



## **Audit Advisory Committee**

### **Agenda**

Meeting to be held on  
Thursday 25 March 2021 at 4.00 pm  
in the Council Chambers., 15 Adam Street.

# AGENDA

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE  
(previously approved)
3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE
4. APPLICATIONS FOR LEAVE OF ABSENCE
5. PETITIONS/DEPUTATIONS/PRESENTATIONS
6. DECLARATIONS OF INTEREST

The Shire President will read out any declarations received relating to financial, proximity or impartiality interests and ask for any further declarations to be made.

Members should make any declarations at the start of the meeting but may declare an interest before the resolution of any agenda item.

## 7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

7.1 That the Minutes of the Audit Advisory Committee Meeting of the Shire of Nannup held in Council Chambers on 26 March 2020 be confirmed as a true and correct record.

## 8. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

## 9. REPORTS BY MEMBERS ATTENDING COMMITTEES

## 10. REPORTS OF OFFICERS

Agenda No.	Description	Page No.
10.1	Acceptance of Shire of Nannup Annual Financial Statements 2019-2020	2
10.2	Compliance Audit Return 2021	6

## 11. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

## 12. CLOSURE OF MEETING

AGENDA NUMBER:	10.1
SUBJECT:	Acceptance of the Shire of Nannup -Annual Financial Statements 2019/20
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	ADM 17
AUTHOR:	Susan Fitchat – Corporate Services Coordinator
REPORTING OFFICER:	Kim Dolzadelli – Manager Corporate and Community Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	19 March 2021
ATTACHMENT:	10.1.1 – Annual Financial Statements 2019-2020 10.1.2 – Auditor’s Management Report 30 June 2020

## **BACKGROUND:**

The Terms of Reference of the Audit Advisory Committee define its objectives as:

- Review the Audit Management Report of the local authority.
- Make recommendations to Council on the appointment of the Auditor. (this should be reviewed and tie in with comments in the CAR report)
- Review the effectiveness of the Council’s governance arrangements.

Mr Tim Partridge Director, Chelsea Gardiner Client Advisor of AMD Chartered Accountants, and Ms Ann Ang, Assistant Director, Financial Audit Team from the Office of the Auditor General held a phone conference with Council representatives comprising the Shire President, Mr Tony Dean, Mr Jonathon Jones Acting Chief Executive Officer, Mr Kim Dolzadelli, Manager Corporate & Community Services and Susan Fitchat Corporate Services Co-ordinator on Thursday the 11<sup>th</sup> of March 2021 at 10.30 am. This was for the purpose of an exit meeting to conclude the process surrounding the annual audit of Council’s financial statements for 2019-2020.

Within this meeting, all issues raised within the management report were discussed as well as advice that the Shire of Nannup audit had been completed with a non-qualifying status applied. In layman’s terms this means that the statements were presented in a fair and transparent manner and that there were no material aspects of concern.

## **COMMENT:**

The Independent Auditors report compiled by the Office of Auditor General gave an opinion that the annual financial report of the Shire of Nannup:

- i. is based on proper accounts and records; and
- ii. fairly represents, in all material respects, the results of the operations of Shire of Nannup for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 28 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
  - b. The Asset Sustainability Ratio as reported in Note 28 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last two financial years with the current year also being below the previous year.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2020, 2019 and 2018 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
  - b. For approximately 27% of purchase transactions we sampled, expenditure was not supported by an authorised purchase order. We also noted two of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices. These practices increase the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement, and inappropriate or unnecessary purchases.
  - c. Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

**Final Management Report**

There were 3 findings within the Final Management Report. This report is attached for Council consideration. Officers have noted auditor's comments and responded with actions to be taken in the future to address concerns.

**STATUTORY ENVIRONMENT:**

Section 7.12A of the Local Government Act 1995 deals with the duties of Local Government with respect to audits as follows:

- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
  - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
  - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
  - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
  - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

**POLICY IMPLICATIONS:**

None.

**FINANCIAL IMPLICATIONS:**

None.

**STRATEGIC IMPLICATIONS:** None.

**VOTING REQUIREMENTS:**

Simple Majority.

**RECOMMENDATION:**

1. That Council accept the audited Annual Financial Statements for the Shire of Nannup, for the financial year 2019/20.
2. That Council acknowledges the findings of the management letter issued by The Office of the Auditor General as a result of the audit of the Annual Financial Statements and endorses the comments provided by management.

AGENDA NUMBER:	10.2
SUBJECT:	Compliance Audit Return 2020
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Department of Local Government, Sport & Cultural Industries
FILE REFERENCE:	ADM 14
AUTHOR:	Sarah Dean – Governance Officer
REPORTING OFFICER:	Kim Dolzadelli – Manager Corporate & Community Services
DISCLOSURE OF INTEREST:	N/A
DATE OF REPORT:	18 March 2021
ATTACHMENT:	10.2.1 - 2020 Compliance Audit Return

## **BACKGROUND:**

Council is required by section 14 of the Local Government Audit Regulations 1996 to complete a Compliance Audit Return each year covering the period 1 January to 31 December. The Compliance Audit Return is to be:

1. Reviewed and endorsed by the Audit Advisory Committee.
2. Presented to Council at an Ordinary Meeting of Council.
3. Adopted by the Council.
4. The adoption recorded in the minutes of the meeting at which it is adopted.
5. Signed by the Shire President and Chief Executive Officer and returned to the Department of Local Government with a copy of the Council minutes of the meeting at which it was received.
6. Submitted to the Department for Local Government by 31 March each year.

The Return was reviewed by the Audit Committee prior to its adoption by Council.

## **COMMENT:**

The 2020 Compliance Audit Return contains 102 questions of which:

- 57 were complied with;
- 44 were not applicable to the Shire of Nannup during the year under review.
- 1 matter was deemed to be non-compliant.

The areas of non-compliance detected were as follows: -

### **Finance Questions**

**Question 5** – *Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?*

**Comment** – *Council could not receive the auditor's report prior to 31 December 2020 as the report was not received by the Shire of Nannup until March 2021.*

### **STATUTORY ENVIRONMENT:**

Section 14 of the *Local Government Audit Regulations 1996*

- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub-regulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

### **POLICY IMPLICATIONS:**

Nil

### **FINANCIAL IMPLICATIONS:**

Nil

### **STRATEGIC IMPLICATIONS:**

Nil

### **VOTING REQUIREMENTS:**

Absolute Majority.



**RECOMMENDATION:**

That the Audit Committee:

1. Endorse the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2020 to the 31 December 2020; noting the comments made by the Chief Executive Officer in respect to one (1) area of non-compliance; and
2. Recommends that Council adopt/endorse the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2020 to the 31 December 2020, noting the comments made by the Chief Executive Officer in respect to one (1) area of non-compliance, and authorises the Shire President and Chief Executive Officer to sign and submit the report to the Department of Local Government as required.



