

Shire of Nannup
Ordinary Council Meeting Minutes: November 2013

AGENDA NUMBER:	12.13
SUBJECT:	Monthly Accounts for Payment
LOCATION/ADDRESS:	Nannup Shire
NAME OF APPLICANT:	N/A
FILE REFERENCE:	FNC 8
AUTHOR:	Vic Smith – Acting Chief Executive Officer
REPORTING OFFICER:	Vic Smith – Acting Chief Executive Officer
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	Date 12 November 2013

Attachment 1: Schedule of Accounts for Payment

BACKGROUND:

The Accounts for Payment for the Nannup Shire Municipal Account fund and Trust Account fund to 31 October 2013 as detailed hereunder and noted on the attached schedule, are submitted to Council.

COMMENT:

If Councillors have questions about individual payments prior notice of these questions will enable officers to provide properly researched responses at the Council meeting.

Municipal Account

Accounts paid by EFT	5338 - 5384	\$ 232,725.62
Accounts paid by cheque	19324 –19344	\$30,967.96
Accounts paid by Direct Debit		\$0.00
Sub Total Municipal Account		<u>\$263,693.58</u>

Trust Account

Accounts Paid by cheque	0.00
Sub Total Trust Account	<u>\$0.00</u>

Total Payments

\$263,693.58

STATUTORY ENVIRONMENT: LG (Financial Management) Regulation 13

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: As indicated in Schedule of Accounts for Payment.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple majority

RECOMMENDATION:

That the List of Accounts for Payment for the Nannup Shire Municipal Account fund totalling \$263,693.58 in the attached schedule be endorsed.

9064 MELLEMA/LONGMORE

That the List of Accounts for Payment for the Nannup Shire Municipal Account fund totalling \$263,693.58 in the attached schedule be endorsed.

CARRIED 8/0

SHIRE OF NANNUP
ACCOUNTS FOR PAYMENT -OCTOBER 2013

Chq/EFT	Name	Description	Amount
EFT5338	KIM DAWE CONCRETE	TO SUPPLY ALL MATERIALS AND LAY CAREY STREET FOOTPATHS	14,369.50
EFT5339	DEAN GUJA	P/O 13877 EH WORK AND TRAVEL 35 HOURS	2,560.00
EFT5340	BUTTERFLY FOUNDATION	P/O 13963 WORKSHOP ON EARLY INTERVENTION AND EATING DISORDER	170.00
EFT5341	SLATER-GARTRELL SPORTS	P/O 13627 REPLACEMENT PUMP FOR THE LINE MARKING MACHINE	209.00
EFT5342	JACKSONS DRAWING SUPPLIES PTY LTD	P/O 13980 HOLIDAY PROGRAM	33.81
EFT5343	NANNUP SKIP BINS	SKIP BIN 26/09/2013	110.00
EFT5344	LGIS RISK MANAGEMENT	FEES JUL - DEC 2013	3,287.48
EFT5345	DJEMBEMOVES	SCOTT RIVER DRUMMING WORKSHOP- SCHOOL HOLIDAY PROGRAM	321.00
EFT5347	DORMAR INDENTS	P/O 13628 STOCK FOR CARAVAN PARK	1,247.44
EFT5348	KERRIE YABSLEY	PICKUP SUPPLIES FOR WORKSHOP	74.56
EFT5349	THE PENINSULA	P/O 13983 2 NIGHTS ACCOMODATION 8 AND 9TH OCTOBER	538.00
EFT5350	KIM DAWE CONCRETE	P/O 14021 CAREY STREET FOOTPATH	17,061.00
EFT5351	BRANDINO PTY LTD	P/O 14054 DESIGN PROJECT MANAGEMENT OF HERITAGE TRAIL	3,300.00
EFT5352	COVS PARTS	P/O 13935 ELECTRICAL FITTINGS GLOW PLUG	123.64
EFT5353	DRACOM SERVICES	P/O 14014 TELSTRA BLACK SPOT PLAN	770.00
EFT5354	CAPE TO CAPE EXPLORER TOURS	OCTOBER SCHOOL HOLIDAY ACTIVITIES P/O 13972	1,440.00
EFT5355	LIBRA ENTERPRISES (WA) PTY LTD	P/O 13629 STOCK FOR SHOP CARAVAN PARK	330.57
EFT5356	JOANNA KEPKA	10 OCT 11 OCT ASSISTANT TO YAC WORKSHOP	150.00
EFT5357	WARDAN ABORIGINAL CENTRE	VISIT TO WARDAN CENTRE 28/4/13 MENS CAMP	300.00
EFT5360	BOC LIMITED	OXYGEN INDUST	42.99
EFT5361	CJD EQUIPMENT PTY. LTD.	P/O 13932 BRAKE PIPE, SEALS	383.65
EFT5362	HOLCIM AUSTRALIA PTY LTD	P/O 14004 10MM SEALING AGG X 9	54,172.80
EFT5363	D & J MILLER (DO YOUR BLOCK CONTRACTING)	P/O 13933 EARTH WORKS AT WALTER ST	247.50
EFT5364	ESPECIALLY TULIPS	P/O 13364 500 X TULIP BULBS	140.00
EFT5365	HOLBERRY HOUSE	P/O 11633 RIC CAIRNS HERITAGE TRAIL CONSULATION	115.00
EFT5366	TOLL IPEC ROAD EXPRESS PTY LTD	COURIER CHARGES	117.24
EFT5367	INSIGHT CCS PTY LTD	SEPTEMBER 2013	159.61
EFT5368	JASON SIGNMAKERS	P/O 14008 6 OFF FIRE SIGNS WITH BRACKETS	1,206.70
EFT5369	LGIS PROPERTY	LGIS PROPERTY REF 000752	13,976.86
EFT5370	LGIS WORKCARE	LGIS WORKCARE REF 000515	39,302.84
EFT5371	LGIS LIABILITY	LGIS LIABILITY REF 000061	6,883.80
EFT5372	NANNUP EZIWAY SELF SERVICE STORE	5 GAS BOTTLES, 4 CARAVAN PARK 1 RIVERBEND	725.00
EFT5373	NANNUP COMMUNITY RESOURCE CENTRE	VISITOR INFORMATION SERVICES PAYMENT 3 OCTOBER 2013	4,620.00

EFT5370	LGIS WORKCARE	LGIS WORKCARE REF 000515	39,302.84
EFT5371	LGIS LIABILITY	LGIS LIABILITY REF 000061	6,883.80
EFT5372	NANNUP EZIWAY SELF SERVICE STORE	5 GAS BOTTLES, 4 CARAVAN PARK 1 RIVERBEND	725.00
EFT5373	NANNUP COMMUNITY RESOURCE CENTRE	VISITOR INFORMATION SERVICES PAYMENT 3 OCTOBER 2013	4,620.00
EFT5374	NICHOLLS MACHINERY	P/O 13380 ISO 04 RED	50.05
EFT5375	NANNUP LIQUOR STORE	COUNCIL MEETING	152.98
EFT5376	SYNERGY	148 STREET LIGHTS	1,944.35
EFT5377	SCOTT RIVER JASPER BUSH FIRE BRIGADE	2013-14 OPERATING GRANT	4,280.00
EFT5378	LOUISE STOKES	AUSTRALIAN REGIONAL TOURISM CONFERENCE	350.00
EFT5379	TOTAL EDEN	P/O 13936 FILER IN LINE POLY	8.58
EFT5380	WARREN BLACKWOOD WASTE	GREEN BINS	5,614.40
EFT5381	WORTHY CONTRACTING	GOLD GULLY ROAD CLEARING & WIDENING ROAD P/O 14019	31,372.91
EFT5382	WORK CLOBBER	P/O 13930 SAFETY JACKET	348.50
EFT5383	WA LOCAL GOVERNMENT SUPERANNUATION PLAN	Superannuation contributions	13,282.34
EFT5384	WA LOCAL GOVERNMENT SUPERANNUATION PLAN	Superannuation contributions	6,831.52

Total EFT Municipal Vouchers: 232,725.62

19324	GRUB HUB	AUGUST FUEL ACCOUNT	246.91
19325	SHIRE OF NANNUP	A1272 RATES PAYMENT	271.08
19326	SHIRE OF NANNUP	WORKING WITH CHILDREN CHECK- LOUISE	121.60
19327	GRUB HUB	FEB FUEL 2013	860.70
19328	AUSTRALIAN TAXATION OFFICE	SEPTEMBER 2013	25,120.00
19329	BUNNINGS- BUSSELTON	WHEEL METAL CENTRE SILVER	37.12
19330	WATER CORPORATION	CARAVAN PARK BALINGUP ROAD	760.92
19331	AMP LIFE LTD	Superannuation contributions	376.56
19332	AUSTRALIAN SUPER	Superannuation contributions	704.89
19333	IIML ACF IPS APPLICATION TRUST	Superannuation contributions	465.30
19334	CHALLENGER	Superannuation contributions	232.74
19335	GENERATIONS PERSONAL SUPER	Superannuation contributions	353.27
19336	BT BUSINESS SUPER	Superannuation contributions	83.29
19337	REST	Superannuation contributions	134.73
19338	AMP LIFE LTD	Superannuation contributions	209.36
19339	AUSTRALIAN SUPER	Superannuation contributions	349.77
19340	IIML ACF IPS APPLICATION TRUST	Superannuation contributions	310.19
19341	CHALLENGER	Superannuation contributions	116.37
19342	GENERATIONS PERSONAL SUPER	Superannuation contributions	173.96
19343	BT BUSINESS SUPER	Superannuation contributions	19.60
19344	REST	Superannuation contributions	19.60

Total Municipal Cheque Vouchers: 30,967.96

TOTAL MUNICIPAL PAYMENTS FOR PERIOD	\$263,693.58
TOTAL TRUST PAYMENTS FOR PERIOD	\$0.00
TOTAL PAYMENTS FOR PERIOD:	<u>\$263,693.58</u>

Shire of Nannup
Ordinary Council Meeting Minutes: November 2013

AGENDA NUMBER: 12.14
SUBJECT: Acceptance of Shire of Nannup Annual Report 2012/13
LOCATION/ADDRESS: N/A
NAME OF APPLICANT: N/A
FILE REFERENCE: ADM 17
AUTHOR: Vic Smith – Acting Chief Executive Officer
DISCLOSURE OF INTEREST: Nil
DATE OF REPORT: 11 November 2013

Attachment: Annual Report 2012/13 is included as a separate document with this agenda.

