room plus associated renovation works to the existing buildings at the Nannup Recreation Centre. This project has been in the planning for some time and it was particularly pleasing to see the first phases of construction works begin. I'm positive that the end result will see a more functional facility for the sporting fraternity, and indeed the whole community and Council looks forward to a completion of the project in October 2015.

It is extremely pleasing to report that the construction of Mowen Road has opened up the pathways to Nannup and we are seeing the benefits that this project is delivering to the economy of the district. Nannup is now a destination that truly links us with the major tourist attractions within the South West and tourists are using this route on a regular basis which will certainly benefit the district in the longer term.

Council will continue to undertake internal and external reviews of our Community Strategic Plan to ensure that the strategies that have been outlined continue to remain relevant. An internal review was undertaken in 2015 and a public consultation process will be undertaken when a full review is carried out in May 2017. I would urge residents to periodically peruse the Plan and offer comments at any time in order that Council remains focussed on the goals and objectives initially laid out within the document.

As we close the 2014/2015 financial year in a relatively sound financial position, 2015/2016 will bring some financial pressures with the Nannup Recreation Centre and Main Street Revitalisation projects underway however, Council is confident that it can complete these projects and then set a course for consolidation in the coming years to minimise rate increases, yet still be able to deliver the services that our ratepayers and residents can expect.

Last but not least, on behalf of Council I pay particular thanks to the many volunteers within our community that commit their time and effort to ensure that their particular organisations and associations run with minimal fuss. From volunteer fire fighters to sporting club and festival committee members, your contribution is invaluable and you should be proud of what you do for our community.

Tony Dean
Shire President



Chief Executive Officer's 2014/2015 Annual Report

I present this Annual Report to outline the activities of the Shire of Nannup for the 2014/2015 financial year.

Having taken on the position of CEO for the Shire in the last quarter of the financial year, many of the activities that had either been undertaken or were nearing completion, apart from the continuing Recreation Centre project and the planning phase for the Nannup town site Main Street Redevelopment project with both of these projects due for completion in the 2015/2016 financial year.

The year under review from a financial perspective saw the Shire end the year with a small surplus which was a positive result. Council continued to upgrade its plant and equipment through its planned Plant Replacement Program and this ensures that the Shire of Nannup maintains a modern fleet to undertake its ongoing road construction and maintenance programs. From my observations, the standard of roads within the Shire are comparable, or if not better, than many of our neighbouring Shires. It is a credit to our small but extremely capable works crew who take great pride in the work that they undertake. It is not only the works crew that show a great work ethic as one cannot question the commitment that our gardening crew display in the presentation of the Nannup town site on a day to day basis.

Council is cognisant of the fact that it must plan for the future and the establishment of an Asset Management Reserve Fund ensures that there are sufficient funds to undertake maintenance works on the Shire of Nannup's aging infrastructure. Whilst the buildings have been maintained satisfactorily over the years, there are always unforeseen problems that arise and to have available a healthy Reserve Fund is a sound financial management practice. The commitment by Council in allocating funds to the Reserve on an annual basis ensures that in the years to come there will not be the need to raise funds from annual rates to undertake major maintenance works.

2014/2015 saw Council relinquish management of the Nannup Caravan Park and put out to tender leasing of the premises. It was considered by Council that private managers could better manage and promote the Park with a significant lease period being negotiated with the successful Lessee. Council is confident, based on the tender submitted and the future development proposed by the new Lessee, that it will become a thriving business for the Lessee and be an asset for the Shire of Nannup in the future.

Nannup continues to gain state wide recognition through its two major annual Festivals and all associated with these events must be congratulated for the tremendous work that they do in making them a resounding success. For such a small town to deliver events of this quality says a lot for the community as a whole and the benefits that the events bring to the economy of the district are significant.

In closing, on behalf of all staff I would like to thank the Shire President and Councillors for their support during the past 12 months and it is a pleasure to have a cohesive and proactive group all working towards the one objective, that being to make the Shire of Nannup a positive place to live and work in.

Peter Clarke

CHIEF EXECUTIVE OFFICER



Shire of Nannup Organisational Structure

As at 30 June 2015



It is with pleasure that I present my report to the Electors in my capacity as Manager of Corporate Services for the Shire of Nannup by providing a brief overview of the financial position of Council as at 30 June 2015.

Financial Summary

Council concluded the year with a Net Current Asset position of \$3.176m. This is comparable with the previous year where the reported figure was \$3.007m.

Council's auditor, AMD Chartered Accountants have completed an audit of Council's Financial Statements for the period 1 July 2014 to 30 June 2015 and have submitted an Independent Auditors Report to that effect. A copy of this report can be found in the final pages of this document in addition to the Annual Financial Statements.

Reserve Funds

In line with Council's strategic planning a Reserve Portfolio is managed. This portfolio is invested through term deposit structures designed to achieve optimum return on investment as identified in line with Council's Investment Policy FNC 7.

As at 30 June 2015, Council held within this Reserve Portfolio \$2,510,331. This was contained within the eleven different Reserve accounts. In an effort to demonstrate the individual breakdown the following chart is provided.