# MINUTES

**Audit Advisory Committee**

**Meeting held on 26 March 2020**

**UNCONFIRMED COPY**

# MINUTES

## **1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS:**

The meeting was declared opened by the Shire President at 3.30 pm

**Visitors:** Nil.

## **2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE: (previously approved)**

### **PRESENT:**

Shire President: Cr A Dean

Councillors: C Brown, V Corlett, C Stevenson, C Buckland, V Hansen

David Taylor – Chief Executive Officer

Tracie Bishop – Manager Corporate Services

Jon Jones – Manager Infrastructure

Apologies:

Cr. P Fraser

Deputy Shire President: Cr R Mellema

## **3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE: Nil**

## **4. APPLICATIONS FOR LEAVE OF ABSENCE: Nil**

## **5. PETITIONS/DEPUTATIONS/PRESENTATIONS: Nil.**

## **6. DECLARATIONS OF INTEREST**

The Shire President will read out any declarations received relating to financial, proximity or impartiality interests and ask for any further declarations to be made.

Members should make any declarations at the start of the meeting but may declare an interest before the resolution of any agenda item.

**7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS:**

***BUCKLAND/FRASER***

***That the Minutes of the Audit Advisory Committee Meeting of the Shire of Nannup held in Council Chambers on 18 December 2019 be confirmed as a true and correct record.***

***CARRIED (6/0)***

**8. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION: Nil**

**9. REPORTS BY MEMBERS ATTENDING COMMITTEES: Nil.**

**10. REPORTS OF OFFICERS:**

AGENDA NUMBER:	10.1
SUBJECT:	Compliance Audit Return 2019
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Department of Local Government, Sport & Cultural Industries
FILE REFERENCE:	ADM 14
AUTHOR:	Sarah Dean – Governance Officer
REPORTING OFFICER:	Tracie Bishop – Manager Corporate & Community Services
DISCLOSURE OF INTEREST:	N/A
DATE OF REPORT:	10 March 2020
ATTACHMENT:	10.1.1 - 2019 Annual Compliance Audit Return

## **BACKGROUND:**

Council is required by section 14 of the Local Government Audit Regulations 1996 to complete a Compliance Audit Return each year covering the period 1 January to 31 December. The Compliance Audit Return is to be:

1. Reviewed by the Audit Advisory Committee.
2. Presented to Council at an Ordinary Meeting of Council.
3. Adopted by the Council.
4. The adoption recorded in the minutes of the meeting at which it is adopted.
5. Signed by the Shire President and Chief Executive Officer and returned to the Department of Local Government with a copy of the Council minutes of the meeting at which it was received.
6. Submitted to the Department for Local Government by 31 March each year.

The Return was reviewed by the Audit Committee prior to its adoption by Council.

## **COMMENT:**

The 2019 Compliance Audit Return contains 104 questions of which:

- 52 were complied with;
- 51 were not applicable to the Shire of Nannup during the year under review.

- 1 matter was deemed to be non-compliant.

The areas of non-compliance detected were as follows: -

### **Optional Questions**

**Question 4** – *Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?*

**Comment** – *Council requested and was granted approval from Department of Local Government, Sport & Cultural Industries to allow submission of these accounts to occur after this date.*

### **STATUTORY ENVIRONMENT:**

Section 14 of the *Local Government Audit Regulations 1996*

- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub-regulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

### **POLICY IMPLICATIONS:**

Nil

### **FINANCIAL IMPLICATIONS:**

Nil

### **STRATEGIC IMPLICATIONS:**

Nil

**RECOMMENDATION:**

That Council adopts the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2019 to the 31 December 2019, noting the comments made by the Chief Executive Officer in respect to one (1) area of non-compliance, and authorises the Shire President and Chief Executive Officer to sign and submit the report to the Department of Local Government as required.

**VOTING REQUIREMENTS:**

Absolute Majority.

***That Council adopts the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2019 to the 31 December 2019, noting the comments made by the Chief Executive Officer in respect to one (1) area of non-compliance, and authorises the Shire President and Chief Executive Officer to sign and submit the report to the Department of Local Government as required.***

***CARRIED (6/0)***

**5. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN: Nil**

**6. CLOSURE OF MEETING**

There being further business to discuss the Shire President declared the meeting closed at .....pm.

## Attachment 10.1.1

**SHIRE OF NANNUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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### **COMMUNITY VISION**

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.

Principal place of business:  
15 Adam Street  
Nannup WA 6275



**SHIRE OF NANNUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Nannup for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Nannup at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 17th day of March 2021



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Chief Executive Officer

David Taylor

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Name of Chief Executive Officer



**SHIRE OF NANNUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	21(a)	1,772,136	1,771,448	1,704,777
Operating grants, subsidies and contributions	2(a)	2,037,039	1,045,827	1,664,458
Fees and charges	2(a)	453,466	475,089	443,620
Interest earnings	2(a)	96,069	60,000	110,597
Other revenue	2(a)	13,233	25,720	268,433
		4,371,943	3,378,084	4,191,885
<b>Expenses</b>				
Employee costs		(1,802,135)	(1,873,031)	(1,773,974)
Materials and contracts		(1,582,389)	(1,595,160)	(1,329,753)
Utility charges		(108,311)	(98,140)	(98,838)
Depreciation on non-current assets	11(b)	(1,557,445)	(816,280)	(1,396,421)
Interest expenses	2(b)	(10,667)	(18,098)	(10,892)
Insurance expenses		(169,817)	(176,168)	(171,429)
Other expenditure		(48,613)	(1,100)	0
		(5,279,377)	(4,577,977)	(4,781,307)
		(907,434)	(1,199,893)	(589,422)
Non-operating grants, subsidies and contributions	2(a)	474,800	779,530	1,156,907
Profit on asset disposals	11(a)	0	0	1,364
(Loss) on asset disposals	11(a)	(19,716)	(22,200)	(25,574)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	17,517
		455,084	757,330	1,150,214
<b>Net result for the period</b>		<b>(452,350)</b>	<b>(442,563)</b>	<b>560,792</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	472,474
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>472,474</b>
<b>Total comprehensive income for the period</b>		<b>(452,350)</b>	<b>(442,563)</b>	<b>1,033,266</b>

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



**SHIRE OF NANNUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance		7,314	0	7,326
General purpose funding		3,181,373	2,547,379	3,245,789
Law, order, public safety		415,805	227,986	201,560
Health		20,312	16,750	21,438
Education and welfare		72,993	54,644	89,898
Housing		21,600	20,800	16,000
Community amenities		331,648	339,356	301,598
Recreation and culture		18,665	11,940	18,388
Transport		169,924	116,854	121,107
Economic services		128,389	26,975	70,530
Other property and services		3,920	15,400	98,251
		<b>4,371,943</b>	<b>3,378,084</b>	<b>4,191,885</b>
<b>Expenses</b>				
Governance		(381,983)	(1,136,409)	(397,210)
General purpose funding		(151,613)	(82,344)	(156,299)
Law, order, public safety		(862,267)	(296,534)	(856,573)
Health		(70,953)	(54,363)	(64,216)
Education and welfare		(159,344)	(101,206)	(147,489)
Housing		(26,068)	(34,507)	(31,038)
Community amenities		(488,763)	(372,011)	(395,067)
Recreation and culture		(486,431)	(275,288)	(414,997)
Transport		(2,277,170)	(1,026,046)	(2,017,848)
Economic services		(296,048)	(342,625)	(191,599)
Other property and services		(68,070)	(838,546)	(98,079)
		<b>(5,268,710)</b>	<b>(4,559,879)</b>	<b>(4,770,415)</b>
<b>Finance Costs</b>				
Community amenities		(10,667)	(10,757)	(10,892)
Recreation and culture		0	(7,341)	0
		<b>(10,667)</b>	<b>(18,098)</b>	<b>(10,892)</b>
		<b>(907,434)</b>	<b>(1,199,893)</b>	<b>(589,422)</b>
Non-operating grants, subsidies and contributions	2(a)	474,800	779,530	1,156,907
Profit on disposal of assets	11(a)	0	0	1,364
(Loss) on disposal of assets	11(a)	(19,716)	(22,200)	(25,574)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	17,517
		<b>455,084</b>	<b>757,330</b>	<b>1,150,214</b>
<b>Net result for the period</b>		<b>(452,350)</b>	<b>(442,563)</b>	<b>560,792</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	472,474
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>472,474</b>
<b>Total comprehensive income for the period</b>		<b>(452,350)</b>	<b>(442,563)</b>	<b>1,033,266</b>