BACKGROUND:

Section 5.53 (1) of the Local Government Act 1995 (the Act) stipulates that a Local Government is to prepare an Annual Report for each financial year. A draft Annual Report has been circulated under separate cover for consideration.

COMMENT:

The Annual Report contains all the statutory information required, including the Annual Financial Statements for the year under review and will also form the main document for scrutiny at Council's Annual Electors Meeting.

This year the Annual Report has been redesigned and updated to make it more user friendly and aligned with the Council's Strategic Community Plan. As well as the statutory financial statements it now includes:

- The Community Statements from the Strategic Community Plan
- An expanded section on Nannup
- An expanded description of the council's organisational structure
- A review of governance arrangements by the Chief Executive Officer, as required by Regulation 17 of the Local Government (Audit) Regulations 1996
- An Environmental and Social Impact Statement
- A Diversity Statement
- An expanded Financial Report explaining the statutory financial statements and providing a user friendly commentary of the year's performance.

STATUTORY ENVIRONMENT:

Section 5.54(1) of the Act requires that the Annual Report be accepted by 31 December, with an absolute majority vote being required. However, if the auditor's report is not available in time for the Annual Report to be accepted by

31 December section 5.54(2) requires that it be accepted no later than two months after the auditor's report becomes available.

Section 5.27(2) states that a general meeting of electors is to be held on a day selected by the local government, but not more than 56 days after the local government accepts the annual report for the previous financial year. Section 5.29(1) requires that the CEO gives at least 14 days local public notice of the date, time, place and purpose of the meeting.

Assuming that the Annual Report is accepted at today's meeting, it is proposed to hold the Annual Electors Meeting at 5.30pm Thursday 19 December 2013.

Notice of the availability of the Annual Report is to be given as soon as practical after its acceptance by Council. An advertisement informing electors of the proposed timing of the Electors Meeting has been prepared for The West Australian, which will meet the statutory requirement of the advertising period. It will also be placed in the Busselton Dunsborough Times and appropriate notices will be posted throughout the Townsite.

POLICY IMPLICATIONS: None

FINANCIAL IMPLICATIONS: None.

STRATEGIC IMPLICATIONS: None

VOTING REQUIREMENTS:

Absolute Majority decision required for the acceptance of an Annual Report.

RECOMMENDATIONS:

1. That Council accept the Annual Report for the Shire of Nannup for the year ended 30 June 2013 as required by section 5.54 (1) and 5.54(2) of the Local Government Act 1995.
2. That Council hold its Annual Electors Meeting on Thursday 19 December 2013 in the Shire Function Room commencing at 5.30 pm.

9065 GILBERT/LONGMORE

1. That Council accept the Annual Report for the Shire of Nannup for the year ended 30 June 2013 as required by section 5.54 (1) and 5.54(2) of the Local Government Act 1995.



2012/13 Annual Report

SHIRE OF NANNUP ANNUAL REPORT FOR 2012/13

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SHIRE PRESIDENT'S REPORT 2012/13

It is always a pleasure to present the Annual Report on behalf of the Shire of Nannup to our community. This year, the format of the Annual Report has been revised to incorporate the important work done on strategic planning as part of the 'Integrated Planning Framework' to map a sustainable future for our community.

Key to this framework is the Strategic Community Plan that was adopted in March 2013. This plan articulates the vision for our community as a result of considerable consultation. Although adopted late in 2012/13, Council has already made a start on a number of the priority goals of the plan. Of key consideration is the desire to plan and deliver on financial sustainability. Using the 10 Year Financial Plan, managing our community, built and environmental assets as well as producing realistic rate increases were and are the goals of the 2012/13 and future budget. This years' rate increase of 5.0% was one of the lowest in the south west.

Beyond the many ongoing operational requirements in 2012/13, Council continued the development of several key projects started in 2010/11 to build on what makes our community so strong and genuine. Documentation of the Recreation Centre is well underway, lobbying and the business case for the WA Emergency Management Institute was started, another section of Mowen Road was completed ahead of time and the \$90,000 SES Building Refurbishment is nearly complete.

Working and listening to our community has been a focus, with so many successful community and youth projects, the upgrade of the website underway, completion of the promotion and branding of the area as well as growing partnerships with community groups and advocacy to state agencies.

I particularly thank all the Councillors for their support throughout the year and we will continue as a team to promote leadership and vision, intent on listening to our community to deliver results.

I also thank our CEO, senior managers and all our staff and volunteers who work so hard to deliver an innovative, aspirational, ambitious and effective service to our community.

Despite the economic and community challenges faced by our state, Nannup continues to stand out as a healthy community, full of charm and friendliness within our beautiful forests and coast. All of which we aim to strengthen!

**CR TONY DEAN
SHIRE PRESIDENT**

CHIEF EXECUTIVE OFFICER'S REPORT 2012/13

The 2012/13 year has been one of building results, strengthening relationships and refining the vision for our community. As in every year, we have consistently aimed at delivering a strategic organisation, focussed on our community, our economy and our environment through good governance.

Completion of the Strategic Community Plan and supporting plans has been a massive undertaking that will ensure the needs and aspirations of our community are integrated into our planning and delivery of services.

Several key results and relationships have been progressed in 2012/13:

- Delivery of good customer service and advocacy for Nannup's residents, community and industry groups, particularly with our youth and volunteers
- Countless successful Youth and Community projects
- Creation of stronger relationships with other authorities, industry groups and alliance partners
- Greater strategic and operational service provision for Planning, Health and Building Units. Numerous backlog projects have been completed, strategic planning for all areas is being implemented and policies reviewed.
- Implementation work and management of the Brockman Street Caravan Park
- Design development and documentation of the Recreation Centre and the Main Street
- Completion of the Youth Space – previously identified as the single most important initiative for our growing youth population.
- Local Planning Strategy review
- Building Act Implementation finalised
- Health and Public Building inspections
- Ongoing earthworks and sealing of Mowen Road
- Creation of a Visitor Service through the financial support of the Shire of Nannup
- Nannup Promotions Plan implementation
- Nannup Auditorium Circuit concert
- Completion of the final elements to Jalbarragup Bridge
- Numerous local roads in the municipality
- Funding and in-kind support of community events from Australia Day to the Nannup Music Festival
- Refinement of the team to provide a leaner and more effective service, with a focus on growing areas such as Emergency Management and Youth

Most importantly, I again wish to thank our amazing team and volunteers, who work so hard to manage all of the strategic and operational elements of the role from road, park, building and footpath maintenance, ongoing support of our aged and youth community (and everything in between), emergency services, library services, administration of the office, health building and planning services, finance and economic development.

A special thank you for another year of excellent support from Councillors and our Shire President in the 2012/13 year. I look forward to serving this community and delivering on your vision and goals in the coming years.

ROBERT JENNINGS
CHIEF EXECUTIVE OFFICER

OUR COMMUNITY STATEMENT

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

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

Our leaders provide for and listen to all of us.

Our Community

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

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

Our Economy

Sustainability is the key to Nannup's future

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

Our Built Environment

Keep the charm and fabric of Nannup

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

Our Natural Environment

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

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

Our Community Leadership

We listen to our community leaders

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

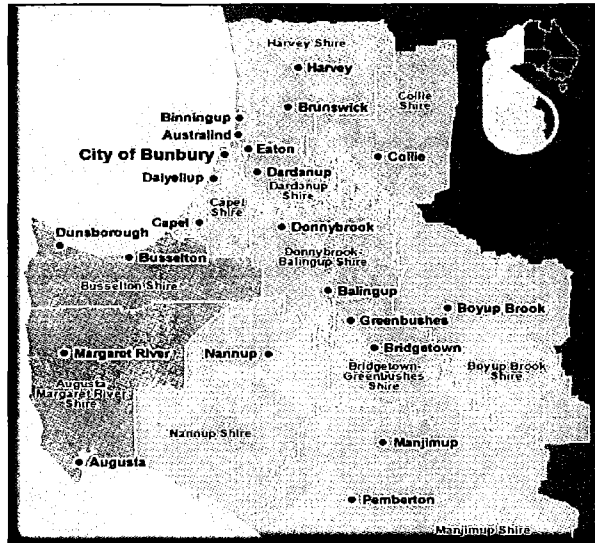
Our Council Leadership

A listening leadership that provides for and represents all

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

BRIEF BACKGROUND ON NANNUP

Location



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

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

History

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

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

COUNCIL STRUCTURE

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

Council is the decision making body on all policy matters. It meets monthly, with Ordinary Meetings of Council being held on the fourth Thursday of every month commencing at 4.15 pm. Members of the public are welcome to attend all meetings of Council and public question time of at least 15 minutes duration is scheduled at the commencement of all public meetings. Agendas for Ordinary Council Meetings are available to members of the public four days prior to meetings. Minutes are placed on display in the Nannup Library within ten working days after each meeting.