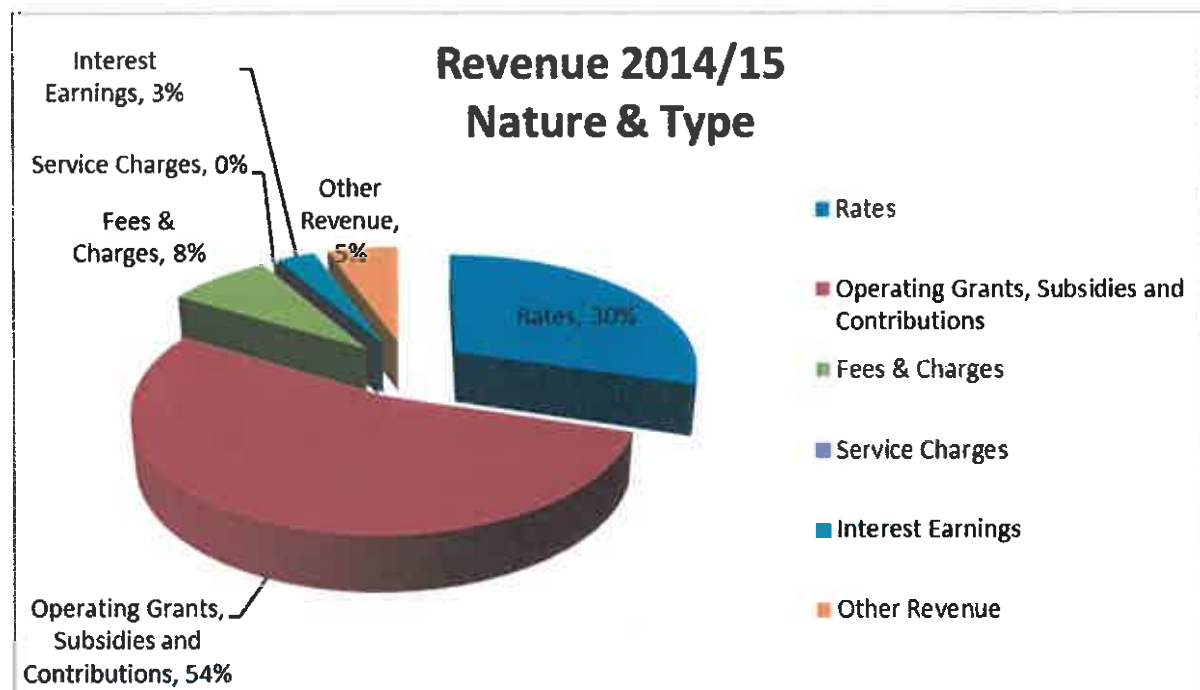


Revenue

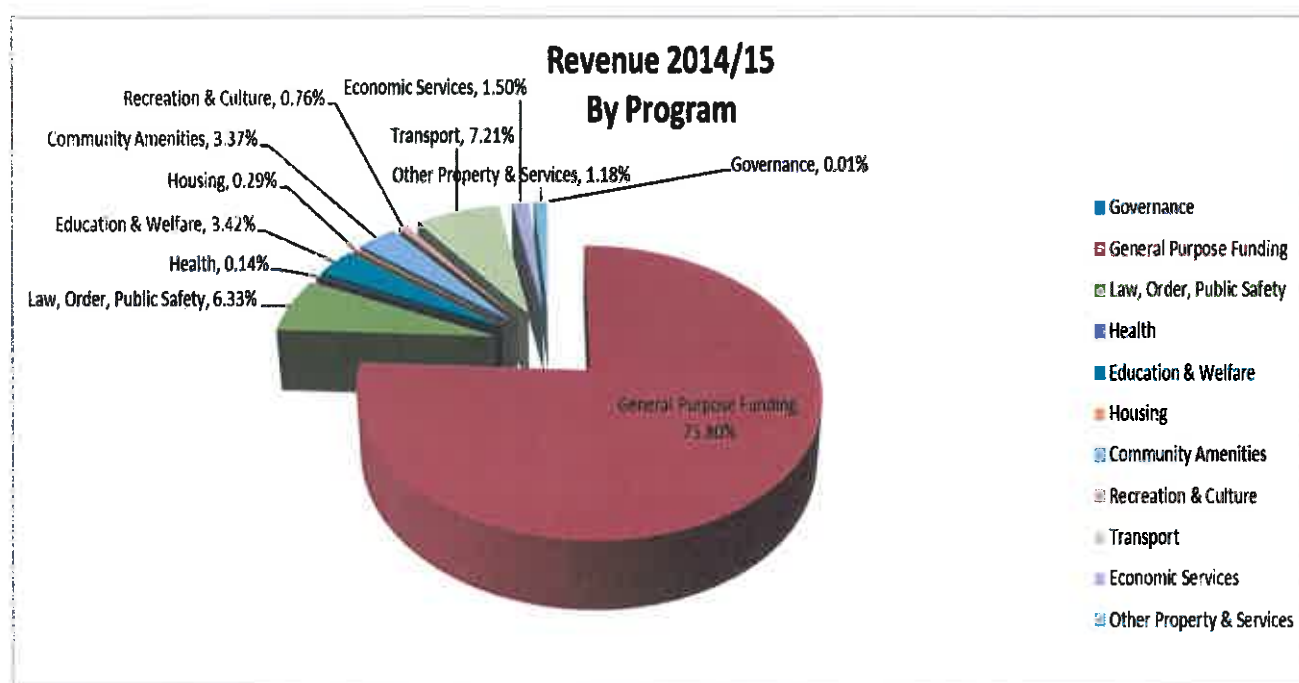
Council is limited in its capacity to raise revenue from its own sources. Revenue is primarily received in the form of grants, rates and fees and charges. Having 85% of land within our boundaries contained within state forests creates a challenge to the Shire of Nannup. Land within this category is non rateable which in turn means only 15% of the land within our shire is contributing to our Rates revenue.

Despite this limitation Council is required to ensure that adequate revenue is achieved annually to match operating expenditure, capital growth within the community and those services are provided to an acceptable standard.

The graph below details the breakdown of the income received for the 2014/15 year by Nature and Type



Income received by Program:

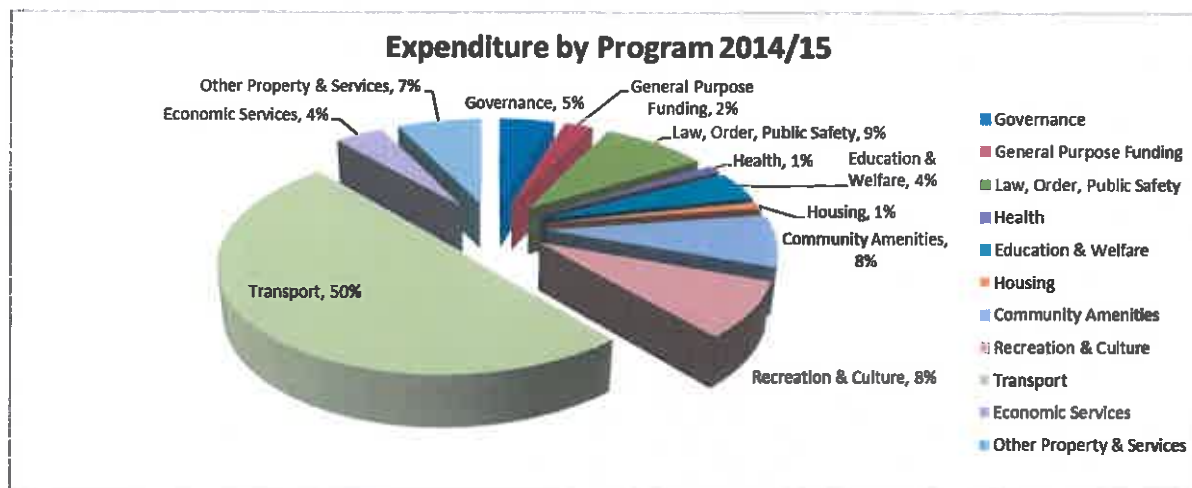


Wherever possible Council strives to maintain revenue escalation, each year, somewhere between the Australian Bureau of Statistics Consumer Price Index (CPI) and the Western Australian Local Government Association's Local Government Cost Index (LGCI). The latter

index is an indicator developed to more accurately reflect increases applicable to this industry specific sector.

Expenditure

Council's operating expenditure for 2014/15 is shown below by program. As can be seen, the majority of Council's funds are spent on transport. Primarily this is as a result of maintaining our vast road network within the Shire of Nannup.



Rating

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

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

Gross Rental Values are usually applied to properties within town sites as well as those properties classed as Special Rural lots. These properties are revalued every three years. The next revaluation is due 2015/16.

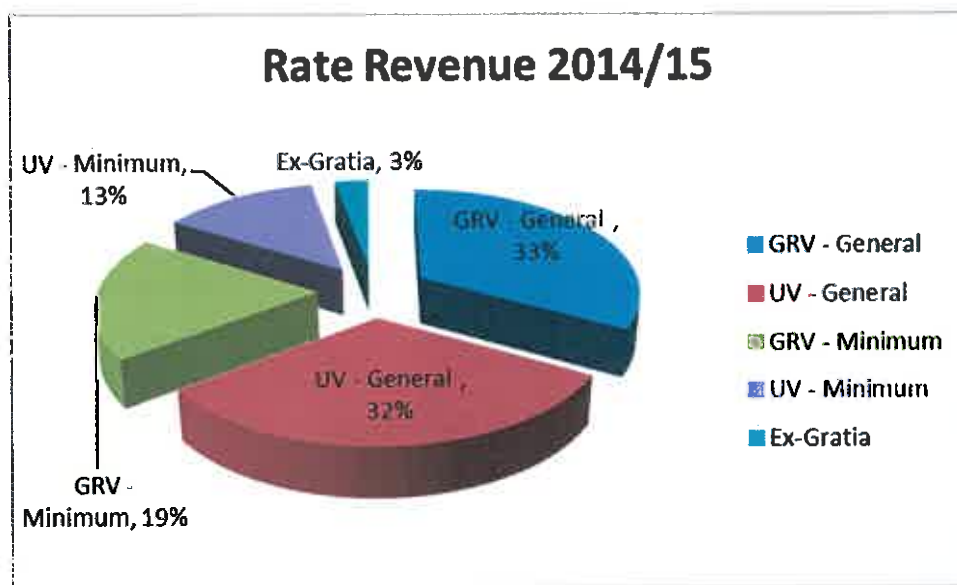
Unimproved Values are applied to rural farmland and mining tenements and are revalued annually.

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

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

Valuer General. For information on the process of doing this please contact staff within the administration office.

Rate Revenue 2014/15	
Rating Type	Rate in Dollar Applied
Gross Rental Value – General	\$0.094330
Unimproved Value - General	\$0.004075
Gross Rental Value – Minimum Rated	\$746.00 per property
Unimproved Value – Minimum Rated	\$977.00 per property
Ex-Gratia Properties	\$0.004075



Total rate revenue raised for 2014/15 for the Shire of Nannup is \$1,356,234.