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



**SHIRE OF NANNUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,286,091	4,192,064
Trade and other receivables	6	339,350	734,559
Other financial assets	5(a)	3,151,118	49,797
Inventories	7	28,686	146,023
Other assets	8	0	2,438
<b>TOTAL CURRENT ASSETS</b>		<b>5,805,245</b>	<b>5,124,881</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	88,268	100,414
Other financial assets	5(b)	238,795	325,473
Property, plant and equipment	9	12,590,034	12,823,214
Infrastructure	10	95,583,034	96,106,843
<b>TOTAL NON-CURRENT ASSETS</b>		<b>108,500,131</b>	<b>109,355,944</b>
<b>TOTAL ASSETS</b>		<b>114,305,376</b>	<b>114,480,825</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	258,622	243,549
Contract liabilities	14	46,881	0
Borrowings	15(a)	76,954	49,797
Employee related provisions	16	335,825	389,941
<b>TOTAL CURRENT LIABILITIES</b>		<b>718,282</b>	<b>683,287</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15(a)	556,302	307,956
Employee related provisions	16	50,980	57,420
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>607,282</b>	<b>365,376</b>
<b>TOTAL LIABILITIES</b>		<b>1,325,564</b>	<b>1,048,663</b>
<b>NET ASSETS</b>		<b>112,979,812</b>	<b>113,432,162</b>
<b>EQUITY</b>			
Retained surplus		31,426,081	32,321,140
Reserves - cash/financial asset backed	4	3,065,456	2,622,747
Revaluation surplus	12	78,488,275	78,488,275
<b>TOTAL EQUITY</b>		<b>112,979,812</b>	<b>113,432,162</b>

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



**SHIRE OF NANNUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RESERVES CASH/FINANCIAL			TOTAL EQUITY
		RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
<b>Balance as at 1 July 2018</b>		<b>32,365,400</b>	<b>2,017,695</b>	<b>78,015,801</b>	<b>112,398,896</b>
Comprehensive income					
Net result for the period		560,792	0	0	560,792
Other comprehensive income	12	0	0	472,474	472,474
Total comprehensive income		560,792	0	472,474	1,033,266
Transfers from reserves	4	567,724	(567,724)	0	0
Transfers to reserves	4	(1,172,776)	1,172,776	0	0
<b>Balance as at 30 June 2019</b>		<b>32,321,140</b>	<b>2,622,747</b>	<b>78,488,275</b>	<b>113,432,162</b>
Comprehensive income					
Net result for the period		(452,350)	0	0	(452,350)
Total comprehensive income		(452,350)	0	0	(452,350)
Transfers to reserves	4	(442,709)	442,709	0	0
<b>Balance as at 30 June 2020</b>		<b>31,426,081</b>	<b>3,065,456</b>	<b>78,488,275</b>	<b>112,979,812</b>

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

**SHIRE OF NANNUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,759,033	1,771,448	1,658,080
Operating grants, subsidies and contributions		2,501,812	1,045,827	1,312,632
Fees and charges		453,466	475,089	443,620
Interest received		96,069	60,000	110,597
Goods and services tax received		268,665	0	0
Other revenue		13,233	25,720	268,433
		5,092,278	3,378,084	3,793,362
<b>Payments</b>				
Employee costs		(1,897,273)	(1,873,031)	(1,693,002)
Materials and contracts		(1,419,332)	(1,595,160)	(1,659,544)
Utility charges		(108,311)	(98,140)	(98,838)
Interest expenses		(10,667)	(18,098)	(11,055)
Insurance paid		(169,817)	(176,168)	(171,429)
Goods and services tax paid		(259,726)	0	(34,764)
Other expenditure		(48,613)	(1,100)	0
		(3,913,739)	(3,761,697)	(3,668,632)
<b>Net cash provided by (used in) operating activities</b>	17	1,178,539	(383,613)	124,730
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(142,948)	(606,730)	(402,225)
Payments for construction of infrastructure	10(a)	(725,815)	(687,372)	(584,992)
Non-operating grants, subsidies and contributions	2(a)	474,800	779,530	1,156,907
Payments for financial assets at amortised cost - term deposits		(3,109,140)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		94,497	49,797	42,808
Proceeds from sale of property, plant & equipment	11(a)	48,591	70,000	71,364
<b>Net cash provided by (used in) investment activities</b>		(3,360,015)	(394,775)	283,862
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(94,497)	(83,525)	(42,808)
Proceeds from new borrowings	15(b)	370,000	370,000	350,000
Advances to community groups		0	0	(350,000)
<b>Net cash provided by (used in) financing activities</b>		275,503	286,475	(42,808)
<b>Net increase (decrease) in cash held</b>		(1,905,973)	(491,913)	365,784
Cash at beginning of year		4,192,064	4,215,076	3,826,280
<b>Cash and cash equivalents at the end of the year</b>	17	2,286,091	3,723,163	4,192,064

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

**SHIRE OF NANNUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
22 (b)	2,001,779	814,162	1,453,676
	2,001,779	814,162	1,453,676
	7,314	0	8,690
	1,409,237	775,931	1,588,864
	415,805	227,986	201,560
	20,312	16,750	21,438
	72,993	54,644	89,898
	21,600	20,800	16,000
	331,648	339,356	301,598
	18,665	11,940	18,388
	169,924	116,854	121,107
	128,389	26,975	70,530
	3,920	15,400	98,251
	2,599,807	1,606,636	2,536,324
	(401,699)	(1,150,409)	(397,210)
	(151,613)	(82,344)	(156,299)
	(862,267)	(296,534)	(856,573)
	(70,953)	(54,363)	(64,216)
	(159,344)	(101,206)	(147,489)
	(26,068)	(34,507)	(31,038)
	(499,430)	(382,768)	(405,959)
	(486,431)	(282,629)	(414,997)
	(2,277,170)	(1,034,246)	(2,015,903)
	(296,048)	(342,625)	(191,599)
	(68,070)	(838,546)	(98,079)
	(5,299,093)	(4,600,177)	(4,779,362)
22(a)	1,602,635	838,480	1,361,279
	905,128	(1,340,899)	571,917
2(a)	474,800	779,530	1,156,907
11(a)	48,591	70,000	71,364
	94,497	49,797	42,808
9(a)	(142,948)	(606,730)	(402,225)
10(a)	(725,815)	(687,372)	(584,992)
	(250,875)	(394,775)	283,862
	0	0	(350,000)
15(b)	(94,497)	(83,525)	(42,808)
15(c)	370,000	370,000	350,000
4	(442,709)	(425,000)	(1,172,776)
4	0	104,000	567,724
	(167,206)	(34,525)	(647,860)
	487,047	(1,770,199)	207,919
21(a)	1,772,136	1,771,448	1,656,925
22(b)	2,259,183	1,249	1,864,842