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

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

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

The work of Council is informed by a number of committees and working groups. The need for these committees and working groups and their terms of reference are reviewed after each election; the last review was in October 2011. The current committees are:

- Audit Advisory Committee (8 councillors)
- Rates Advisory Committee (8 councillors)
- Risk Management Advisory Committee (2 councillors)
- Bush Fire Advisory Committee (2 councillors)
- Local Emergency Management Advisory Committee (3 councillors)

Council established the following Working Groups:

- Warren Blackwood Strategic Alliance (2 councillors)
- Plant Replacement Group (3 councillors)

The following page provides details of councillors as at 30 June 2013.

NANNUP SHIRE COUNCILLORS

30 JUNE 2013

SHIRE PRESIDENT:	Cr Tony Dean
WARD:	Central
RETIRING:	2015
ADDRESS:	Lot 139 Vasse Highway Nannup WA 6275
PHONE:	Ph/Fax 9756 0680
EMAIL:	shirep@nannup.wa.gov.au
DEPUTY SHIRE PRESIDENT:	Cr Robin Mellema
WARD:	North
RETIRING:	2013
ADDRESS:	Loc 4184 Blythe Road Nannup WA 6275
PHONE:	Ph/Fax 9756 1156
EMAIL:	robin.mellema@education.wa.gov.au
COUNCILLOR:	Cr Barbara Dunnet
WARD:	South
RETIRING:	2013
ADDRESS:	PO Box 155 Nannup WA 6275
PHONE:	9758 2238 Fax 9758 2308
EMAIL:	bdunnet1@bigpond.com.au
COUNCILLOR:	Cr Stephanie Camarri
WARD:	North
RETIRING:	2013
ADDRESS:	RMB 360 Cundinup Road Nannup WA 6275
PHONE:	9756 2011 Fax 9756 2123
EMAIL:	crcamarri@westnet.com.au
COUNCILLOR:	Cr Charles Gilbert
WARD:	Central
RETIRING:	2013
ADDRESS:	17 Adam Street Nannup WA 6275
PHONE:	Ph/Fax 9756 1184
EMAIL:	gilbertce@bigpond.com
COUNCILLOR:	Cr Joan Lorkiewicz
WARD:	South
RETIRING:	2015
ADDRESS:	PO Box 53 Nannup 6275
PHONE:	Ph/Fax 9756 1129
EMAIL:	jav_vjl@hotmail.com
COUNCILLOR:	Cr Norm Steer
WARD:	Central
RETIRING:	2015
ADDRESS:	30b Walter Road Nannup WA 6275
PHONE:	Ph/Fax 9756 1597
EMAIL:	norman.steer5@bigpond.com
COUNCILLOR:	Cr Bob Longmore
WARD:	North
RETIRING:	2015
ADDRESS:	15 Blackwood River Drive Nannup WA 6275
PHONE:	Ph/Fax 9756 0308
EMAIL:	longmore@westnet.com.au

ADMINISTRATIVE FUNCTIONS

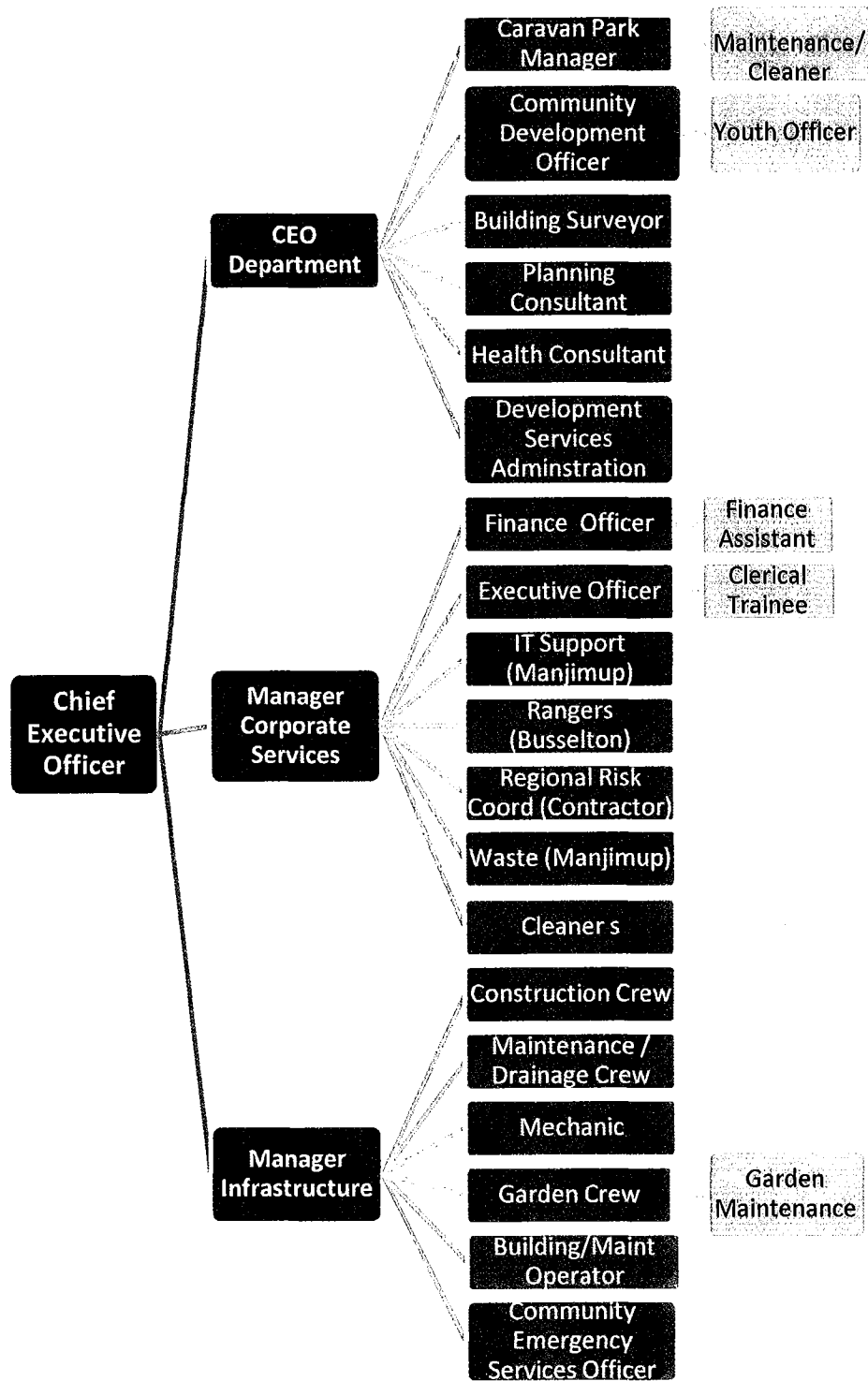
Council adopts Policies on a variety of issues to act as a guide for Officers of the Shire and to provide the basis for decision making. All current Policies are contained within the Council's Policy Manual, along with a register of authorised delegations made by the Council to assist with the efficient administration of the municipality.

The Chief Executive Officer has delegated authority from Council to make decisions on a number of specified administrative and policy matters.

The Chief Executive Officer is also responsible for establishing the employment structure needed to implement Council's policies. The staffing structure in 2012/13 comprised 25.76 full time equivalent employees, which remained unchanged from 2011/12. In addition, approximately eight full time casual employees are engaged in construction work on Mowen Road.

The following page provides a visual breakdown of the current staffing structure.

Shire of Nannup Organisational Chart as at 30 June 2013



WORKS & SERVICES REPORT 2012/13

Council had minimal outside staff changes in 2012/13. Staffing levels were 11 fulltime outside employees, two full time gardeners and a full time plant mechanic/supervisor.

The town garden enhancement program was carried on throughout the town site. Other major works for this financial year included fire incident support.

Council construction works included

Balingup Road	1.5km reseal	\$75k	Regional Road Group
Cundinup South Road	Reconstruction	\$75k	Regional Road Group
Fouracres Road	1.5km construction	\$90k	Regional Road Group
East Nannup Road	1.5km construction	\$108k	Roads To Recovery
Gold Gully Road	Clearing	\$50k	Roads To Recovery
Pnuemonia Road	2km sealing	\$150k	Commodity Route
Mowen Road Construction	Construction	\$5.1m	MRWA
Barrabup Road	Construction	\$50k	Council
Stacey Road	Construction	\$40k	Council

The Council's plant replacement program included the replacement of a backhoe, a 14 tonne tipper and pig trailer.

CHRIS WADE
MANAGER INFRASTRUCTURE

COMMUNITY DEVELOPMENT REPORT 2012/13

Priority projects for Community Development in 2012/13 include sourcing funding for the Recreation Precinct upgrade, the Main Street project and the Brockman Street Caravan Park.

The Well Being Warren Blackwood project has been well received with recreation and nutrition programs offered in Nannup. The Austcycle courses, Nordic walking and community garden workshops have been particularly well received. Further investigation into the Nannup Aged Housing Report was undertaken, identifying feasible solutions for seniors housing in the Shire.