Tracie Bishop
Manager Corporate Services

Works & Services Annual Report

Within the 2014/15 financial year Mowen Road construction work was completed with the final seal being applied and line marking installed. Directional signage was completed at all major intersections of this road. 2015-16 will see the last of the works finalised for this project which comprises of multiple gravel pit rehabilitation.

Council construction works included within 2014/15 budget are as follows:

Road	Works completed	Cost	Funding Body
Balingup Road	1.5km reseal	\$75k	Regional Road Group
Cundinup South Road	Reconstruction	\$75k	Regional Road Group
Fouracres Road	1.5km construction	\$120k	Regional Road Group
East Nannup Road	1.5km construction	\$108k	Roads To Recovery
Gold Gully Road	Clearing	\$100k	Roads To Recovery
Mowen Road Construction	Construction	\$1.2m	MRWA
Town Reseals	Construction	\$50k	Council

Council's plant replacement program included the replacement of the front end loader and a utility vehicle.

Staffing levels remained steady with 11 fulltime outside employees, two full time gardeners and a full time plant mechanic/supervisor plus casual staff as required.

The town garden enhancement program continued throughout the town site.

Chris Wade
MANAGER INFRASTRUCTURE



Statutory Compliance Report

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

Competitive Neutrality -- Business Activities

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

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

Freedom of Information Act 1992 - Information Statement

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

Disability Access and Inclusion Plan

The Disability Services Amendment Act 2004 introduced a requirement for Councils to produce a Disability Access and Inclusion Plan. Council submitted a revised Disability Access and Inclusion Plan to the Disability Services Commission who accepted the Plan. Council reviewed the updated plan on 28 November 2013.

State Records Act 2000 - Record Keeping Plan

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

Overview of Integrated Planning

Council's Plan for the Future is articulated in the Strategic Community Plan and the Corporate Business Plan. These plans are the primary documents that form part of the integrated planning and reporting framework legislated by State Government that give communities the opportunity to shape their own future.

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

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

In terms of major initiatives proposed to commence or continue in the next financial year the construction of the new function room at the Recreation Centre Precinct is the main

infrastructure project Council is involved with and this is expected to be completed in 2015. Stage one of the Redevelopment of the Main Street will be completed by January 2015 with further stages planned as finances and funding permit.

Employee Remuneration

During 2014/15 the number of employees whose remuneration exceeded \$100,000 (excluding benefits in kind) was as follows:

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

Complaints under Section 5.121 of the Local Government Act 1995

No complaints relating to this section of the Local Government Act were received in 2014/15.

**SHIRE OF NANNUP ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

30 JUNE 2015

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STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Nannup being the annual financial report, supporting notes and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire of Nannup at 30 June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 16th day of December 2015.



Peter Clarke

Chief Executive Officer

It is the Council's policy to provide full information to the public about its affairs. Further information about the accounts is available from the Manager Corporate Services, Shire of Nannup, Adam Street, Nannup WA 6275.

SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Rates	22	1,356,234	1,364,969	1,293,228
Operating Grants, Subsidies and Contributions	28	2,460,864	1,710,259	1,082,417
Fees & Charges	27	364,618	449,871	456,112
Service Charges	24	0	0	0
Interest Earnings	2(a)	135,297	116,743	140,850
Other Revenue		250,495	66,150	277,160
Total Revenue		4,567,508	3,707,992	3,249,767
Expenses				
Employee Costs		(1,780,948)	(1,685,803)	(1,509,940)
Materials and Contracts		(1,359,113)	(1,061,112)	(1,097,888)
Utility Charges		(103,750)	(113,045)	(127,847)
Depreciation on Non-Current Assets	2(a)	(2,498,785)	(2,049,850)	(2,021,002)
Interest Expenses	2(a)	(12,563)	(13,184)	(17,048)
Insurance Expenses		(166,158)	(187,475)	(175,636)
Other Expenditure		(9)	(300)	(16)
Total Expenses		(5,921,326)	(5,110,769)	(4,949,377)
		(1,353,818)	(1,402,777)	(1,699,610)
Non-Operating Grants, Subsidies and Contributions	28	2,750,979	2,135,081	3,071,652
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Profit on Asset Disposals	20	3,756	6,500	232
Loss on Asset Disposals	20	(54,303)	(1,500)	(121,610)
Loss on Revaluation	7	(696,969)		
NET RESULT		649,645	737,3043	1,250,664
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	486,015	0	20,402,220
Total Other Comprehensive Income		486,015	0	20,402,220
TOTAL COMPREHENSIVE INCOME		1,135,660	737,304	21,652,884

This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		365	1,000	250
General Purpose Funding		3,487,452	2,841,949	2,128,591
Law, Order, Public Safety		291,178	273,522	299,895
Health		6,516	2,600	2,818
Education & Welfare		157,422	65,817	93,345
Housing		13,260	16,796	19,396
Community Amenities		154,947	165,258	121,833
Recreation & Culture		34,795	45,200	26,270
Transport		331,739	108,000	307,401
Economic Services		68,872	162,850	150,641
Other Property & Services		54,165	25,000	99,327
Total Revenue		4,600,711	3,707,992	3,249,767
Expenses Excluding Finance Costs				
Governance		(279,254)	(297,811)	(294,996)
General Purpose Funding		(144,869)	(141,883)	(136,378)
Law, Order, Public Safety		(533,253)	(459,489)	(460,346)
Health		(65,522)	(58,043)	(55,439)
Education & Welfare		(258,694)	(174,734)	(254,820)
Housing		(59,117)	(42,924)	(38,543)
Community Amenities		(466,455)	(493,888)	(420,940)
Recreation & Culture		(494,551)	(561,198)	(514,986)
Transport		(2,955,212)	(2,537,426)	(2,371,204)
Economic Services		(251,203)	(311,362)	(343,164)
Other Property & Services		(433,836)	(18,827)	(41,513)
Total Expenses		(5,941,966)	(5,097,585)	(4,932,329)
Finance Costs				
Governance				0
Housing				0
Community Amenities	21(a)	(6,363)	(6,397)	(7,503)
Transport	21(a)	(6,200)	(6,787)	(9,545)
		(12,563)	(13,184)	(17,048)
Non-Operating Grants, Subsidies & Contributions				
General Purpose Funding		757,205	0	0
Law, Order & Public Safety		50,000	40,000	79,724
Recreation & Culture		607,105	0	9,725
Transport		1,336,668	2,095,081	2,982,203
Economic Services			0	0
	28	2,750,978	2,135,081	3,071,652

Profit/(Loss) on Disposal of Assets		(4,035)		
Governance		(2,472)	0	(17,281)
Law & Order		(7,383)	5,000	0
Transport		(36,656)		(104,097)
	20	(50,546)	5,000	(121,378)
Loss on Revaluations	7	(696,969)		
NET RESULT		649,645	737,304	1,250,664
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	486,015	0	20,402,220
Total Other Comprehensive Income		486,015	0	20,402,220
TOTAL COMPREHENSIVE INCOME		1,135,660	737,304	21,652,884

This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 Actual \$	2014 Actual \$
Current Assets			
Cash & Cash Equivalents	3	3,641,355	2,963,846
Trade & Other Receivables	4	260,980	663,318
Inventories	5	6,240	11,074
Total Current Assets		3,908,575	3,638,238
Non-Current Assets			
Other Receivables	4	140,857	149,558
Inventories	5	0	0
Property, Plant & Equipment	6	13,264,812	11,833,536
Infrastructure	7	96,818,329	97,357,066
Total Non-Current Assets		110,223,998	109,340,160
TOTAL ASSETS		114,132,573	112,978,398
Current Liabilities			
Trade & Other Payables	8	326,492	210,951
Current Portion of Long Term Borrowings	9	76,933	72,723
Provisions	10	329,046	347,389
Total Current Liabilities		732,471	631,063
Non-Current Liabilities			
Long Term Borrowings	9	82,435	159,368
Provisions	10	18,704	25,165
Total Non-Current Liabilities		101,139	184,533
TOTAL LIABILITIES		833,610	815,596
NET ASSETS		113,298,963	112,162,802
EQUITY			
Retained Surplus		29,291,761	29,065,175
Reserves – Cash backed	11	2,510,331	2,086,771
Revaluation Surplus	12	81,496,871	81,010,856
TOTAL EQUITY		113,298,963	112,162,802