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

**SHIRE OF NANNUP**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire 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 25 to these financial statements.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

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

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,320,880	671,687	1,334,183
Law, order, public safety	406,061	220,886	191,114
Education and welfare	52,712	34,500	28,324
Recreation and culture	1,500		1,500
Transport	158,754	116,754	109,337
Economic services	97,132	2,000	0
	2,037,039	1,045,827	1,664,458
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	262,730	508,845
Education and welfare	0	0	199,140
Recreation and culture	0	0	15,000
Transport	474,800	516,800	433,922
	474,800	779,530	1,156,907
<b>Total grants, subsidies and contributions</b>	2,511,839	1,825,357	2,821,365
<b>Fees and charges</b>			
General purpose funding	32,685	46,000	38,854
Law, order, public safety	8,475	7,100	8,885
Health	20,312	16,750	21,559
Education and welfare	6,720	16,144	14,550
Housing	21,600	20,800	16,000
Community amenities	318,558	328,599	288,106
Recreation and culture	13,756	7,220	13,908
Transport	104	100	136
Economic services	31,256	26,976	31,479
Other property and services	0	5,400	10,143
	453,466	475,089	443,620

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(a) Revenue (Continued)**

**Contracts with customers and transfers  
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Fees and charges	453,520	475,089	443,620
Non-operating grants, subsidies and contributions	474,800	779,530	1,156,907
	928,320	1,254,619	1,600,527

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Other revenue from contracts with customers recognised during the year	453,520	475,089	443,620
Other revenue from performance obligations satisfied during the year	474,800	779,530	1,156,907
	928,320	1,254,619	1,600,527

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	96,944		
Contract liabilities from contracts with customers	(46,881)		0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

**General rates**

**Other revenue**

Reimbursements and recoveries

Other

**Interest earnings**

Financial assets at amortised cost - self supporting loans

Interest on reserve funds

Rates instalment and penalty interest (refer Note 21(b))

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	1,772,136	1,771,448	1,656,925
	1,772,136	1,771,448	1,656,925
Other revenue			
Reimbursements and recoveries	8,951	14,963	110,774
Other	4,282	10,757	157,659
	13,233	25,720	268,433
Interest earnings			
Financial assets at amortised cost - self supporting loans	10,056	0	10,892
Interest on reserve funds	52,712	35,000	51,655
Rates instalment and penalty interest (refer Note 21(b))	20,527	14,000	16,953
Other interest earnings	12,774	11,000	31,097
	96,069	60,000	110,597

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report

**Interest expenses (finance costs)**

Borrowings

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	18,800	30,000	8,060
	18,800	30,000	8,060
15(b)	10,667	18,098	10,892
	10,667	18,098	10,892

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		2,286,091	4,192,064
<b>Total cash and cash equivalents</b>		<b>2,286,091</b>	<b>4,192,064</b>

**Restrictions**

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		373,197	2,622,747
- Financial assets at amortised cost		3,109,140	0
		<b>3,482,337</b>	<b>2,622,747</b>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	3,065,456	2,622,747
Contract liabilities from contracts with customers	14	46,881	
Unspent loans	15(d)	370,000	0
<b>Total restricted assets</b>		<b>3,482,337</b>	<b>2,622,747</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**4. RESERVES - CASH/FINANCIAL ASSET**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) - Leave reserve	\$ 182,932	\$ 19,768	\$ 0	\$ 202,700	\$ 182,930	\$ 18,000	\$ (10,000)	\$ 190,930	\$ 188,703	\$ 5,233	\$ (11,004)	\$ 182,932
(b) - Gravel pit reserve	122,000	20,000	0	142,000	122,000	21,000	0	143,000	80,000	142,000	(100,000)	122,000
(c) - Plant machinery reserve	424,340	151,065	0	575,405	424,340	147,000	(22,000)	549,340	419,519	131,621	(126,800)	424,340
(d) - Recreation centre reserve	560	14	0	574	559	0	0	559	544	16	0	560
(e) - Office equipment reserve	97,549	32,543	0	130,092	97,549	31,000	(31,000)	97,549	75,458	22,091	0	97,549
(f) - Asset management reserve	735,772	109,186	0	844,958	735,772	101,000	(24,000)	812,772	633,231	102,541	0	735,772
(g) - Infrastructure reserve	155,000	10,000	0	165,000	155,000	11,000	0	166,000	75,000	80,000	0	155,000
(h) - Main street reserve	59	1	0	60	59	0	0	59	57	308,000	(307,998)	59
(i) - Emergency management reserve	57,792	1,507	0	59,299	57,791	1,000	0	58,791	56,234	1,558	0	57,792
(j) - Aged housing reserve	381,099	9,938	0	391,037	381,099	6,500	0	387,599	370,827	10,272	0	381,099
(k) - Landfill reserve	116,343	43,034	0	159,377	116,343	42,000	0	158,343	93,746	22,597	0	116,343
(l) - Community bus reserve	25,051	5,653	0	30,704	25,051	6,000	0	31,051	24,376	22,597	(21,922)	25,051
(m) - Statagic initiative reserve	308,000	0	0	308,000	308,000	500	(7,000)	301,500	0	308,000	0	308,000
(n) - Youth reserve	16,250	0	0	16,250	16,250	0	(10,000)	6,250	0	16,250	0	16,250
(o) - Trails reserve	0	30,000	0	30,000	0	30,000	0	30,000	0	0	0	0
(p) - Footpath reserve	0	10,000	0	10,000	0	10,000	0	10,000	0	0	0	0
	2,622,747	442,709	0	3,065,456	2,622,743	425,000	(104,000)	2,943,743	2,017,695	1,172,776	(567,724)	2,622,747

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

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) - Leave reserve	2028	An accounting requirement to fund leave accumulated by employees
(b) - Gravel pit reserve	2028	To be used for the rehabilitation of gravel pits at the end of their useful lives
(c) - Plant machinery reserve	2028	To be used for the purchase of major plant items
(d) - Recreation centre reserve	2020	To be used for future enhancements to recreation facility
(e) - Office equipment reserve	2028	To be used to ensure the equipment required for Council Administration and the supporting computer system is maintained
(f) - Asset management reserve	2028	To provide funding for works to Council buildings as determined by the Asset Management Plan.
(g) - Infrastructure reserve	2028	To provide support to future budgets to minimise the impact of the loss of capital grants as and when required.
(h) - Main street reserve	2020	To be used to support the Main Street upgrade project.
(i) - Emergency management reserve	2028	To provide funding for costs associated with local emergencies, where the costs cannot be recovered from another party.
(j) - Aged housing reserve	2028	To be used to facilitate the development of Aged Housing within the Shire of Nannup.
(k) - Landfill reserve	2023	To provide funding for the rehabilitation of the refuse disposal site once it reaches the end of useful life.
(l) - Community bus reserve	2023	To be used to cover future capital upgrades.
(m) - Statagic initiative reserve	2028	To fund Strategic Projects identified by Council not included within original budgets.
(n) - Youth reserve	2028	To be used for future Youth Asset Purchases.
(o) - Trails reserve	2028	To be used for trial upgrade project
(p) - Footpath reserve	2028	To be used for preservation of footpaths

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

2020	2019
\$	\$
3,151,118	49,797
3,151,118	49,797

**Other financial assets at amortised cost**

Term deposits

Self supporting loans

3,109,140	0
41,978	49,797
3,151,118	49,797

**(b) Non-current assets**

Financial assets at amortised cost

Financial assets at fair value through profit and loss

221,278	307,956
17,517	17,517
238,795	325,473

**Financial assets at amortised cost**

Self supporting loans

221,278	307,956
221,278	307,956

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

17,517	17,517
17,517	17,517

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 23.



## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable
Trade and other receivables
GST receivable
Prepayments

### Non-current

Pensioner's rates and ESL deferred
------------------------------------

2020	2019
\$	\$
203,673	178,424
96,944	521,370
32,199	34,765
6,534	0
339,350	734,559
88,268	100,414
88,268	100,414

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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.

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

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

## 7. INVENTORIES

### Current

Stock on hand  
Gravel inventory

	2020	2019
	\$	\$
	4,164	6,240
	24,522	139,783
	28,686	146,023
	146,023	6,240
	(235,586)	(47,509)
	118,249	187,292
	28,686	146,023

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

### Carrying amount at end of period

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

## 8. OTHER ASSETS

### Other assets - current

Accrued income

2020	2019
\$	\$
0	2,438
0	2,438

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	1,765,000	1,765,000	8,400,222	8,400,222	10,165,222	30,466	2,140,580	12,336,268
Additions	0	0	148,519	148,519	148,519	0	253,706	402,225
(Disposals)	0	0	0	0	0	0	(95,574)	(95,574)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	472,474	472,474
Revaluation (loss) / reversals transferred to profit or loss	0	0	(9,180)	(9,180)	(9,180)	(24,508)	(20,723)	(54,411)
Depreciation (expense)	0	0	(35,928)	(35,928)	(35,928)	0	(201,840)	(237,768)
<b>Carrying amount at 30 June 2019</b>	<b>1,765,000</b>	<b>1,765,000</b>	<b>8,503,633</b>	<b>8,503,633</b>	<b>10,268,633</b>	<b>5,958</b>	<b>2,548,623</b>	<b>12,823,214</b>
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	1,765,000	1,765,000	8,573,330	8,573,330	10,338,330	12,691	2,611,352	12,962,373
Accumulated depreciation at 30 June 2019	0	0	(69,697)	(69,697)	(69,697)	(6,733)	(62,729)	(139,159)
<b>Carrying amount at 30 June 2019</b>	<b>1,765,000</b>	<b>1,765,000</b>	<b>8,503,633</b>	<b>8,503,633</b>	<b>10,268,633</b>	<b>5,958</b>	<b>2,548,623</b>	<b>12,823,214</b>
Additions	0	0	31,715	31,715	31,715	9,275	101,958	142,948
(Disposals)	0	0	0	0	0	(1,824)	(66,483)	(68,307)
Depreciation (expense)	0	0	(37,867)	(37,867)	(37,867)	(870)	(269,084)	(307,821)
<b>Carrying amount at 30 June 2020</b>	<b>1,765,000</b>	<b>1,765,000</b>	<b>8,497,481</b>	<b>8,497,481</b>	<b>10,262,481</b>	<b>12,539</b>	<b>2,315,014</b>	<b>12,590,034</b>
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	1,765,000	1,765,000	8,605,045	8,605,045	10,370,045	16,571	2,633,310	13,019,926
Accumulated depreciation at 30 June 2020	0	0	(107,564)	(107,564)	(107,564)	(4,032)	(318,296)	(429,892)
<b>Carrying amount at 30 June 2020</b>	<b>1,765,000</b>	<b>1,765,000</b>	<b>8,497,481</b>	<b>8,497,481</b>	<b>10,262,481</b>	<b>12,539</b>	<b>2,315,014</b>	<b>12,590,034</b>

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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per square metre / market borrowing rate
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current conditions, residual values and remaining useful life assessments
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent Registered Valuer	June 2018	Market price per item

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

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

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## 10. INFRASTRUCTURE

### (a) 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.

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks and ovals	Other infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	71,500,098	1,059,927	8,592,624	98,456	15,429,399	96,680,504
Additions	584,542	435	0	15	0	584,992
Depreciation (expense)	(920,567)	(12,198)	(66,362)	(1,598)	(157,928)	(1,158,653)
Carrying amount at 30 June 2019	71,164,073	1,048,164	8,526,262	96,873	15,271,471	96,106,843
Comprises:						
Gross carrying amount at 30 June 2019	74,034,446	1,102,422	8,731,676	107,547	15,767,237	99,743,328
Accumulated depreciation at 30 June 2019	(2,870,373)	(54,258)	(205,414)	(10,674)	(495,766)	(3,636,485)
Carrying amount at 30 June 2019	71,164,073	1,048,164	8,526,262	96,873	15,271,471	96,106,843
Additions	698,100	27,715	0	0	0	725,815
Depreciation (expense)	(997,848)	(20,152)	(72,099)	(1,598)	(157,927)	(1,249,624)
Transfers	13,466	(13,466)	0	0	0	0
Carrying amount at 30 June 2020	70,877,791	1,042,261	8,454,163	95,275	15,113,544	95,583,034
Comprises:						
Gross carrying amount at 30 June 2020	74,733,429	1,129,253	8,731,676	107,547	15,767,237	100,469,142
Accumulated depreciation at 30 June 2020	(3,855,638)	(86,992)	(277,513)	(12,272)	(653,693)	(4,886,108)
Carrying amount at 30 June 2020	70,877,791	1,042,261	8,454,163	95,275	15,113,544	95,583,034

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10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

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

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

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

## **11. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

#### **Initial recognition and measurement between mandatory revaluation dates**

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### **Revaluation**

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

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

#### **Land under control prior to 1 July 2019**

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(iii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

#### **Land under roads prior to 1 July 2019**

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

#### **Land under roads from 1 July 2019**

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right of use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

#### **Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right of use assets at zero cost.



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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	1,824	0	0	(1,824)	0	0	0	0	0	0	0	0
Plant and equipment	66,483	48,591	0	(17,892)	92,200	70,000	0	(22,200)	95,574	71,364	1,364	(25,574)
	68,307	48,591	0	(19,716)	92,200	70,000	0	(22,200)	95,574	71,364	1,364	(25,574)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Toyota Camry NPOOO - 2.5LT	27,214	19,091	0	(8,123)
Hino 300 Series 917 xlong	39,269	29,500	0	(9,769)
	66,483	48,591	0	(17,892)

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**11. FIXED ASSETS**

**(b) Depreciation**

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings - non-specialised	37,867	60,680	35,928
Furniture and equipment	870	2,600	0
Plant and equipment	269,084	130,000	201,840
Infrastructure - roads	997,848	468,000	920,567
Other infrastructure - footpaths	20,152	0	12,198
Other infrastructure - drainage	72,099	0	66,362
Other infrastructure - parks and ovals	1,598	0	1,598
Other infrastructure - bridges	157,927	155,000	157,928
	<b>1,557,445</b>	<b>816,280</b>	<b>1,396,421</b>

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings	20 - 100 years
Furniture and equipment	4 - 20 years
Plant and equipment	5 - 20 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	34 years
- asphalt surfaces	43 years
Gravel roads	
formation	not depreciated
pavement	50 to 80 years
Footpaths - slab	35 years
Water supply piping and drainage systems	70 - 150 years
Parks & Gardens	50 - 75 years
Bridges	90 - 110 years