Grant funding of \$796,404 has been received in the financial year 2012/13 to assist with the development of Council's projects, including the Recreation Precinct upgrade, footpath program, youth activities and Kidsport, which assists youth to participate in recreation activities.

Trails became a regional focus with the development of the Heritage Bridle Trail between Bridgetown, Nannup, Manjimup, Northcliffe and Walpole. The collection of oral histories from stock herders were collected and donated to town libraries.

A contract was awarded to the Nannup Community Resource Centre to establish a Visitor Information Service, incorporating touch screen technology and brochure racking. The Drift film was released and promotion of this film was coordinated in conjunction with Margaret River and Busselton.

The new Shire branding was implemented and a regional map produced, highlighting scenic drives in the area for visitors to enjoy.

Family Fun Day, held in January was a great success for families and attracted a large number of participants. Funding received through the *Count Me In* project to encourage young people with a disability to fully engage in community activities has assisted the development of library rhyme time and to support the school holiday activities program. The highlight was a five day Cape to Cape camp. The Youth Plan was adopted by Council and a dedicated youth space developed at the rear of the Town Hall. This space has been well utilised by young people for the weekly YAC meetings and activities.

**LOUISE STOKES
COMMUNITY DEVELOPMENT OFFICER**

STATUTORY COMPLIANCE REPORT

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

Competitive Neutrality – Business Activities

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

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

Freedom of Information Act 1992 - Information Statement

Council adopted its Information Statement on 23 November 2000. This Statement was prepared in accordance with the Freedom of Information Act 1992, and associated guidelines. The Statement was last reviewed by Council on 22 August 2013.

Disability Access and Inclusion Plan

The Disability Services Amendment Act 2004 introduced a requirement for Councils to produce a Disability Access and Inclusion Plan. Council submitted a revised Disability Access and Inclusion Plan to the Disability Services Commission who accepted the Plan. Council reviewed the updated plan on 26 September 2013 and is seeking public comment.

State Records Act 2000 – Record Keeping Plan

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

Overview of Plan for the Future

Council's adopted Forward Plan has now been superseded by the requirements of the Integrated Planning Framework, principally the Strategic Community Plan and the Corporate Business Plan.

In terms of major initiatives proposed to commence or continue in the next financial year Mowen Road is the main infrastructure project Council is involved with and this is continuing for the next two years. Plans for the redevelopment of the recreation centre are well advanced and the project will commence once the remaining the funding is in place. Council has also consulted on the redevelopment of the Main Street and has commenced a program to upgrade the Brockman Street Caravan Park.

Employee Remuneration

During 2012/13 the number of employees whose remuneration exceeded \$100,000 (excluding benefits in kind) was as follows:

Band	No.
\$100,000 - \$110,00	0
\$110,001 - \$120,000	1
\$120,001 - \$130,000	2

Complaints under Section 5.121 of the Local Government Act 1995

No complaints relating to this section of the Local Government Act were received in 2012/13.

REVIEW OF CORPORATE GOVERNANCE

Scope of Responsibility

The Shire of Nannup is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Chief Executive Officer also has a duty under the Local Government (Audit) Regulations 1996 to carry out a review of legislative compliance, internal control and risk management, at least biennially, and to present the results of this review to the Council's Audit Committee. The Audit Committee is to consider the CEO's review and report the results of the review to Council.

This statement explains how the Shire of Nannup meets the requirements of the Local Government (Audit) Regulations 1996.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads its community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Shire of Nannup for the year ended 30 June 2013 and up to the date of the approval of the Annual Report.

The Governance Framework

The Council describes its vision, aims and objectives for the Shire of Nannup in the Strategic Community Plan and the Corporate Business Plan. The Council aims to have clear channels of communication with all sections of the community and other stakeholders, to ensure accountability and encourage open consultation.

The Council has adopted a Standing Orders Local Law that sets out how the council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Council's Policy Manual contains rules and procedures that govern decision making and this is supplemented by a Register of Delegations, which details the powers delegated to council officers. The Policy Manual and the Register of Delegations are regularly reviewed.

The Audit Committee operates to provide independent assurance to the Council on issues such as the effectiveness of the internal control environment.

The Council aims to ensure that all Members and Officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities effectively. The Council recognises the value of a well-trained, competent workforce.

Review of Effectiveness of the Governance Framework

The Chief Executive Officer has responsibility for conducting, at least biennially, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the governance environment), the completion of the statutory Compliance Audit Return and also by comments made by the external auditors.

The Council has continued to strengthen its overall governance arrangements throughout the year by ensuring that statutory requirements are met and that deadlines for the submission of reports and returns are complied with.

In year review mechanisms include:

1. Council considers and reviews financial performance reports on a monthly basis, comprising the monthly budget review and scrutiny of expenditure. Councillors are also committed to upholding good governance through their role at the heart of the decision-making process.
2. As the officers with overall responsibility for governance across the organisation, the Senior Management Team meet fortnightly to discuss strategic issues and track the progress of council priorities.
3. The Council reviews key corporate documents on an annual basis, including the Policy Manual, Register of Delegations and the Freedom of Information Statement.
4. The Audit Committee reviews and approves risk management updates and the reports from the external auditor, including the Management Letter.
5. The review and monitoring of strategic risks is undertaken by the Senior Management Team and is reported to the Risk Management Committee.
6. Council considers a monthly progress report on the initiatives set out in the Corporate Business Plan.

The following formal reviews were carried out during the year:

1. External Auditor – Management Letter 2012/13

The Management Letter was reported to the Audit Committee in November 2013 and summarised the findings from the 2012/13 audit of the Council's financial statements. The report gave an unqualified opinion confirming that the financial statements were free from material error.

The auditor reported on eight findings, six of moderate significance and two of minor significance. There were no matters of high significance, representing a marked improvement on previous years. The issues raised by the auditor will be addressed in 2013/14.

2. Compliance Audit Return 2012

The Compliance Audit Return reviews Council's compliance with significant legislative requirements. The Compliance Audit Return for 2012 did not report any areas of non-compliance with acts and regulations.

The Chief Executive Officer confirms that there were no significant internal control issues that:

- required formal action under the Local Government Act 1995
- required significant additional funding
- had a material impact on the accounts
- resulted in significant public interest damaging the reputation of the Council.

The areas to be specifically addressed with new action plans are outlined below.

Significant Governance Issues

There was one instance of failure to comply with statutory deadlines for the submission of the monthly monitoring report to Council. This was an isolated instance and was not symptomatic of a failure of the control environment.

The Council's external auditors carried out a review of the Financial Management System in 2012. Whilst the conclusion of the review was that operating procedures and systems were adequate and operating effectively, the auditors made a number of recommendations to improve internal control. The high priority issues were:

- three monthly monitoring reports did not meet the statutory deadline for reporting set out in the Local Government Act
- Cash collection procedures at the Waste Management Facility should be improved.

The Council is at an early stage in the development of an effective strategic risk management framework. Although the Council's Risk Management Policies have been reviewed in 2013, regular monitoring of strategic risks through the Risk Management Committee still needs to be formalized.

In its review of the strategic risks facing the authority the Senior Management Team identified the following risks as the most significant:

1. A heavy reliance on external funding
2. Potential amalgamation and consequent loss of identity
3. Low staffing numbers may not enable all priorities to be addressed
4. Failure to communicate effectively with the community
5. No business continuity plan in place

The Corporate Business Plan includes the development of an effective strategic risk management framework as a high priority and this issue will be addressed during 2013/14.

ROBERT JENNINGS

CHIEF EXECUTIVE OFFICER

ENVIRONMENT & SOCIAL IMPACT STATEMENT

The Council will address social and economic issues so that they support each other and work within environmental limits. It is vital that we find innovative ways of working that benefit all three parts of a sustainable community:

- society,
- the economy and
- the environment.

Making more efficient use of scarce financial and natural resources is fundamental to developing sustainable communities. It is also fundamental to addressing the economic and financial uncertainties currently faced by public services, businesses and communities in the district.

An integrated approach to sustainable development is vital in order to find innovative ways of working which benefit all three components of a sustainable community. The Strategic Community Plan for Nannup 2013 – 2023 clearly identifies the community's social, economic, environmental and governance goals. Open and effective communications are essential to ensure this happens so that community groups are clear how they can be involved.

Our action plan:

- Brings together the changes described in the Strategic Community Plan with the people, communities, partners and organisations who want to make them happen
- Builds on and links with the existing work being done
- Spells out the priorities and timelines to achieve change
- Will be reviewed regularly and the results published.
- Will be heavily influenced by the economic climate and the resources available.
- Focuses on the challenges affecting the long term future of our district
- Describes our priorities and how we can achieve them.

EQUALITY & DIVERSITY STATEMENT

Our Population

The Shire of Nannup has a population of 1,262 people with a projected growth per annum of between 0.4% - 1.4% and a median age of 49 years. This compares to a median age of 36 years in the state. Unemployment was at 4.7% in 2011, which is exactly the same as the state average.

The biggest industries in the Shire of Nannup are agriculture (13.6%), forestry (7.3%), education (6.1%) and accommodation (4.1%). The largest individual employers are the Nannup Timber Processing mill, the Shire of Nannup and the Nannup District High School. Volunteer levels are very high in Nannup, with around 32% of the population donating their services in some capacity.

The Nannup community shows a marked difference to the WA State average in the comparison of part-time to full-time employment for people above 15 years of age. This is depicted in the table below.