This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Retained Surplus	Reserves/ Cash Investment Backed	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2013	27,970,840	1,930,442	60,608,636	90,509,918
Comprehensive Income				
Net Result	1,251,164	0	0	1,250,664
Changes on Revaluation of Non-Current Assets		0	20,402,220	20,402,720
Total Comprehensive Income	1,251,164	0	20,402,220	21,653,384
Reserve Transfers	(156,329)	156,329	0	0
Balance as at 30 June 2014	29,065,675	2,086,771	81,010,856	112,163,302
Comprehensive Income				
Net Result	649,646			649,646
Changes on Revaluation of Non-Current Assets	0		486,015	486,015
Total Comprehensive Income	649,646	0	486,015	1,106,085
Reserve Transfers	(423,560)	423,560		0
Balance as at 30 June 2015	29,291,761	2,510,331	81,496,871	113,298,963

This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		733,614	1,364,969	1,243,079
Operating Grants, Subsidies and Contributions		2,460,864	1,710,259	1,082,417
Fees & Charges		667,523	449,871	480,526
Service Charges		0	0	0
Interest Earnings		135,297	116,743	131,983
Other Revenue		403,732	66,150	280,252
Total Receipts		4,401,030	3,707,992	3,218,257
Payments				
Employee Costs		(1,832,529)	(1,474,675)	(1,578,761)
Materials and Contracts		(1,354,799)	(1,061,112)	(1,263,810)
Utility Charges		(103,750)	(113,045)	(127,847)
Insurance Expenses		(166,158)	(187,475)	(175,636)
Interest Expenses		(12,564)	(12,528)	(16,453)
Other Expenditure		696,960	(300)	(16)
Total Payments		(2,772,840)	(2,849,135)	(3,162,523)
Net Cash Provided by/(Used in) Operating Activities	13(b)	1,628,190	858,857	55,734
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,743,716)	(519,300)	(1,256,844)
Payments for Construction of Infrastructure		(2,021,945)	(3,252,247)	(3,712,759)
Non-Operating Grants, Subsidies & Contributions used for the Development of Assets		2,759,714	0	3,071,652
Proceeds from the Sale of Plant & Equipment		127,991	2,135,081	310,892
Proceeds from Advances		0	145,000	0
Cash Provided by/(Used in) Investing Activities		(877,956)	(1,491,466)	(1,587,059)
Cash Flows from Financing Activities				
Repayment of Debentures		(72,723)	(72,723)	(68,743)
Advances to Community Groups		0	0	0
Proceeds from Self-Supporting Loans		0	13,713	0
Proceeds from New Debentures		0	0	0
Net Cash Provided by/(Used in) Financing Activities		(72,723)	(59,010)	(68,743)
Net Increase/(Decrease) in Cash Held		677,511	(691,619)	(1,600,068)
Cash at Beginning of Year		2,963,846	3,532,050	4,563,914
Cash & Cash Equivalents at End of Year	13(a)	3,641,357	2,840,431	2,963,846

This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		365	1,000	250
General Purpose Funding		2,888,426	1,476,980	835,363
Law, Order, Public Safety		341,178	313,522	379,619
Health		6,516	2,600	2,818
Education & Welfare		157,422	65,817	93,345
Housing		13,260	16,796	19,396
Community Amenities		154,947	165,258	121,833
Recreation & Culture		641,900	45,200	35,995
Transport		1,668,407	2,203,081	3,289,604
Economic Services		68,872	162,850	150,641
Other Property & Services		54,165	25,000	99,327
Total Revenue		5,995,458	4,478,104	5,028,191
Expenses				
Governance		(283,289)	(297,811)	(319,780)
General Purpose Funding		(144,869)	(141,883)	(136,378)
Law, Order, Public Safety		(535,726)	(459,489)	(460,346)
Health		(65,522)	(58,043)	(55,439)
Education & Welfare		(258,694)	(174,734)	(254,820)
Housing		(59,117)	(42,924)	(38,543)
Community Amenities		(472,818)	(500,285)	(420,940)
Recreation & Culture		(543,343)	(561,198)	(514,986)
Transport		(3,046,861)	(2,539,213)	(2,484,846)
Economic Services		(258,586)	(311,362)	(343,164)
Other Property & Services		(433,836)	(18,827)	(41,513)
Total Expenses		(6,102,661)	(5,105,769)	(5,070,755)
Net Operating Result Excluding Rates		(107,203)	(627,665)	(42,564)

Net Operating Result Excluding Rates		(107,203)	(627,665)	(42,564)
Adjustments for Cash Budget Requirements				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposals	20	50,547	(5,000)	121,378
(Increase)/Decrease in Deferred Pensioner Rates (Non-Current)	4	(5,859)	8,424	(10,170)
Increase/(Decrease) in Leave Provisions	10	(6,461)	203,360	(94)
Depreciation and Amortisation on Assets	2(a)	2,498,786	2,049,850	2,021,002
Capital Expenditure & Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land & Buildings	6	(1,243,116)	(40,000)	(667,846)
Purchase Infrastructure Assets	7	(2,021,945)	(3,252,247)	(3,712,759)
Purchase Plant & Equipment	6	(488,450)	(479,300)	(574,013)
Purchase Furniture & Equipment	6	(12,160)	0	(14,995)
Proceeds from Disposal of Assets	20	128,000	145,000	310,901
Repayment of Debentures	21	(72,723)	(72,723)	(68,743)
Proceeds from New Debentures	21	0	0	0
Advances to Community Groups	4	0	0	0
Self-Supporting Loan Principal Income		13,713	13,713	12,915
Transfers to Reserves (Restricted Assets)	11	(1,193,500)	(416,880)	(786,792)
Transfers from Reserves (Restricted Assets)	11	769,940	475,000	630,463
ADD: Estimated Surplus/(Deficit) July 1 B/fwd	22(b)	979,418	633,499	2,467,507
LESS: Estimated Surplus/(Deficit) June 30 C/fwd	22(b)	645,221	0	979,418
Amount to be Required to be Raised from Rates	22	(1,356,234)	(1,364,969)	(1,293,228)

This statement should be read in conjunction with the accompanying notes.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

a. Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****b. Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

c. Cash and Cash Equivalents

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

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

d. Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

e. InventoriesGeneral

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

f. Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government –
 - (i) that are plant and equipment; and
 - (ii) that are –
 - land and buildings; or
 - infrastructure;
 - and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013 Council adopted Fair Value in accordance with the Regulations.

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

Initial Recognition and Measurement Between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the **Initial Recognition** section as detailed above.

Those assets carried at fair value will be carried in accordance with the **Revaluation Methodology** section as detailed above.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****Land under Roads**

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

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

Buildings	40 years	Straight Line
Furniture and Equipment	10 years	Straight Line
Office Equipment	5 years	Straight Line
Plant and Equipment	10 years	Reducing Balance
Sealed roads and streets		
• formation		Not Depreciated
• pavement	50 years	Straight Line
• seal		
- bituminous seals	15 years	Straight Line
- asphalt surfaces	15 years	Straight Line
Bridges	50 years	Straight Line
Kerbs	100 years	Straight Line
Parks & Gardens	50 years	Straight Line
Footpaths - slab	50 years	Straight Line
Water supply piping and drainage systems	50 years	Straight Line

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.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****Capitalisation Threshold**

Expenditure on items of equipment under \$2,000 is not capitalised. Assets may be capitalised where they can be easily grouped and where the total value of the assets so grouped exceeds the \$3,000 threshold.

g. Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations as set out below.

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.*****Level 2***

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

available are developed using the best information available about such assumptions and are considered unobservable.

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

h. Financial Instruments**Initial Recognition and Measurement**

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.***(i) Financial assets at fair value through profit or loss*

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

Assets in this category are classified as current assets

*(ii)**Loans and receivables*

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

i. Impairment

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

j. Trade and Other Payables

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

k. Employee Benefits

Short term Employee Benefits

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

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****Other Long Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

l. Borrowing Costs

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

m. Provisions

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

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

n. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments,

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

o. Investments in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies.