**Depreciation on revaluation**

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:

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

**Amortisation**

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

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**12. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Closing Balance	Total Movement on Revaluation	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Closing Balance
Revaluation surplus - Land - freehold land	4,812,147	0	0	4,812,147	0	4,812,147	0	0	4,812,147
Revaluation surplus - Furniture and equipment	163	0	0	163	0	163	0	0	163
Revaluation surplus - Plant and equipment	472,474	0	0	472,474	0	472,474	0	0	472,474
Revaluation surplus - Infrastructure - roads	50,190,704	0	0	50,190,704	0	50,190,704	0	0	50,190,704
Revaluation surplus - Other infrastructure - footpaths	794,838	0	0	794,838	0	794,838	0	0	794,838
Revaluation surplus - Other infrastructure - drainage	6,776,704	0	0	6,776,704	0	6,776,704	0	0	6,776,704
Revaluation surplus - Other infrastructure - bridges	15,441,245	0	0	15,441,245	0	15,441,245	0	0	15,441,245
	78,488,275	0	0	78,488,275	0	78,015,801	472,474	0	78,488,275

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 ATO liabilities  
 Bonds and deposits held  
 Accrued interest

2020	2019
\$	\$
89,839	72,622
14,124	14,124
0	40,812
57,808	45,205
96,240	70,552
611	234
<b>258,622</b>	<b>243,549</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Prepaid rates**

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

## 14. CONTRACT LIABILITIES

### Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
46,881	0
46,881	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

46,881
46,881

### SIGNIFICANT ACCOUNTING POLICIES

#### Contract Liabilities

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

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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## 15. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
Current	76,954	49,797
Non-current	556,302	307,956
	633,256	357,753

### (b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2020				30 June 2020				30 June 2020				30 June 2019				30 June 2019			
				Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Budget Principal	Actual Interest	Budget Interest	Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Budget Principal	Actual Interest	Budget Interest	Actual Principal 1 July 2018	Actual New Loans	Actual repayments	Budget Principal	Actual Interest	Budget Interest	Actual Principal 1 July 2018	Actual New Loans	Actual repayments	Budget Principal	Actual Interest	Budget Interest				
<b>Community amenities</b>																															
Waste Facility Machine	40	WATC	2.30%	0	370,000	0	611	370,000	0	370,000	33,728	7,341	336,272	0	370,000	33,728	7,341	336,272	0	370,000	33,728	7,341	336,272	0	370,000						
				0	370,000	0	611	370,000	0	370,000	33,728	7,341	336,272	0	370,000	33,728	7,341	336,272	0	370,000	33,728	7,341	336,272	0	370,000						
<b>Self Supporting Loans</b>																															
<b>Community amenities</b>																															
SSL 37 Nannup Community Resource Centre	37	WATC	6.01%	33,132	0	18,506	1,587	14,626	0	18,506	1,570	15,581	50,561	0	17,429	2,647	33,132	0	17,429	2,647	33,132	0	17,429	2,647							
SSL 39 Nannup Music Club	39	WATC	2.96%	324,621	0	75,991	8,469	293,330	0	75,991	8,187	293,330	50,561	0	42,808	10,892	324,621	0	42,808	10,892	324,621	0	42,808	10,892							
				357,753	0	94,497	10,056	283,256	0	94,497	10,056	283,256	50,561	350,000	42,808	10,892	357,753	350,000	42,808	10,892	357,753	350,000	42,808	10,892							
				357,753	370,000	94,497	10,667	633,256	0	94,497	10,667	633,256	50,561	350,000	42,808	10,892	357,753	350,000	42,808	10,892	357,753	350,000	42,808	10,892							

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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**15. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2019/20**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Waste Facility Machine	WATC	Fixed Rate	10	2.30%	\$ 370,000	\$ 370,000	\$ 0	\$ 370,000	\$ 70,864	\$ 0
* WA Treasury Corporation					\$ 370,000	\$ 370,000	\$ 0	\$ 370,000	\$ 70,864	\$ 0

**(d) Unspent Borrowings**

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
		\$	\$	\$	\$
Waste Facility Machine	29/05/2020	0	370,000	0	370,000
* WA Treasury Corporation		0	370,000	0	370,000

**(e) Undrawn Borrowing Facilities**

	2020	2019
<b>Credit Standby Arrangements</b>	\$	\$
Credit card limit	5,000	5,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	5,000	5,000
<b>Loan facilities</b>		
Loan facilities - current	76,954	49,797
Loan facilities - non-current	556,302	307,956
<b>Total facilities in use at balance date</b>	633,256	357,753
<b>Unused loan facilities at balance date</b>	370,000	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

**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.

**Risk**

Information regarding exposure to risk can be found at Note 23.

## 16. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2019</b>			
Current provisions	256,090	133,851	389,941
Non-current provisions	0	57,420	57,420
	256,090	191,271	447,361
<b>Additional provision</b>	73,257	47,455	120,712
<b>Amounts used</b>	(106,080)	(75,188)	(181,268)
<b>Balance at 30 June 2020</b>	223,267	163,538	386,805
<b>Comprises</b>			
Current	223,267	112,558	335,825
Non-current	0	50,980	50,980
	223,267	163,538	386,805
<b>Amounts are expected to be settled on the following basis:</b>	<b>2020</b> \$	<b>2019</b> \$	
Less than 12 months after the reporting date	282,076	389,941	
More than 12 months from reporting date	104,729	53,659	
Expected reimbursements from other WA local governments	0	3,761	
	386,805	447,361	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

##### Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

##### Provisions

Provisions are recognised when the Shire 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.



## 17. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	2,286,091	3,723,163	4,192,064
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(452,350)	(442,563)	560,792
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(17,517)
Adjustments for write off of assets under \$5,000	0	0	54,411
Depreciation on non-current assets	1,557,445	816,280	1,396,421
(Profit)/loss on sale of asset	19,716	22,200	24,210
Changes in assets and liabilities:			
(Increase)/decrease in receivables	407,355	0	(433,289)
(Increase)/decrease in other assets	2,438	0	0
(Increase)/decrease in inventories	117,337	0	(139,783)
Increase/(decrease) in payables	15,073	0	(195,355)
Increase/(decrease) in provisions	(60,556)	0	31,747
Increase/(decrease) in contract liabilities	46,881	0	0
Non-operating grants, subsidies and contributions	(474,800)	(779,530)	(1,156,907)
Net cash from operating activities	1,178,539	(383,613)	124,730

## 18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	3,389,127	2,241,265
General purpose funding	1,494,615	5,550,766
Law, order, public safety	1,561,840	1,523,664
Education and welfare	885,089	447,390
Housing	2,328,375	1,061,845
Community amenities	684,346	522,894
Recreation and culture	4,517,167	4,752,720
Transport	97,044,887	97,790,192
Economic services	560,952	590,089
Other property and services	1,838,978	0
	114,305,376	114,480,825

## 19. CONTINGENT LIABILITIES

The Shire has a refuse site located at Reserve number: 38737 - Lot 13219 on Deposited plan 214941 - Beggars Road, Nannup. This site is a possible source of contamination.