Tenure of Employment – Council, Nannup and State, 2011

Employment Type	Nannup	WA
Full-time	48%	61%
Part-time	36%	28%

Equality and Diversity Statement

The Shire of Nannup is committed to equality of opportunity, elimination of discrimination, and promotion of good relations between all people.

- We are proud of, and celebrate, our Shire's diversity.
- We recognise that people have differing needs.
- When allocating resources we will be clear on how we have prioritised individual and community needs.
- We will treat people with respect.
- We will provide accessible information on our services, community activities and events we support.
- We will aim to deliver services that are accessible and culturally appropriate to those using them.
- When making important decisions about local public services we will engage with local residents and communities.
- We will work with our employees to ensure that equality is embedded in the workplace.

Equality

Equality is about all people having equal rights, regardless of who they are. These rights are in addition to basic human rights. People have the right not be discriminated against because of who they are or what makes them different from other people. These factors are called *protected characteristics*, they are:

- age,
- disability,
- gender reassignment/gender identity,
- pregnancy and maternity,
- race,
- religion or belief,
- sex/gender,
- sexual orientation
- and for specific situations, marriage and civil partnership.

The council aims to reduce inequality strategically, by addressing causes of inequality that are within its scope of intervention, and operationally, by achieving equality outcomes for the users of the services it provides.

Diversity

Diversity refers to the increasingly diverse range of different social and demographic backgrounds of people who live and work in the district.

Nannup has a low percentage of indigenous people being employed (1.2%), in comparison to the WA average of 3.1%. The principal ethnic origin of the Nannup community is Australian/British.

Nannup shows a marked difference in the breakdown of employment types when compared to the state average:

Employment by Occupation, 2013

Occupation	Nannup (%)	WA (%)
Managers	23	12
Labourers	18	10
Professionals	13	20
Technicians and Trade Workers	12	17
Clerical and Admin Workers	9	14
Community and Professional Services Workers	8	9
Machinery Operators and Drivers	8	8
Sales Workers	6	9

Beyond work requirements, lifestyle choices are a driver for many people choosing to live in Nannup. Whilst there is no available specific statistics on gender ratio for employed people in Nannup, the overall percentage of females in Nannup is 46.5%, with males making up the balance of 53.5%.

The Council aims to achieve an inclusive approach which promotes shared values and outcomes across the district as a whole. This inclusive approach is based on:

- A sense of shared identity: a feeling of belonging to the district; sharing the importance of one's cultural heritage and the public celebration of the diversity of the district through events such as festivals.
- Shared outcomes: people in need taking up public services and maximising the opportunities they provide; recognising that some people in the district may have more pressing needs and require additional attention.
- Support for integration and cohesion: getting on well together with people from different backgrounds in different settings (the townsite, local neighbourhoods, businesses, workplaces, schools, places of worship - wherever people come together).

The council will work with communities to find a way to support them and their members within its available resources. We are committed to working with our communities to ensure that the district's diversity continues to shape its identity locally, nationally and internationally.

FINANCIAL REPORT

INTRODUCTION

This document sets out the Shire of Nannup's accounts for the year 2012/13. Although the financial position is regularly monitored and reviewed throughout the year the Financial Report brings together the financial results of all the Council's operations for the whole of the financial year 2012/13. The financial records of the Shire of Nannup are prepared and kept in accordance with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

FINANCIAL STATEMENTS

The accounts have been divided into five sections as detailed below:

The Statement of Comprehensive Income and Expenditure

The Statement of Comprehensive Income and Expenditure shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local Governments raise taxation to cover expenditure in accordance with regulations; this may be different to the accounting cost. The taxation position is shown in the Rate Setting Statement.

The Statement of Financial Position

The Statement of Financial Position shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held.

Reserves are reported in three categories. The first category of reserves is the Council's equity. The majority of these reserves cannot be used to provide services and only a small element represents the accumulated surplus or deficit carried forward as a charge on future rate revenues.

The second category of reserves, cash backed reserves, are those that the council has set aside to fund specific future liabilities.

The third category of reserves includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

Rate Setting Statement

The Rate Setting Statement measures the *budget deficiency* (the amount of money required to be raised by rates to cover net expenditure). The Statement shows the spending for the year and the surplus or deficit carried forward at the end of the year. A deficit on the Rate Setting Statement indicates that the rates raised were insufficient to meet the expenditure for the year. Conversely, a surplus indicates that either expenditure planned for the year has been delayed past the year end or that expenditure was not as high as planned, resulting in savings on the year. A surplus or deficit may have implications on the level of rates to be set in future years.

The Notes to the Core Financial Statements.

The Statement of Accounting Policies explains the basis of the figures used in these accounts. The notes that follow provide further details and explanations of the figures making up the core financial statements.

THE LONG TERM FINANCIAL PLAN

The Shire of Nannup has a history of prudent financial management and of taking difficult decisions when the need arises; it therefore benefits from a sound financial base. However, this stability is being threatened by a projected reduction in capital grants that are supporting ongoing revenue expenditure.

Capital resources are also limited by the level of available capital grants and the capital program is structured to deliver projects within the resources available without resorting to borrowing. This too will come under pressure as resources decline and a decision will have to be taken on whether borrowing is necessary to meet the Council's priorities.

Budgeted spending in 2012/13 was a little over \$11 million, with almost \$7.2 million being devoted to capital projects. The majority of the council's income, approximately \$7.5 million, is in the form of capital grants. Revenue grants account for another \$1.5 million and rate income \$1.2 million. Fees and charges for services were approximately \$550,000.

The heavy reliance on capital grants means that as these grants decline increasing pressure will be put on other income streams, primarily rate income, to fund the shortfall. This situation arises because the capital grants are making a contribution to the council's fixed overheads and other operational costs that will remain once the grant income has gone. The council's net operational expenditure is almost \$2.5 million, with funding from rates accounting for \$1.2 million of this. The remaining expenditure is supported by capital grants and there is therefore a capital grant "subsidy" supporting ongoing operational expenditure of around \$1 million in 2012/13.

The rate requirement for 2012/13 was \$1,236,189 and this has been modelled forward over the 10 year planning horizon so that the rate yield funds the expenditure remaining after all other income sources have been applied.

The main change over the period is the loss of capital grant funding for the Mowen Road construction project in 2015/16. The operational expenditure currently being supported by these grants will need to be met from rate income unless compensating income streams can be identified or savings in operational expenditure achieved. This represents a significant challenge for the council over the next two years.

Measures have been taken in the 2013/14 budget to set aside funds to meet the shortfall in capital grants in 2015/16. After the financial position stabilises by 2016/17 the pressure on income streams is expected to reduce and rate increases of around the level of CPI are anticipated.

2012/13 REVENUE BUDGET

The Local Government Financial Management Regulations require that the principles of a balanced budget system be used and the Shire of Nannup sets its income and expenditure requirements in an endeavour to obtain a balanced budget. After consideration of the financial requirements for the year, the Council set its rates to cover Council net expenditure of \$1,236,189.

Revenue for the Shire of Nannup came from the following sources:

	2011/12	2012/13
Rates	10%	11%
General Purpose Grants	12%	15%
Specific Purpose Grants	69%	65%
Fees and Charges	3%	4%
Interest	2%	2%
Other	4%	3%
	<u>100%</u>	<u>100%</u>

Net expenditure on the Municipal Fund showed a deficit of \$64,033 on the original budget. One of the main reasons for this was the start up costs associated with the Brockman Street Caravan Park. This will be funded from the unallocated surplus of \$97,943 brought forward from 2011/12, reducing the unallocated surplus carried forward to \$33,910.

CAPITAL EXPENDIURE

The Council spent \$6,912,497 on capital projects in 2012/13. The schemes upon which expenditure was incurred were:

	\$
Carlotta Fire Shed	65,005
Recreation Centre	45,625
Caravan Park	73,393
Other Buildings	98,053
Caravan Park Equipment	11,141
Other Items	10,069
Vehicles	469,092
Other Plant	27,727
Mowen Road	4,323,309
Other Roads	648,018
Bridges	1,001,626
Footpaths	40,558
Nannup Main Street	94,220
Other Infrastructure	4,661
Total	<u>6,912,497</u>

RESERVES

The reserves shown on the Statement of Financial Position give an indication of the Council's financial strength. It should be noted that the Revaluation Reserve cannot be used to finance expenditure. The cash backed reserves contain funds which can be used to support capital projects and to fund non-recurring revenue expenditure.

CHANGES TO ACCOUNTING POLICIES

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

The main change in 2012/13 has been the requirement to revalue assets to their Fair Value (the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date). Although only the revaluation of Plant and Equipment is mandatory in 2012/13 the council has chosen to use the flexibility given in the legislation to revalue all of its assets. This change has resulted in significant changes to asset valuations.

As part of the review of Plant and Equipment a number of assets were identified on the council's balance sheet that had been disposed of in previous years. These assets were written out of the accounts, resulting in an increased figure for losses on disposal. These losses are accounting transactions that do not have an impact on cash revenues.