The Shire of Nannup has no investment in associates.

p. Interests in Joint Arrangements

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

The Shire of Nannup has no Joint Venture arrangements.

q. Rates, Grants, Donations and Other Contributions

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

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

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

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****r. Superannuation**

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

s. Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

t. Rounding Off Figures

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

u. Comparative Figures

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

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

v. Budget Comparative Figures

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

w. New Accounting Standards and Interpretations for Application In Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council. Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

	Title and Topic	Issued/ Compiled	Applicable¹	Impact
(i)	AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

(iv)	<p>AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</p> <p>[Operative date: Part C Financial Instruments - 1 January 2015]</p>	December 2013	Refer title column	<p>Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.</p>
(v)	<p>AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

(vi)	AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	August 2014	1 January 2016	<p>This standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vii)	AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15]	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(vii)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

(viii)	<p>AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</p> <p>[AASB 7, 101, 134 & 1049]</p>	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
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Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

(ix)	AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>
(x)	<p>AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for- Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

x. Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2011 - 7	AASB 2013 – 8
AASB 2012 - 3	AASB 2013 – 9 Parts A & B
AASB 2013 – 3	

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

The Council also chose to early adopt AASB 13 – Fair Value Measurement as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

2. REVENUE AND EXPENSES**(a) Net Result**

	2015	2014
	\$	\$
(i) Charging as an Expense:		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	9,700	9,300
- Other Services	3,390	3,170
	13,090	12,470
Depreciation		
Buildings	215,324	207,801
Furniture and Equipment	8,871	8,291
Plant and Equipment	410,876	392,396
	635,071	608,488
Infrastructure Assets		
Roads	1,355,362	1,322,033
Bridges	403,328	0
Footpaths	25,647	12,180
Drainage	50,187	50,187
Parks & Ovals	29,190	28,114
	1,863,714	1,412,514
	2,498,785	2,021,002

The Net Result includes:

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

	2015	2014
	\$	\$
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (refer Note 21(a))	12,563	17,048
	12,563	17,048
Rental Charges		
Operating Leases	0	0

	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
(ii) Crediting as Revenue:	0	0	0
Interest Earnings			
Investments			
- Reserve Funds	41,844	21,880	50,324
- Other Funds (DOTARS, RTR & General)	79,675	72,000	62,617
Other Interest Revenue	13,778	22,863	27,909
	135,297	116,743	140,850

(b) Statement of Objectives

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.

Council operations as disclosed in this report encompass the following service orientated activities/programs:

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.

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

HEALTH

Objective: To provide an operational framework for good community health.

Activities: Food quality, building sanitation and sewage.

EDUCATION AND WELFARE

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

Activities: Operation of pre-school, provision of youth support.

HOUSING

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Objective: Provide services required by the community.

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

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

RECREATION AND CULTURE

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

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

TRANSPORT

Objective: To provide effective and efficient transport services to the community.

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

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic wellbeing.

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

OTHER PROPERTY AND SERVICES

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

Activities: Private works operations, plant repairs and operations costs.

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 01-Jul-13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30-Jun-14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30-Jun-15 \$
Count Me In	Education and Welfare	40,060		(26,148)	13,912		(13,912)	0
Kidsport	Education and Welfare	21,251	30,000	(28,459)	22,792	6,641	6,641	6,641
Drift	Education and Welfare	900		(900)	0			0
Surf Camps	Education and Welfare	5,449		(5,449)	0			0
Community Kitchen	Education and Welfare	0	1,000	(1,000)	0			0
Town Hall Centenary	Education and Welfare	0	6,364	(6,364)	0			0
Heritage Trail	Education and Welfare	0	19,928	0	19,928		(19,928)	0
Community Sheds	Education and Welfare	0	0	(28,183)	(28,183)	34,507		6,324
Bridle Trail	Education and Welfare	0	0	(6,650)	(6,650)	19,900		13,250
National Youth Week	Education and Welfare	0	1,000	(1,000)	0			0
SEMC Aware	Education and Welfare	0	4,195	(1,467)	2,728		(2,728)	0
Community Garden	Education and Welfare	0	1,000	(200)	800		(800)	0
R4R individual 2010/11	General Purpose Funding	205,490	0	(205,490)	0			0
R4R Individual 2011/12	General Purpose Funding	311,377	0	(29,184)	282,193		(282,193)	0
R4R Regional 2011/12 -	General Purpose Funding	216,660	0	0	216,660		(216,660)	0
R4R Individual 2012/13- Heart of Nannup	General Purpose Funding	0	0	0	0	335,468	(335,468)	0
R4R Regional 2011/12 - Heart of Nannup	General Purpose Funding	0	0	0	0	330,000	(330,000)	0
Carlotta Fire Shed	Law, Order, Public Safety	(65,005)	79,724	(14,719)	0	0	0	0
Bushfire Operating Grant	Law, Order, Public Safety	0	0.00	0	0	118,296	(99,466)	18,834
Bushfire Risk Management Plan	Law, Order, Public Safety	0	0	0	0	50,000	0	50,000
Bushfire Risk Coordinator	Law, Order, Public Safety	0	70,000	(27,993)	42,007	31,648	(73,655)	0
Cat Reistration Grant	Law, Order, Public Safety	0	7,000	0	7,000		0	7,000
WAEMI Business Case	Law, Order, Public Safety	2,991	0	(2,991)	0		0	0
DOTARS - Mowen Rd	Transport	1,012,805	2,200,000	(2,727,439)	485,366	980,000	(1,465,366)	0
Total		1,751,978	2,420,211	(3,113,636)	1,058,553	1,904,819	(2,861,327)	102,045

(1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

3. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Unrestricted	902,091	(247,978)
Restricted	2,510,331	2,086,771
Restricted (Other)	228,934	1,125,053
Total Cash & Cash Equivalents	3,641,356	2,963,846

The following restrictions have been imposed by regulations or other externally imposed requirements:

	Note	2015	2014
		\$	\$
Unspent Grants	2(c)	102,045	1,058,553
Restricted Assets		151,075	32,705
DPI Licensing		0	0
Youth Advisory Committee		16,250	13,980
ATO liability		(40,436)	19,815
Total Other Restricted Funds		228,934	1,125,053

Reserves – Cash Backed	2015	2014
	\$	\$
Long Service Leave Reserve	189,395	167,768
Office Equipment Reserve	50,669	34,923
Asset Management Reserve	420,020	292,824
Rate Equalisation Reserve	100,000	150,000
Emergency Management Reserve	53,298	52,185
Aged Housing Reserve	21,322	20,876
Landfill Site Reserve	41,140	30,696
Recreation Centre Reserve	141,080	384,346
Plant Reserve	506,991	606,708
Gravel Pit Reserve	20,000	7
Main Street Upgrade Reserve	966,416	346,438
Total Restricted Funds	2,510,331	2,086,771

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****4. TRADE AND OTHER RECEIVABLES**

	2015	2014
	\$	\$
Current		
Rates Outstanding	128,018	208,226
Accrued Income	2,721	28,899
Sundry Debtors	115,731	412,480
GST Receivable	(50)	0
Loans - Clubs/Institutions	14,560	13,713
	260,980	663,318
Non-Current		
Rates Outstanding - Pensioners	58,422	52,563
Loans - Clubs/Institutions	82,435	96,995
	140,857	149,558

5. INVENTORIES

	2015	2014
	\$	\$
Fuel & Materials	6,240	11,074

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****6. PROPERTY, PLANT AND EQUIPMENT**

	2015	2014
	\$	\$
Freehold Land – Fair Value	2,120,000	925,000
Freehold Land – Cost		
Buildings – Fair Value	8,838,985	8,760,806
Buildings – Cost		
Less Accumulated Depreciation	(113,263)	(348,875)
	10,845,722	9,336,931
 Furniture and Equipment – Management Valuation 2014	 125,856	 139,352
Less Accumulated Depreciation	(87,455)	(102,500)
	38,402	36,852
 Plant and Equipment – Management Valuation 2014	 4,177,522	 4,047,684
Less Accumulated Depreciation	(1,796,834)	(1,587,931)
	2,380,688	2,459,753
 Plant and Equipment Under Lease	 0	 0
Less Accumulated Amortisation	0	0
	0	0
	13,264,812	11,833,536

Land & Buildings

All of the Shire's Land and Buildings were initially revalued at 31 December 2011 by independent valuers, Australian Valuation Partners Pty Ltd. In 2015 these land and buildings were again revalued as per Local Government (Financial Management) Regulations guidelines.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs, being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised buildings are deemed to have been valued using Level 3 inputs.