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

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Meeting fees	20,450	17,000	13,933
President's allowance	8,000	8,000	8,000
Deputy President's allowance	2,000	2,000	2,000
Travelling expenses	1,244	3,000	880
Telecommunications allowance	6,822	8,800	5,862
Conference and training expenses	12,415	22,000	5,265
	50,931	60,800	35,940

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual \$	2019 Actual \$
Short-term employee benefits	482,950	385,611
Post-employment benefits	50,751	50,916
Other long-term benefits	42,775	42,699
	576,476	479,226

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

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

## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	10,426	289
Amounts paid to related parties	10,426	114,732

### Related Parties

The Shire's main related parties are as follows:

#### i. Key management personnel

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

#### ii. Other Related Parties

Close family members of KMP employed by the Shire under normal employment terms.

#### iii. Entities subject to significant influence by the Shire

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



## 21. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	7/10/2019	0	0.00%	11.00%
<b>Option Two</b>				
First instalment	7/10/2019	0	0.00%	11.00%
Second instalment	6/12/2019	5	5.50%	11.00%
Third instalment	3/02/2020	5	5.50%	11.00%
Fourth instalment	3/04/2020	5	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	14,414	10,000	12,025
Interest on instalment plan	6,113	4,000	4,928
Charges on instalment plan	3,750	3,500	3,450
	24,277	17,500	20,403

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**22. RATE SETTING STATEMENT INFORMATION**

		2019/20 Budget	2019/20	2018/19
	(30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	11(a) 0	0	(1,364)	(1,364)
Less: Movement in liabilities associated with restricted cash	19,768	0	(49,978)	(49,978)
Movement in pensioner deferred rates (non-current)	12,146	0	(15,760)	(15,760)
Movement in employee benefit provisions (non-current)	(6,440)	0	6,386	6,386
Add: Loss on disposal of assets	11(a) 19,716	22,200	25,574	25,574
Add: Depreciation on non-current assets	11(b) 1,557,445	816,280	1,396,421	1,396,421
<b>Non cash amounts excluded from operating activities</b>	<b>1,602,635</b>	<b>838,480</b>	<b>1,361,279</b>	<b>1,361,279</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash/financial asset backed	4 (3,065,456)	(2,943,743)	(2,622,747)	(2,622,747)
Less: Financial assets at amortised cost - self supporting loans	5(a) (41,978)	(49,797)	(49,797)	(49,797)
Less: Current assets not expected to be received at end of year				
- rates receivable	0	(180,061)	0	0
- Bonds and deposits held	0	(72,993)	0	0
Less :Local Government House Trust units brought into account	0	0	0	(17,517)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15(a) 76,954	47,557	49,797	49,797
- Current portion of contract liability held in reserve	0	0	0	(169,393)
- Employee benefit provisions	202,700	(20,730)	182,932	182,929
<b>Total adjustments to net current assets</b>	<b>(2,827,780)</b>	<b>(3,219,767)</b>	<b>(2,439,815)</b>	<b>(2,626,728)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets	5,805,245	4,626,399	5,124,881	5,124,881
Less: Total current liabilities	(718,282)	(1,405,383)	(683,287)	(633,309)
Less: Total adjustments to net current assets	(2,827,780)	(3,219,767)	(2,439,815)	(2,626,728)
<b>Net current assets used in the Rate Setting Statement</b>	<b>2,259,183</b>	<b>1,249</b>	<b>2,001,779</b>	<b>1,864,842</b>
<b>Total current liabilities at 30 June 2019</b>				(633,309)
Current liabilities excluded from calculation of net current assets at 30 June 2019 in error.				(49,978)
<b>Total current liabilities at 1 July 2019</b>				<b>(683,287)</b>



## 23. FINANCIAL RISK MANAGEMENT

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	0.49%	2,286,091	0	2,285,841	250
Financial assets at amortised cost - term deposits	0.77%	3,109,140	3,109,140	0	0
<b>2019</b>					
Cash and cash equivalents	0.122%	4,192,064	0	4,192,064	0

#### Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	22,858	41,921

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### *Trade and Other Receivables*

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors. The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	88,445	831	223	7,445	96,944
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.55%	2.37%	7.00%	10.00%	
Gross carrying amount	506,923	2,365	0	12,082	521,370
Loss allowance	2,630	56	0	1,198	3,884

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2020</u></b>					
Payables	234,571	0	0	234,571	258,622
Borrowings	88,867	380,562	220,853	690,282	633,256
Contract liabilities	46,881			46,881	46,881
	370,319	380,562	220,853	971,734	938,759
<b><u>2019</u></b>					
Payables	243,549	0	0	243,549	243,549
Borrowings	60,554	176,969	128,180	365,703	357,753
	304,103	176,969	128,180	609,252	601,302

## **24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

### **(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. The change in accounting policy had no impact on existing balances at the date of initial application (1 July 2019). In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

### **(b) AASB 1058: Income For Not-For-Profit Entities**

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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**24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
	Note	As reported under AASB 15 and AASB 1058		
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	21(a)	1,772,136	14,124	1,786,260
Operating grants, subsidies and contributions	2(a)	2,037,039	46,881	2,083,920
Fees and charges	2(a)	453,466	0	453,466
Non-operating grants, subsidies and contributions	2(a)	474,800	0	474,800
Net result		(452,350)	61,005	(391,345)
<b>Statement of Financial Position</b>				
Trade and other payables	13	258,622	(14,124)	244,498
Contract liabilities	14	46,881	(46,881)	0
Net assets		112,979,812	61,005	113,040,817
<b>Statement of Changes in Equity</b>				
Net result		(452,350)	61,005	(391,345)
Retained surplus		31,426,081	61,005	31,487,086

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

**(c) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies.  
At 30 June 2019 the Shire had no leases required to be recognised.

## 25. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	Reclassification to cash	30 June 2020
	\$	\$	\$		\$
Bonds	22,018	800	(600)	(22,218)	0
BRB Levy	761	6,532	(6,218)	(1,075)	0
BCITF Levy	160	3,475	(2,877)	(758)	0
Accrued expenses	75	0	(75)	0	0
	23,014	10,807	(9,770)	(24,051)	0

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### 26. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**SHIRE OF NANNUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**27. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
<b>HEALTH</b> To provide an operational framework.	Food quality, building, sanitation and sewerage.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	Provision of youth support, co-ordinate school holiday programs and support education programs.
<b>HOUSING</b> To ensure adequate staff housing.	Maintenance of staff rental housing.
<b>COMMUNITY AMENITIES</b> Provide services required by the community.	Rubbish collection services, operation of waste management facility, noise control, administration of town planning scheme, maintenance of cemetery and maintenance of public conveniences.
<b>RECREATION AND CULTURE</b> To establish and maintain efficient infrastructure and resources which will help the social wellbeing of the community.	Maintenance and provision of halls, recreation centre and various reserves, operation of library services.
<b>TRANSPORT</b> To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, cleaning of streets, depot maintenance.
<b>ECONOMIC SERVICES</b> To help promote the Shire and improve economic wellbeing.	Assistance to tourism, area promotion, building control, noxious weeds, vermin control.
<b>OTHER PROPERTY AND SERVICES</b> To accurately allocate plant and labour costs across the various programs of Council.	Private works operations, plant repairs and operation costs.