VIC SMITH
MANAGER CORPORATE SERVICES



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

SHIRE OF NANNUP ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Nannup being the annual financial report, supporting notes and other information for the financial year ended 30 June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Nannup at 30 June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 7 day of November 2013



Robert Jennings

Chief Executive Officer

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

SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Rates	22	1,235,253	1,236,189	1,127,585
Operating Grants, Subsidies and Contributions	28	1,548,655	1,416,802	1,697,149
Fees & Charges	27	397,088	493,538	361,428
Service Charges	24	0	0	0
Interest Earnings	2(a)	166,065	135,609	173,059
Other Revenue		297,253	49,947	447,755
Total Revenue		3,644,314	3,332,085	3,806,976
Expenses				
Employee Costs		(1,377,102)	(1,230,581)	(1,355,420)
Materials and Contracts		(1,143,802)	(3,635,284)	(1,146,223)
Utility Charges		(105,471)	(81,559)	(59,112)
Depreciation on Non-Current Assets	2(a)	(1,808,370)	(1,818,318)	(1,843,091)
Interest Expenses	2(a)	(19,693)	(20,368)	(22,046)
Insurance Expenses		(190,530)	(197,531)	(206,334)
Other Expenditure		(2,882)	(300)	(304)
Total Expenses		(4,647,850)	(6,983,941)	(4,632,530)
		(1,003,536)	(3,651,856)	(825,554)
Non-Operating Grants, Subsidies and Contributions	28	6,947,762	9,251,946	7,527,102
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Profit on Asset Disposals	20	2,190	0	17,411
Loss on Asset Disposals	20	(115,290)	(19,500)	(44,054)
NET RESULT		5,831,126	5,580,590	6,674,905
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	(9,590,069)	0	0
Total Other Comprehensive Income		(9,590,069)	0	0
TOTAL COMPREHENSIVE INCOME		(3,758,943)	5,580,590	6,674,905

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

SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		4	1,000	0
General Purpose Funding		2,672,760	2,647,565	2,829,646
Law, Order, Public Safety		206,118	18,230	119,321
Health		2,804	4,818	3,244
Education & Welfare		84,382	13,760	16,258
Housing		18,008	16,796	17,845
Community Amenities		112,021	122,270	120,878
Recreation & Culture		27,497	29,054	22,723
Transport		325,905	235,698	544,928
Economic Services		122,798	216,000	24,137
Other Property & Services		72,020	26,894	107,861
Total Revenue		3,644,317	3,332,085	3,806,841
Expenses Excluding Finance Costs				
Governance		(302,525)	(326,083)	(345,403)
General Purpose Funding		(155,368)	(2,104,164)	(164,361)
Law, Order, Public Safety		(377,739)	(382,058)	(386,259)
Health		(55,815)	(60,416)	(40,149)
Education & Welfare		(171,701)	(262,042)	(185,196)
Housing		(55,030)	(32,223)	(47,666)
Community Amenities		(403,252)	(432,294)	(378,299)
Recreation & Culture		(564,587)	(474,805)	(455,234)
Transport		(2,213,184)	(2,559,631)	(2,306,262)
Economic Services		(284,134)	(358,353)	(156,554)
Other Property & Services		(44,825)	28,496	(144,965)
Total Expenses		(4,628,160)	(6,963,573)	(4,610,348)
Finance Costs				
Governance		0	(100)	0
Housing		0	0	(427)
Community Amenities	21(a)	(7,535)	(7,912)	(7,716)
Transport	21(a)	(12,158)	(12,356)	(13,903)
		(19,693)	(20,368)	(22,046)
Non-Operating Grants, Subsidies & Contributions				
General Purpose Funding		455,678	1,547,362	717,093
Law, Order & Public Safety		86,987	332,503	104,787
Education & Welfare		0	60,000	280,460
Recreation & Culture		0	0	0
Transport		6,400,777	7,312,081	6,408,801
Economic Services		4,320	0	15,960
		6,947,762	9,251,946	7,527,101

Profit/(Loss) on Disposal of Assets

Governance	(5,356)	0	(32,907)
Law & Order	(51,636)	0	0
Transport	(56,108)	(19,500)	6,264
	(113,100)	(19,500)	(26,643)

NET RESULT

5,831,126	5,580,590	6,674,905
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Other Comprehensive Income

Changes on Revaluation of Non-Current Assets	12	(9,590,069)	0	0
Total Other Comprehensive Income		(9,590,069)	0	0

TOTAL COMPREHENSIVE INCOME

(3,758,943)	5,580,590	6,674,905
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This statement should be read in conjunction with the accompanying notes.

**SHIRE OF NANNUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	2013 Actual \$	2012 Actual \$
Current Assets			
Cash & Cash Equivalents	3	4,563,914	3,776,510
Trade & Other Receivables	4	493,244	560,403
Inventories	5	0	0
Total Current Assets		5,057,158	4,336,913
Non-Current Assets			
Other Receivables	4	153,101	156,871
Inventories	5	0	0
Property, Plant & Equipment	6	11,538,976	5,468,143
Infrastructure	7	74,733,073	85,580,220
Total Non-Current Assets		86,425,150	91,205,234
TOTAL ASSETS		91,482,308	95,542,147
Current Liabilities			
Trade & Other Payables	8	319,661	629,292
Current Portion of Long Term Borrowings	9	68,743	64,982
Provisions	10	326,636	256,070
Total Current Liabilities		715,040	950,344
Non-Current Liabilities			
Long Term Borrowings	9	232,091	300,820
Provisions	10	25,259	22,122
Total Non-Current Liabilities		257,350	322,942
TOTAL LIABILITIES		972,390	1,273,286
NET ASSETS		90,509,918	94,268,861
EQUITY			
Retained Surplus		27,970,840	22,290,719
Reserves – Cash backed	11	1,930,442	1,779,437
Reserves – Asset Revaluation	12	60,608,636	70,198,705
TOTAL EQUITY		90,509,918	94,268,861

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

**SHIRE OF NANNUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Retained Surplus	Reserves/ Cash Investment Backed	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2011	16,537,613	857,638	70,198,705	87,593,956
Comprehensive Income				
Net Result	6,674,905	0	0	6,674,905
Changes on Revaluation of Non-Current Assets	0	0	0	0
Total Comprehensive Income	6,674,905	0	0	6,674,905
Reserve Transfers	(921,799)	921,799	0	0
Balance as at 30 June 2012	22,290,719	1,779,437	70,198,705	94,268,861
Comprehensive Income				
Net Result	5,831,126	0	0	5,831,126
Changes on Revaluation of Non-Current Assets	0	0	(9,590,069)	(9,590,069)
Total Comprehensive Income	5,831,126	0	(9,590,069)	(3,758,943)
Reserve Transfers	(151,005)	151,005	0	0
Balance as at 30 June 2013	27,970,840	1,930,442	60,608,636	90,509,918

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

**SHIRE OF NANNUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		1,199,177	1,236,189	1,024,065
Operating Grants, Subsidies and Contributions		1,501,155	1,416,802	1,697,149
Fees & Charges		312,201	493,538	271,411
Service Charges		0	0	0
Interest Earnings		171,810	135,609	165,418
Other Revenue		268,097	49,947	441,181
Total Receipts		3,452,440	3,332,085	3,599,224
Payments				
Employee Costs		(1,253,383)	(1,047,440)	(1,381,834)
Materials and Contracts		(1,472,728)	(3,635,284)	(787,156)
Utility Charges		(105,471)	(81,559)	(59,112)
Insurance Expenses		(190,530)	(197,531)	(206,334)
Interest Expenses		(19,898)	(17,949)	(23,855)
Other Expenditure		(2,882)	(300)	(304)
Total Payments		(3,044,892)	(4,980,063)	(2,458,595)
Net Cash Provided by/(Used in) Operating Activities	13(b)	407,548	(1,647,978)	1,140,629
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(800,095)	(1,120,983)	(896,344)
Payments for Construction of Infrastructure		(6,112,392)	(7,744,000)	(6,312,944)
Non-Operating Grants, Subsidies & Contributions used for the Development of Assets		7,180,047	0	7,344,212
Proceeds from the Sale of Plant & Equipment		177,264	9,251,946	148,430
Proceeds from Advances		0	140,000	0
Cash Provided by/(Used in) Investing Activities		444,824	526,963	283,354
Cash Flows from Financing Activities				
Repayment of Debentures		(64,968)	(64,982)	(70,224)
Advances to Community Groups		0	19,722	0
Proceeds from Self- Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	0
Net Cash Provided by/(Used in) Financing Activities		(64,968)	(45,260)	(70,224)
Net Increase/(Decrease) in Cash Held		787,404	(1,166,275)	1,353,759
Cash at Beginning of Year		3,776,510	3,049,396	2,422,751
Cash & Cash Equivalents at End of Year	13(a)	4,563,914	1,883,121	3,776,510

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

**SHIRE OF NANNUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance	4	1,000		0
General Purpose Funding		1,893,185	2,958,738	2,419,154
Law, Order, Public Safety		293,105	350,733	224,108
Health		2,804	4,818	3,244
Education & Welfare		84,382	73,760	296,718
Housing		18,008	16,796	17,845
Community Amenities		112,021	122,270	120,878
Recreation & Culture		27,497	29,054	22,723
Transport		6,726,682	7,547,779	6,953,729
Economic Services		127,118	216,000	40,097
Other Property & Services		72,020	26,894	107,861
Total Revenue		9,356,826	11,347,842	10,206,357
Expenses				
Governance		(307,881)	(326,083)	(378,310)
General Purpose Funding		(155,368)	(2,104,264)	(164,361)
Law, Order, Public Safety		(429,375)	(382,058)	(386,259)
Health		(55,815)	(60,416)	(40,149)
Education & Welfare		(171,701)	(262,042)	(185,196)
Housing		(55,030)	(32,223)	(48,093)
Community Amenities		(410,787)	(440,206)	(386,015)
Recreation & Culture		(564,587)	(474,805)	(455,234)
Transport		(2,281,450)	(2,591,487)	(2,313,901)
Economic Services		(284,134)	(358,353)	(156,554)
Other Property & Services		(44,825)	28,496	(144,965)
Total Expenses		(4,760,953)	(7,003,441)	(4,659,037)
Net Operating Result Excluding Rates		4,595,873	4,344,401	5,547,320