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

These Level 3 inputs are based on assumptions with regard 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 significantly higher or lower fair value measurement.

The 2015 revaluation resulted in an overall increase of \$1,195,000 in the land asset revaluation reserve and a decrease of \$708,985 in the building asset revaluation reserve (refer Note 12). The net increase of \$485,016 is recognised on the Statement of Comprehensive Income as "a change on revaluation".

Movement in Carrying Amounts

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

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

	Land & Buildings	Furniture & Equipment	Plant & Equipment	Leased Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2014	9,336,930	36,851	2,459,754	0	11,833,535
Additions	1,243,116	12,160	488,450	0	1,743,726
(Disposals)	(5,016)	(1,739)	(156,639)	0	(163,394)
Revaluation - Increments	1,195,000	0	0	0	1,195,000
- Decrements	(708,985)	0	0	0	(708,985)
Impairment - Increments	0	0	0	0	0
- Decrements	0	0	0	0	0
Depreciation (Expense)	(215,324)	(8,871)	(410,876)	0	(635,071)
Carrying amount as at 30 June 2015	10,845,721	38,401	2,380,689	0	13,264,811

7. INFRASTRUCTURE

	2015	2014
	\$	\$
Roads - Management Valuation	112,063,375	110,439,831
Less Accumulated Depreciation	(38,542,681)	(37,187,319)
	73,520,694	73,252,512
 Bridges - Independent Valuation	 20,564,438	 20,166,438
Less Accumulated Depreciation	(403,328)	0
	20,161,110	20,166,438
 Footpaths - Management Valuation	 1,420,546	 1,420,145
Less Accumulated Depreciation	(409,801)	(384,154)
	1,010,745	1,035,991
 Drainage - Management Valuation	 2,509,343	 2,509,343
Less Accumulated Depreciation	(515,488)	(465,301)
	1,993,855	2,044,042
 Parks & Ovals - Management Valuation	 133,000	 1,441,699
Less Accumulated Depreciation	(1,076)	(583,616)
	131,924	858,083
	96,818,328	97,357,066

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

The Shire's road and drainage infrastructure was revalued at 1 July 2012 by management. The valuation is derived from data within the council's roads maintenance system (ROMANS) as an approximation of fair value.

Bridges and footpaths were revalued on 26 March 2014 and 30 June 2014 respectively. Bridges were valued by an independent valuer, Howson Management, and data for footpaths was derived from data within ROMANS as an approximation of fair value.

The Shire's parks and gardens (level 3 inputs) were revalued at 30 April 2015 by Griffin Valuations. In accordance with Local Government (Financial Management) Regulation 16A, this asset was recognised. The assets were initially recognised at cost but revalued along with other items of land and buildings at 30 April 2015.

The revaluation of parks and gardens resulted in an overall decrease of \$696,969 in the net value of the Shire's infrastructure. All of this decrease was debited to the Statement of Changes in Equity.

Infrastructure assets (including roads, infrastructure, drainage and pathways) were valued having regard for their current replacement cost utilising both observable and unobservable inputs, being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Movements in Carrying Amounts

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

	Roads	Bridges	Footpaths	Drainage	Parks & Ovals	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2014	73,254,094	20,166,438	1,035,991	2,044,042	856,502	97,357,067
Additions	1,623,544	398,000	401	0	0	2,021,945
(Disposals)	0	0	0	0	0	0
Revaluation						
- Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	(696,968)	(696,968)
Impairment						
- (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation (Expense)	(1,355,362)	(403,328)	(25,647)	(50,187)	(29,190)	(1,863,714)
Carrying amount as at 30 June 2015	73,522,276	20,161,110	1,010,745	1,993,855	130,344	96,818,330

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

8. TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Current		
Sundry Creditors	(894)	104,529
Restricted Assets	151,075	32,705
GST Payable	14	19,622
PAYG Tax Payable	(40,469)	0
Withholding Tax	19	192
YAC Funds	16,250	13,980
Youth Co-ord Network	0	0
Accrued Expenses	173,832	27,123
DPI - Licensing	0	0
Accrued Interest on Debentures	1,493	1,493
Accrued Salaries and Wages	25,172	11,307
	326,492	210,951

9. LONG-TERM BORROWINGS

	2015 \$	2014 \$
Current		
Secured by Floating Charge		
Debentures	76,933	72,723
Lease Liability	0	0
	76,933	72,723

	2015 \$	2014 \$
Non-Current		
Secured by Floating Charge		
Debentures	82,435	159,368
Lease Liability	0	0
	82,435	159,368

Additional detail on borrowings is provided in Note 21.

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening Balance at 1 July 2014			
Current Provisions	\$ 192,522	\$ 154,867	\$ 347,389
Non Current Provisions	\$ -	\$ 25,165	\$ 25,165
			\$ 372,554
Additional Provision	\$ 80,024	\$ 13,452	\$ 93,476
Amounts used	(89,509)	(28,772)	(118,280)
Increase in discounted amount arising because of time and the effect of any change in the discount rate			\$ -
Balance as at 30 June 2015	\$ 183,037	\$ 164,712	\$ 347,750
Comprises			
Current Provisions	\$ 183,037	\$ 146,008	\$ 329,045
Non Current Provisions		\$ 18,704	\$ 18,704
			\$ 347,749

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****11. RESERVES - CASH BACKED**

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash of this financial report. In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Long Service Leave Reserve			
Opening Balance	167,768	167,768	139,086
Amount Set Aside / Transfer to Reserve	25,000	25,000	25,000
Interest Earned	3,050	2,400	3,682
Amount Used / Transfer from Reserve	(6,423)	0	0
	189,395	195,168	167,768
Office Equipment Reserve			
Opening Balance	34,924	34,923	34,037
Amount Set Aside / Transfer to Reserve	15,000	15,000	15,000
Interest Earned	745	100	881
Amount Used / Transfer from Reserve	0	0	(14,995)
	50,669	50,023	34,923

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Asset Management Reserve			
Opening Balance	292,824	292,824	110,000
Amount Set Aside / Transfer to Reserve	180,000	180,000	180,000
Interest Earned	2,406	2,500	2,824
Amount Used / Transfer from Reserve	(55,210)	0	0
	420,020	475,324	292,824
Rates Equalisation Reserve			
Opening Balance	150,000	150,000	0
Amount Set Aside / Transfer to Reserve	0	0	150,000
Interest Earned	0	0	0
Amount Used / Transfer from Reserve	(50,000)	(50,000)	0
	100,000	100,000	150,000
Emergency Management Reserve			
Opening Balance	52,185	52,185	50,838
Amount Set Aside / Transfer to Reserve	0	0	0
Interest Earned	1,113	500	1,347
Amount Used / Transfer from Reserve	0	0	0
	53,298	52,685	52,185
Aged Housing Reserve			
Opening Balance	20,876	20,876	20,334
Amount Set Aside / Transfer to Reserve	0	0	0
Interest Earned	446	200	542
Amount Used / Transfer from Reserve	0	0	0
	21,322	21,076	20,876
Land Fill Site Reserve			
Opening Balance	30,696	30,696	20,167
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Interest Earned	444	200	529
Amount Used / Transfer from Reserve	0	0	0
	41,140	40,896	30,696
Recreation Centre Reserve			
Opening Balance	384,345	384,345	784,181
Amount Set Aside / Transfer to Reserve	0	0	0
Interest Earned	16,735	10,000	20,298
Amount Used / Transfer from Reserve	(260,000)	0	(420,134)
	141,080	394,345	384,345
Plant & Machinery Reserve			
Opening Balance	606,708	606,708	490,470
Amount Set Aside / Transfer to Reserve	180,000	145,000	275,000
Interest Earned	10,733	1,300	12,700
Amount Used / Transfer from Reserve	(290,450)	(325,000)	(171,462)
	506,991	428,008	606,708
Gravel Pit Reserve			
Opening Balance	7	7	0
Amount Set Aside / Transfer to Reserve	20,000	20,000	0
Interest Earned	0	180	7
Amount Used / Transfer from Reserve	(7)	0	0
	20,000	20,187	7

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.**

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Main Street Upgrade Reserve			
Opening Balance	346,438	346,438	281,329
Amount Set Aside / Transfer to Reserve	721,656	0	81,468
Interest Earned	6,172	4,500	7,513
Amount Used / Transfer from Reserve	(107,850)	(100,000)	0
	966,416	250,938	346,438
	2,510,331	1,783,459	2,086,770

Long Service Leave Reserve: to be used to fund long service leave requirements.