## 28. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	4.51	4.56	3.26
Asset consumption ratio	0.95	0.61	0.98
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.47	0.55	1.08
Debt service cover ratio	6.10	15.11	55.09
Operating surplus ratio	(0.40)	(0.25)	(0.14)
Own source revenue coverage ratio	0.44	0.49	0.44

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

## SHIRE OF NANNUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Bank Deposit Discrepancy	✓		
2. Leave Forms			✓
<b>Issue Outstanding from Prior Year</b>			
3. Asset Renewal Funding Ratio	✓		

## KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

**Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.

**Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

**Minor** - Those findings that are not of primary concern but still warrant action being taken.

**SHIRE OF NANNUP**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. Bank Deposit Discrepancy**

**Finding**

Testing in respect to bank deposits identified one instance where there was a cash/cheques banking discrepancy on 25 June 2020 (cash and cheques subsequently deposited on 26 June 2020). The 25 June 2020 Cash Receipting report indicated an amount of \$858.15 to be banked, however an amount of \$558.15 was actually banked on 26 June 2020.

Upon further investigation, it was found that this was in fact a bank error that was rectified on 16 July 2020 whereby the bank credited the Shire's bank account with the \$300.

**Rating: Significant**

**Implication**

Risk that error of fraud may not be detected on a timely basis.

**Recommendation**

We recommend that Cash Receipting reports and banking documentation be independently reviewed and signed as evidence of independent review, with any discrepancies noted and follow up accordingly, or explanations noted on the Cash Receipts Report.

**Management Comment**

The above recommendation shall be adopted.

All cash bank deposits will be reviewed on a daily basis by a senior officer and as part of the end of month process by management.

**Responsible Person:** Manager of Corporate and Community Services

**Completion Date:** 3 March 2021

**SHIRE OF NANNUP**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**2. Leave Forms**

**Finding**

While conducting our testing of annual leave balances, we noted 2 instance for one employee where the approved leave forms could not be provided to support the annual leave taken.

**Rating: Minor**

**Implication**

When leave taken is not approved, there is a risk that leave records will be inaccurate which may result in financial loss to the Shire.

**Recommendation**

We recommend that leave forms are completed by employees and appropriately approved for all leave taken. We also recommend that leave forms are appropriately retained to support the entries in the payroll reports.

**Management Comment**

Management will continue to enforce the above recommendation and ensure staff are aware of this recommendation.

**Responsible Person:** Manager of Corporate and Community Services

**Completion Date:** 3 March 2021

**SHIRE OF NANNUP****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****Issue outstanding from prior year****3. Asset Renewal Funding Ratio****Finding 2020**

This issue remains unresolved. The Shire has not reported the Asset Renewal Funding Ratio for 2020, 2019 and 2018 in the annual financial report, as the planned capital renewals and required capital expenditure were not estimated in a long-term financial plan and asset management plan respectively.

**Finding 2019**

The Shire has not reported the Asset Renewal Funding Ratio for 2019 , 2018 and 2017 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as the planned capital renewals and required capital expenditure were not estimated in a long-term financial plan and asset management plan respectively.

**Rating: Significant  
Implication**

By not reporting the asset renewal funding ratio, the Shire is not in compliance with section 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

**Recommendation**

We recommend that management review and update the long-term financial plan and asset management plan annually to ensure 10 year projections are available to calculate the Asset Renewal Funding Ratio.

**Management Comment**

Management are in progress of updating the Strategic Community Plan, Corporate Business Plan which is part of the integrated planning and reporting framework. The Long Term Financial Plan (LTFP) and the Asset Management Plan (AMP) is part of the framework. Thereafter the LTFP and AMP shall be reviewed on an annual basis as part of the annual budget process.

<b>Responsible Person:</b>	Chief Executive Officer and Manager of Corporate and Community Services
<b>Completion Date:</b>	Ongoing

## Attachment 10.2.1

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

### Nannup - Compliance Audit Return 2020

#### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A		Sarah Dean
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Sarah Dean
3	s3.59(2)(c) F&G Regs 7,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2020?	N/A		Sarah Dean
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	N/A		Sarah Dean
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Sarah Dean



Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Sarah Dean
2	s5.16	Were all delegations to committees in writing?	N/A		Sarah Dean
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Sarah Dean
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Sarah Dean
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	Yes	Resolution 20054; May 2020 Ordinary Meeting of Council.	Sarah Dean
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	N/A		Sarah Dean
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Sarah Dean
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Sarah Dean
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Sarah Dean
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Sarah Dean
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Sarah Dean
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes		Sarah Dean
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Sarah Dean

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Sarah Dean



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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Sarah Dean
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Sarah Dean
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Sarah Dean
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Sarah Dean
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Sarah Dean
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Sarah Dean
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Sarah Dean
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Sarah Dean
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Sarah Dean
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Sarah Dean
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Sarah Dean
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		Sarah Dean





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No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Sarah Dean
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Sarah Dean
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Sarah Dean
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Sarah Dean
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Sarah Dean
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Sarah Dean
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Sarah Dean
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Sarah Dean

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	N/A		Sarah Dean
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Sarah Dean



<b>Elections</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	N/A		Sarah Dean
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		Sarah Dean
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A		Sarah Dean

<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	Council resolution 19136 - October 2019 Special Meeting of Council.	Sarah Dean
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes	Audit Advisory Committee needs review; OAG is now auditor - comment by S Fitchat.	Sarah Dean
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	N/A		Sarah Dean
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	N/A		Sarah Dean
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No		Sarah Dean
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A		Sarah Dean



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No	Reference	Question	Response	Comments	Respondent
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	N/A		Sarah Dean
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A		Sarah Dean
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A		Sarah Dean
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes		Sarah Dean
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A		Sarah Dean

### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Most recent review 28 May 2020 Ordinary Council meeting; resolution 20053.	Sarah Dean
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Most recent review 28 May 2020 Ordinary Council meeting; resolution 20053.	Sarah Dean
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Sarah Dean



<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Sarah Dean
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Sarah Dean
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Sarah Dean
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Sarah Dean
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Sarah Dean
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Sarah Dean

<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes		Sarah Dean
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes		Sarah Dean
3	s5.121(2)	Does the complaints register include all information required by section 5.121 (2)?	Yes		Sarah Dean
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Sarah Dean

<b>Optional Questions</b>					
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No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	Yes	Council resolution 19067, meeting date 27 June 2019.	Sarah Dean
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	Council resolution 19067, meeting date 27 June 2019.	Sarah Dean
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	Yes		Sarah Dean
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	Yes		Sarah Dean
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	Yes		Sarah Dean
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	Yes		Sarah Dean
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Sarah Dean
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes		Sarah Dean
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Sarah Dean
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		Sarah Dean



### Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Sarah Dean
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Sarah Dean
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Sarah Dean
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Sarah Dean
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Sarah Dean
6	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A		Sarah Dean
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Sarah Dean
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Sarah Dean
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Sarah Dean



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No	Reference	Question	Response	Comments	Respondent
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Sarah Dean
11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Sarah Dean
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes		Sarah Dean
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Sarah Dean
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A		Sarah Dean
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A		Sarah Dean
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Sarah Dean
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A		Sarah Dean
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Sarah Dean
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Sarah Dean
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Sarah Dean



Department of  
**Local Government, Sport  
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
21	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Sarah Dean
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Sarah Dean
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Sarah Dean
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A		Sarah Dean

I certify this Compliance Audit Return has been adopted by council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor/President, Nannup

\_\_\_\_\_  
Signed CEO, Nannup