Net Operating Result Excluding Rates		4,595,873	4,344,401	5,547,320
Adjustments for Cash Budget Requirements				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposals	20	113,100	19,500	26,643
Increase/(Decrease) in Accrued Interest	8	(205)	2,419	(1,809)
(Increase)/Decrease in Deferred Pensioner Rates (Non-Current)	4	(9,145)	0	(4,648)
Increase/(Decrease) in Accrued Salaries and Wages	8	3,023	16,433	1,495
Increase/(Decrease) in Leave Provisions	10	73,703	166,708	(27,909)
Depreciation and Amortisation on Assets	2(a)	1,808,370	1,818,318	1,843,090
Capital Expenditure & Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land & Buildings	6	(282,076)	(609,633)	(414,954)
Purchase Infrastructure Assets	7	(6,112,392)	(7,744,000)	(6,312,944)
Purchase Plant & Equipment	6	(496,819)	(493,900)	(481,390)
Purchase Furniture & Equipment	6	(21,210)	(17,450)	0
Proceeds from Disposal of Assets	20	177,273	140,000	148,439
Repayment of Debentures	21	(64,968)	(64,982)	(70,224)
Proceeds from New Debentures	21	0	0	0
Advances to Community Groups	4	0	0	0
Self-Supporting Loan Principal Payments	21	12,163	19,722	11,456
Transfers to Reserves (Restricted Assets)	11	(528,838)	(581,109)	(1,127,825)
Transfers from Reserves (Restricted Assets)	11	377,833	666,373	206,026
ADD: Estimated Surplus/(Deficit) July 1 B/fwd	22(b)	1,927,356	1,081,011	1,457,007
LESS: Estimated Surplus/(Deficit) June 30 C/fwd	22(b)	2,808,294	0	1,927,358
Amount to be Required to be Raised from Rates	22	(1,235,253)	(1,236,189)	(1,127,585)

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

Critical Accounting Estimates

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

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

b. The Local Government Reporting Entity

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

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013**Notes to and forming part of the financial report cont.****c. 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.

d. Cash and Cash Equivalents

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

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

e. Trade and Other Receivables

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

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

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

f. Inventories**General**

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

Land Held for Resale

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

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

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

g. Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

Land Under Control

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

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

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 – Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, *AASB 13 – Fair Value Measurement* does not become applicable until the year ended 30 June 2015 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

Shire of Nannup Financial Report for the year ended 30 June 2013**Notes to and forming part of the financial report cont.**

As a consequence, the principles embodied in *AASB 13 – Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013). Due to the nature and timing of the adoption (driven by legislation) the adoption of this standard has had no effect on previous reporting periods.

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus..

Capitalisation Threshold

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

h. Intangible Assets

Easements

Due to legislative changes, easements are required to be recognised as assets.

They are initially recognised at cost and have an indefinite useful life.

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

i. Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted..

Amortised cost is calculated as:

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

(ii) *Loans and receivables*

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

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

(iii) *Held-to-maturity investments*

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

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

(iv) *Available-for-sale financial assets*

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

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013**Notes to and forming part of the financial report cont.***(v) Financial liabilities*

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

Derecognition

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

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

j. Impairment

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

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

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

k. Trade and Other Payables

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

l. Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

m. 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.

n. Provisions

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

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

o. Leases

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

p. Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council.

The Shire of Nannup has investment in associates.

q. Joint Venture

The Shire of Nannup has no Joint Venture arrangements.

r. Rates, Grants, Donations and Other Contributions

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

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

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

s. Superannuation

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

t. Current and Non-Current Classification

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

u. Rounding Off Figures

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

v. Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

w. 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.

x. New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

	Title and Topic	Issued	Applicable¹	Impact
(i)	AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	1 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

(iv)	<p>AASB 10 – Consolidated Financial Statements</p> <p>AASB 11 – Joint Arrangements</p> <p>AASB 12 – Disclosure of Interests in Other Entities</p> <p>AASB 127 – Separate Financial Statements</p> <p>AASB 128 – Investments in Associates and Joint Ventures</p> <p>AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards</p> <p>[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17</p>	August 2011	1 January 2013	<p>Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council.</p> <p>With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.</p> <p>Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.</p>
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Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

(v)	<p>AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</p> <p>[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p>	September 2011	1 July 2013	<p>The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.</p> <p>It effects presentation only and is not expected to significantly impact the Council.</p>
(vi)	<p>AASB 119 – Employee Benefits</p> <p>AASB 2011 – 10 Amendments to Australian Accounting Standards arising from AASB 119</p> <p>[AASB 1, 8, 101, 124, 134, 1049 & 2011 – 8 and Interpretation 14]</p>	September 2011	1 January 2013	<p>The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.</p>

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

(vii)	AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	1 January 2013	<p>Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>This Standard is not expected to significantly impact on the Council's financial statements.</p>
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Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

(viii)	AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact the Council’s financial statements.</p>
(ix)	AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle . [AASB1,101,116,13 2,134 and Interpretation 2]	June 2012	1 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

(x)	AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	1 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.
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Notes: 1 Applicable to reporting periods commencing on or after the given date.

y. Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8

AASB 2011 - 3

AASB 2011 - 13

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

The Net Result includes:

	2013	2012
	\$	\$
(i) Charging as an Expense:		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	8,900	13,330
- Other Services	3,580	4,650
	12,480	17,980
Depreciation		
Buildings	192,936	72,008
Furniture and Equipment	8,987	9,540
Plant and Equipment	275,379	252,507
	477,302	334,055
<u>Infrastructure Assets</u>		
Roads	1,241,399	1,420,946
Footpaths	11,368	11,368
Drainage	50,187	50,187
Parks & Ovals	28,114	26,534
	1,331,068	1,509,035
	1,808,370	1,843,090

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

Interest Expenses (Finance Costs)

Finance Lease Charges	0	0
Debentures (refer Note 21(a))	19,693	22,046
	19,693	22,046

Rental Charges

Operating Leases	0	0
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	2013 Actual	2013 Budget	2012 Actual
	\$	\$	\$
(ii) Crediting as Revenue:	0	0	0
Interest Earnings			
Investments			
- Reserve Funds	33,838	16,109	26,698
- Other Funds (DOTARS, RTR & General)	103,463	110,000	134,902
Other Interest Revenue	28,764	9,500	11,458
	166,065	135,609	173,058

(b) Statement of Objectives

Vision

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

Mission Statement

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

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

GOVERNANCE

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

Activities: Food quality, building sanitation and sewage.

EDUCATION AND WELFARE

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

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

HOUSING

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Objective: Provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

ECONOMIC SERVICES

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

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

OTHER PROPERTY AND SERVICES

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013 Notes to and forming part of the financial report cont.

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 01-Jul-11 \$	Received ⁽²⁾ 2011/12 \$	Expended ⁽³⁾ 2011/12 \$	Closing Balance ⁽¹⁾ 30-Jun-12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance 30-Jun-13 \$
WALGGC - Prepayment	General Purpose Funding	163,740	0	(163,740)	0			0
WALGGC - Prepayment	General Purpose Funding	104,738	0	(104,738)	0			0
R4R Capital Works Plan	General Purpose Funding	18,476	0	(18,476)	0	0	0	0
R4R Individual 2010/11	General Purpose Funding	(254,802)	381,625	(66,875)	59,948	0	(59,948)	0
R4R Regional 2010/12	General Purpose Funding	0	0	0	0	205,490	0	205,490
R4R Individual 2011/12	General Purpose Funding	0	335,468	(6,984)	328,484		(17,107)	311,377
R4R Regional 2011/12	General Purpose Funding	0	0	0	0	250,188	(33,528)	216,660
Community Safety Program	Law, Order, Public Safety	1,000	0	(1,000)	0			0
Carlotta Fire Shed	Law, Order, Public Safety	0	0	0	0	0	(65,005)	(65,005)
WAEMI Business Case	Law, Order, Public Safety	0	0	0	0	25,000	(22,009)	2,991
SES Building	Law, Order, Public Safety	0	0	0	0	62,821	(62,821)	0
Community Development Officer	Education and Welfare	992	0	(992)	0			0
Age Friendly Communities	Education and Welfare	5,000	0	(5,000)	0			0
Investing in our Youth	Education and Welfare	500	500	(1,000)	0			0
SWDC - Community Fun Day	Education and Welfare	955	500	(1,455)	0			0
LDAG - Family Fun Day	Education and Welfare	0	4,500	(4,500)	0			0
DfC - Centenary WA Women	Education and Welfare	500	0	(500)	0			0
Enable - School Holiday Prog	Education and Welfare	273	0	(273)	0			0
Carers Assoc - WA Carers Week	Education and Welfare	1,000	0	(1,000)	0			0
DSC - Accessible Communities	Education and Welfare	9,137	0	(9,137)	0			0
National Youth Week	Education and Welfare	1,000	0	(1,000)	0	1,000	(1,000)	0
Country Arts - Clicking our Future	Education and Welfare	2,748	0	(2,748)	0			0
DAFWA - Dry Seasons Grant	Education and Welfare	15,091	0	(15,091)	0			0
Lotterywest - FROGS	Education and Welfare	0	150,000	(150,000)	0			0
SWDC - FROGS	Education and Welfare	0	69,846	(69,846)	0			0
Aged Housing Plan	Education and Welfare	0	12,000	(11,191)	809	999	(1,808)	0
Count Me In	Education and Welfare	0	47,500	0	47,500	0	(7,440)	40,060
Nannup Connect	Education and Welfare	0	0	(4,740)	(4,740)	4,740	0	0
Ellis Creek Trail	Education and Welfare	0	0	(14,970)	(14,970)	14,970	0	0
Kidsport	Education and Welfare	0	0	0	0	30,000	(8,749)	21,251
Drift	Education and Welfare	0	0	0	0	2,500	(1,600)	900
Surf Camps	Education and Welfare	0	0	0	0	12,830	(7,381)	5,449
Disabilities Services - Audit	Community Amenities	3,550	0	(3,550)	0			0
VSEG - PA System Grant	Recreation and Culture	221	0	0	221	0	(221)	0
Recreation Centre Drainage	Recreation and Culture	30,000	0	(10,000)	20,000	0	(20,000)	0
DOTARS - Mowen Rd	Transport	223,891	5,417,000	(5,304,777)	336,114	5,000,000	(4,323,309)	1,012,805
MRD Special Bridgeworks	Transport	62,000	0	0	62,000	0	(62,000)	0
NPFPG - Feral Pig Control	Economic Services	2,019	7,903	(3,369)	6,553	0	(6,553)	0
Total		392,029	6,426,842	(5,976,952)	841,919	5,610,538	(4,700,479)	1,751,978