Office Equipment Reserve: to be used to ensure that the administration office and computer system is maintained.

Asset Management Reserve: to be used for major building repairs as set out in the Asset Management Plan.

Rates Equalisation Reserve: to support the 2015/16 budget to minimise the projected rate increase in that year.

Emergency Management Reserve: to be used to cover the unfunded costs of emergencies, such as bush fires.

Aged Housing Reserve: to be used to facilitate the development of Aged Housing.

Landfill Site Reserve: to be used for the rehabilitation of the Nannup Waste Facility at the end of its useful life.

Recreation Centre Reserve: to be used for the construction of a new recreation centre.

Plant & Machinery Reserve: to be used for the purchase of major plant.

Gravel Pit Reserve: to be used for the rehabilitation of the gravel pit at the end of its useful life.

Main Street Upgrade Reserve: to be used for the provision of underground power in the main street.

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

RESERVES - ASSET REVALUATION	2014/15	2013/14
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
Land		
Opening balance	678,250	678,250
Increment	1,195,000	
Closing Balance	1,873,250	678,250
Buildings		
Opening balance	5,357,664	5,318,540
Increment	(708,985)	39,124
Closing Balance	4,648,679	5,357,664
Plant & Equipment		
Opening balance	80,962	41,613
Increment	0	39,349
Closing Balance	80,962	80,962
Roads		
Opening balance	54,373,996	54,373,996
Increment		
Closing Balance	54,373,996	54,373,996
Bridges		
Opening balance	19,774,438	0
Increment		19,774,438
Closing Balance	19,774,438	19,774,438
Footpaths		
Opening balance	745,547	0
Increment		745,547
Closing Balance	745,547	745,547
TOTAL ASSET REVALUATION RESERVES	81,496,872	81,010,857

13. NOTES TO THE STATEMENT OF CASH FLOWS

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:

(a) Reconciliation of Cash

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Cash and Cash Equivalents	3,641,356	2,840,431	2,963,846

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Net Result	649,646	737,304	1,250,664
Amortisation	0	0	0
Depreciation	2,498,786	2,049,850	2,021,002
(Profit)/Loss on Sale of Asset	50,547	(5,000)	121,378
(Increase)/Decrease in Receivables	621,103	0	(166,531)
(Increase)/Decrease in Inventories	(17,314)	0	(11,074)
Increase/(Decrease) in Payables	115,192	656	(108,710)
Increase/(Decrease) in Employee Provisions	(24,804)	211,128	20,659
Increase/(Decrease) in Revaluation	486,015	0	0
Grants/Contributions for the Development of Assets	(2,750,981)	(2,135,081)	(3,071,654)
Net Cash from Operating Activities	1,628,190	(858,857)	55,734

(c) Undrawn Borrowing Facilities

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Credit Standby Arrangements			
Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	3,000	0	3,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	3,000	0	3,000
Loan Facilities			
Loan Facilities - Current	76,933	76,933	72,723
Loan Facilities - Non-Current	82,435	82,435	159,368
Total Facilities in Use at Balance Date	159,368	159,368	232,091
Unused Loan Facilities at Balance Date	0	0	0

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****14. CONTINGENT LIABILITIES**

The Shire of Nannup has no contingent liabilities as at 30 June 2015.

15. CAPITAL AND LEASING COMMITMENTS**(a) Operating Lease Commitments**

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

	2015 \$	2014 \$
Payable:		
- not later than one year	3,688	3,688
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>3,688</u>	<u>3,688</u>

(b) Capital Expenditure Commitments

The Shire of Nannup's capital expenditure commitments up to 30 June 2015 are as follows:

Buildings:

- Refurbishment of the Nannup Recreation Centre - \$1,177,750.
- Ablution Block Upgrade – Nannup Caravan Park - \$54,584

Infrastructure:

- Mowen Road \$1,049,807
- Local Roads \$520,469
- Main Street \$53,266

16. JOINT VENTURE

The Shire of Nannup has no joint venture arrangement as at 30 June 2015.

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2015 \$	2014 \$
Governance	1,352,713	1,696,655
General Purpose Funding	1,166,497	964,621
Law, Order, Public Safety	1,206,946	1,454,343
Health	0	25,987
Education and Welfare	552,097	549,788
Housing	985,323	1,069,991
Community Amenities	797,134	760,814
Recreation and Culture	4,126,532	4,202,936
Transport	102,236,372	98,435,268
Economic Services	1,629,799	1,005,207
Other Property and Services	79,161	2,542,781
Unallocated	0	270,007
Total Assets	114,132,574	112,978,398

18. FINANCIAL RATIOS

	2015	2014	2013
Current Ratio	2.69	0.96	2.19
Operating Surplus Ratio	(0.67)	(0.84)	(0.48)
Own Source Revenue Coverage Ratio	0.35	0.43	0.45
Debt Service Cover Ratio	12.98	2.53	9.74
Asset Sustainability Ratio	0.61	1.05	1.28

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets} - \text{restricted assets}}{\text{current liabilities} - \text{liabilities associated with restricted assets}}$
Operating Surplus Ratio	$\frac{\text{operating revenue} - \text{operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest \& depreciation}}{\text{principal \& interest}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

19. TRUST FUNDS

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

	Balance 01-Jul-14	Amounts Received	Amounts Paid	Balance 30-Jun-15
	\$	\$	\$	\$
Building and Construction Industry Training Fund Levy	13,030	9,355		22,385
Builders Registration Board of WA Levy	12,781	6,343		19,124
Bonds	34,274	1,400	(1,840)	33,834
Nomination Deposits	80	160	(160)	80
Donations – Aust Sports Centre	0	15,250	0	15,250
	60,165	32,508	(2,000)	90,672

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Caravan Park Ablution Block - Balingup Rd	5,133	0	0	0	(5,133)	0
Fast Attack Landcruiser - Darradup	2,472	0	0	0	(2,472)	0
Papas Trailer - Caravan Park	2,250	2,250	0	0	(2,250)	(2,250)
Volvo Loader	140,413	101,500	100,000	100,000	(40,413)	(1,500)
Kubota Tractor	24,244	24,250	28,000	30,000	3,756	5,750
HP Server	4,035	0	0	0	(4,035)	0
HP Tape Drive	0	0	0	0	0	0
	178,547	128,000	128,000	130,000	(50,547)	2,000

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-14 \$	New Loans \$	Principal Repayments		Principal 30-Jun-15		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities								
L37 S/S Community Resource Centre ¹	110,708	0	13,713	13,713	96,995	96,995	6,363	6,363
Transport								
L38 Plant	121,383	0	59,010	59,010	62,373	62,373	6,200	6,200
	232,091	0	72,723	72,723	159,368	159,368	12,563	12,563

1. Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

76,933 Current

82,435 Non-Current

159,368

(b) New debentures 2014/15

There were no new debentures raised in 2014/15.

(c) Unspent Debentures

There were no unspent debentures in 2014/15.

(d) Overdraft

Council does not have an overdraft facility to assist with short term liquidity requirements.

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

RATE TYPE	Rate in Dollar \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - General	0.094330	369	4,794,198	452,237	(1)	0	452,236	452,236	0	0	452,236
UV - General	0.004075	197	96,696,933	394,040	30,299	0	424,339	433,115	0	0	433,115
Sub Totals		566	101,491,131	846,277	30,298	0	876,575	885,351	0	0	885,351
	Minimum \$										
Minimum Rates											
GRV - General	746	347	1,809,002	258,862			258,862	258,862	0	0	258,862
UV - General	977	186	26,306,705	181,722			181,722	181,722	0	0	181,722
Sub-Totals		536	28,115,707	440,584	0	0	440,584	440,584	0	0	440,584
Ex-Gratia Rates Discounts	Note 25						1,317,159				1,325,935
Total Amount Raised from General Rate Specified Area Rates	Note 23						39,075				39,034
Totals							0				0
							1,356,234				1,364,969
							0				0
							1,356,234				1,364,969

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

(b) Information on Surplus/(Deficit) Brought Forward

	2015 30.6.15 c/f	2015 1.7.14 b/f	2014 30.6.14 c/f
	645,221	979,418	979,418
Comprises:			
Cash - Unrestricted	902,091	877,079	877,079
Cash - Restricted	2,739,265	2,086,771	2,086,771
Rates Debtors	128,018	208,226	208,226
Accrued Income	2,721	28,899	28,899
Sundry Debtors	115,731	412,530	412,530
Self-Supporting Loan	14,560		
GST Receivable	(50)	0	0
Inventories	6,240	11,074	11,074
Less:			
Creditors	894	(104,529)	(104,529)
Accrued Expenditure	(173,832)	(27,123)	(27,123)
DOT Licensing	0	0	0
Restricted Assets	(151,075)	(32,705)	(32,705)
YAC & YCN	(16,250)	(13,980)	(13,980)
Withholding tax	(19)	(192)	(192)
GST Payable	(14)	(19,672)	(19,672)
PAYG Tax Payable	40,469	0	0
Interest on Debentures	(1,493)	(1,493)	(1,493)
Accrued Salaries & Wages	(25,172)	(11,307)	(11,307)
Current Employee Benefits	(329,046)	(347,389)	(347,389)
Current Loan Liability	(76,933)		
Net Current Asset Position	3,176,105	3,066,189	3,066,189
Less Restricted Cash - Reserves	(2,739,265)	(2,086,771)	(2,086,771)
Less Self Supporting Loan	(14,560)	-	-
Add: Current Loan Liability	76,933	-	-
Add: Cash backed Long Service Leave	146,008	-	-
	645,221	979,418	979,418

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****Difference:**

There was no difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2014 audited financial report.

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire of Nannup did not impose Specified Area Rates applied in 2014/15.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire of Nannup did not impose any service charges for the year ended 30 June 2015.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2014/15 FINANCIAL YEAR

	Type	Disc	Total Cost/ Value	Budget Cost/ Value
		%	\$	\$
Council Function Room Hire	Waiver	100%	0	0
Nannup Town Hall Hire	Waiver	100%	0	0
Nannup Town Oval Hire	Waiver	100%	0	0
			<u>0</u>	<u>0</u>
Photocopy Charge	Waiver	100%	0	0
			<u>0</u>	<u>0</u>

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

Ratepayers had the option of paying rates in four equal instalments, due on 29 August 2014, 30 October 2014, 31 December 2014 and 3 March 2015. Administration charges and interest applied for the final three instalments.

	Interest Rate	Admin. Charge	Revenue	Budgeted Revenue
	%	\$	\$	\$
Interest on Unpaid Rates	11.00%		9,140	12,000
Interest on Instalments Plan	5.50%		4,638	4,500
			<u>13,778</u>	<u>16,500</u>
Charges on Instalment Plan		5	3,510	3,900
			<u>17,288</u>	<u>20,400</u>

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

27. FEES & CHARGES

	2015	2014
	\$	\$
Governance	365	250
General Purpose Funding	13,680	14,105
Law, Order, Public Safety	15,710	17,878
Health	6,516	2,818
Education and Welfare	6,985	8,563
Housing	13,260	19,396
Community Amenities	148,583	114,673
Recreation and Culture	35,038	26,270
Transport	2,911	2,191
Economic Services	67,405	150,641
Other Property and Services	54,165	99,327
	364,618	456,112

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

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,460,864	1,082,417
Non-Operating Grants, Subsidies and Contributions	2,750,979	3,071,652
	5,211,843	4,154,069
By Program:		
Governance	0	0
General Purpose Funding	2,739,741	643,497
Law, Order, Public Safety	325,468	361,742
Health	0	0
Education and Welfare	109,561	71,086
Housing	0	0
Community Amenities	0	0
Recreation and Culture	607,105	9,725
Transport	1,429,968	3,068,019
Economic Services	0	0
Other Property and Services	0	0
	5,211,843	4,154,069

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

29. ELECTED MEMBERS REMUNERATION

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

	2015 Actual	2015 Budget	2014 Actual
	\$	\$	\$
Meeting Fees	6,811	9,000	7,018
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,000	2,000	2,000
Travelling Expenses	3,000	1,100	3,803
Telecommunications Allowance	50	8,000	7,100
	19,861	28,100	27,921

30. EMPLOYEE NUMBERS

	2015	2014
The number of full-time equivalent employees at 30 June	25	27

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2014/15 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

33. ECONOMIC DEPENDENCY

A significant proportion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in the Statement of Comprehensive Income.

34. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,641,356	2,963,846	3,641,356	2,963,846
Receivables	401,837	813,426	401,837	813,426
	4,043,193	3,777,272	4,043,193	3,777,272
Financial Liabilities				
Payables	326,492	211,001	326,492	211,001
Borrowings	159,368	232,091	159,368	232,091
	485,860	443,092	485,860	443,092

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

Income from investments is a significant element of the Council's income; a variation of a 1% movement in interest rates on cash and investments would have the following effect:

	2015	2014
	\$	\$
- Equity	36,413	29,638
- Statement of Comprehensive Income	36,413	29,638

(b) Receivables

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

Credit risk on rates and annual charges is minimized by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subject to a re-negotiation of repayment terms. The profile of the Council's credit risk at balance date was:

	2015	2014
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	92.54%	22.28%
- Overdue	7.46%	77.72%

Shire of Nannup Financial Report for the year ended 30 June 2015**Notes to and forming part of the financial report cont.****(c) Payables – Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due Within 1 year	Due Between 1 & 5 years	Due After 5 years	Total Contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2015					
Payables	326,492	0	0	326,492	326,492
Borrowings	76,933	33,132	49,303	159,368	159,368
	403,425	33,132	49,303	485,860	485,860
2014					
Payables	210,951	0	0	210,951	210,951
Borrowings	72,723	126,236	33,132	232,091	232,091
	283,674	126,236	33,132	443,042	443,042

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

Shire of Nannup Financial Report for the year ended 30 June 2015

Notes to and forming part of the financial report cont.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	Less than 1 year \$	Between 1 & 2 years \$	Between 2 & 3 years \$	Between 3 & 4 years \$	Between 4 & 5 years \$	More than 5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2015								
Borrowings								
Fixed Rate								
Debentures	76,933	15,459	16,415	17,429	18,506	14,626	159,368	
Weighted Average Effective Interest Rate	5.99	6.01	6.01	6.01	6.01	6.01		6.01
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	72,723	76,933	15,459	16,415	17,429	33,132	232,091	
Weighted Average Effective Interest Rate	5.86%	5.99%	6.01%	6.01%	6.01%	6.01%		5.98%

Shire of Nannup Financial Report for the year ended 30 June 2015
Notes to and forming part of the financial report cont.

35. PRIOR PERIOD ERRORS

None noted

**Shire of Nannup
Supplementary Ratio Information
for the Year Ended 30 June 2015**

Ratio Information

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

	2015	2014	2013
Asset Consumption Ratio	0.71	0.73	0.63
Asset Renewal Funding Ratio	1.00	1.00	1.00

The above ratios are calculated as follows:

$$\text{Asset Consumption Ratio} = \frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$$

$$\text{Asset Renewal Funding Ratio} = \frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

Independent Auditors report



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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Nannup, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Management determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Liability limited by a scheme approved under Professional Standards Legislation

Independent Member of
BKR
INTERNATIONAL


CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Opinion

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

- i. gives a true and fair view of the Shire of Nannup's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants

TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 17th day of December 2015