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

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

(3) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

3. CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Unrestricted	780,171	1,080,784
Restricted	1,930,442	1,779,437
Restricted (Other)	1,853,301	916,289
Total Cash & Cash Equivalents	4,563,914	3,776,510

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

	Note	2013	2012
		\$	\$
Unspent Grants	2(c)	1,751,978	841,919
Restricted Assets		30,417	62,552
DPI Licensing		0	0
Youth Advisory Committee		13,174	10,198
Youth Co-Ordination Network		0	1,357
ATO liability		57,732	263
Total Other Restricted Funds		1,853,301	916,289

Reserves – Cash Backed	2013	2012
	\$	\$
Recreation Centre Reserve	784,181	791,870
Long Service Leave Reserve	139,086	125,825
Plant Reserve	490,470	414,685
Co Location Building Reserve	34,037	0
Office Equipment Reserve	0	8,887
Kindergarten Building Reserve	281,329	19,344
Main Street Upgrade Reserve	20,167	330,826
Landfill Site Reserve	0	10,000
Gravel Pit Reserve	50,838	8,000
Emergency Management Reserve	20,334	50,000
Aged Housing Reserve	110,000	20,000
Total Restricted Funds	1,930,442	1,779,437

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

4. TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
Current		
Rates Outstanding	168,247	141,316
Accrued Income	10,604	209,976
Sundry Debtors	116,038	141,961
GST Receivable	185,440	54,987
Loans - Clubs/Institutions	12,915	12,163
	493,244	560,403
Non-Current		
Rates Outstanding - Pensioners	42,393	33,248
Loans - Clubs/Institutions	110,708	123,623
	153,101	156,871

5. INVENTORIES

The Shire of Nannup does not hold any inventories.

6. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$	\$
Freehold Land – Independent Valuation 2012	925,000	
Freehold Land – Cost		246,750
Buildings – Independent Valuation 2012	8,156,281	
Buildings – Cost		3,452,045
Less Accumulated Depreciation	(243,280)	(946,724)
	8,838,001	2,752,071
 Furniture and Equipment – Management Valuation 2013	 131,066	 172,038
Less Accumulated Depreciation	(100,818)	(149,831)
	30,248	22,207
 Plant and Equipment – Management Valuation 2013	 4,090,489	 4,170,070
Less Accumulated Depreciation	(1,419,762)	(1,476,205)
	2,670,727	2,693,865
 Plant and Equipment Under Lease	 0	 0
Less Accumulated Amortisation	0	0
	0	0
	11,538,976	5,468,143

Shire of Nannup Financial Report for the year ended 30 June 2013**Notes to and forming part of the financial report cont.****Land & Buildings**

The Shire's Land and Buildings were revalued at 31 December 2011 by independent valuers, Australian Valuation Partners Pty Ltd.

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

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

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

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

The revaluation resulted in an overall increase of \$5,996,790 in the net value of the Shire's land and buildings. All of this increase was credited to the Revaluation Reserve in the Shire's equity (Note 12) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

Plant and Equipment

The Shire's plant and equipment was revalued at 30 June 2013 by management. The valuation uses depreciated cost as an approximation of fair value.

The revaluation resulted in an overall increase of \$41,613 in the net value of the Shire's plant and equipment. All of this increase was credited to the Revaluation Reserve in the Shire's equity (Note 12) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

Movement in Carrying Amounts

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

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

	Land & Buildings	Furniture & Equipment	Plant & Equipment	Leased Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2012	2,752,071	22,206	2,693,866	0	5,468,143
Additions	282,076	21,210	496,819	0	800,105
(Disposals)	0	(5,356)	(285,017)	0	(290,373)
Revaluation	5,996,790	1,174	40,439	0	6,038,403
Impairment - Increments	0	0	0	0	0
- Decrements	0	0	0	0	0
Depreciation (Expense)	(192,936)	(8,987)	(275,379)	0	(477,302)
Carrying amount as at 30 June 2013	8,838,001	30,247	2,670,728	0	11,538,976

7. INFRASTRUCTURE

	2013	2012
	\$	\$
Roads - management valuation	107,184,692	113,452,315
Less Accumulated Depreciation	(35,865,286)	(31,334,873)
	71,319,406	82,117,442
Footpaths - management valuation	608,978	568,420
Less Accumulated Depreciation	(116,746)	(105,378)
	492,232	463,042
Drainage - management valuation	2,509,343	2,509,343
Less Accumulated Depreciation	(415,114)	(364,927)
	2,094,229	2,144,416
Parks & Ovals - management valuation	1,405,720	1,405,720
Less Accumulated Depreciation	(578,514)	(550,400)
	827,206	855,320
	74,733,073	85,580,220

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

The revaluation resulted in an overall decrease of \$15,628,472 in the net value of the Shire's plant and equipment. All of this increase was credited to the Revaluation Reserve in the Shire's equity (Note 12).

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks & Ovals \$	Total \$
Balance as at 1 July 2012	82,117,442	463,042	2,144,416	855,320	85,580,220
Additions	6,071,834	40,558	0	0	6,112,392
(Disposals)	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0
- (Decrements)	(15,628,472)	0	0	0	(15,628,472)
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	(1,241,398)	(11,368)	(50,187)	(28,114)	(1,331,067)
Carrying amount as at 30 June 2013	71,319,406	492,232	2,094,229	827,206	74,733,073

8. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Current		
Sundry Creditors	96,658	271,201
Restricted Assets	30,417	62,552
GST Payable	10,476	0
PAYG Tax Payable	47,229	263
Withholding Tax	27	0
YAC Funds	13,174	10,198
Youth Co-ord Network	0	1,357
Accrued Expenses	107,527	272,386
DPI - Licensing	0	0
Accrued Interest on Debentures	898	1,103
Accrued Salaries and Wages	13,255	10,232
	319,661	629,292

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

9. LONG-TERM BORROWINGS

	2013	2012
	\$	\$
Current		
Secured by Floating Charge		
Debentures	68,743	64,982
Lease Liability	0	0
	<u>68,743</u>	<u>64,982</u>

	2013	2012
	\$	\$
Non-Current		
Secured by Floating Charge		
Debentures	232,091	300,820
Lease Liability	0	0
	<u>232,091</u>	<u>300,820</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	2013	2012
	\$	\$
Current		
Provision for Annual Leave	222,363	171,903
Provision for Long Service Leave	104,273	84,167
	<u>326,636</u>	<u>256,070</u>
Non-Current		
Provision for Long Service Leave	25,259	22,122
	<u>25,259</u>	<u>22,122</u>

11. RESERVES - CASH BACKED

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

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

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

Kindergarten Extension Reserve: to be used for the extension of the kindergarten.

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

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

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

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

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

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

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

	2013 Actual \$	2013 Budget \$	2012 Actual \$
Civic Building Reserve - Recreation Centre			
Opening Balance	791,870	915,930	462,457
Amount Set Aside / Transfer to Reserve	0	0	320,000
Interest Earned	16,461	10,077	9,413
Amount Used / Transfer from Reserve	(24,150)	(359,423)	0
	784,181	566,584	791,870
Long Service Leave Reserve			
Opening Balance	125,825	125,663	97,354
Amount Set Aside / Transfer to Reserve	10,000	10,000	25,000
Interest Earned	3,261	3,371	3,471
Amount Used / Transfer from Reserve	0	0	0
	139,086	139,034	125,825
Plant Reserve			
Opening Balance	414,685	282,557	125,317
Amount Set Aside / Transfer to Reserve	340,000	340,000	405,127
Interest Earned	2,195	259	267
Amount Used / Transfer from Reserve	(266,410)	(289,500)	(116,026)
	490,470	333,316	414,685

Civic Building Reserve - Kindergarten Extension

Opening Balance	19,344	0	100,000
Amount Set Aside / Transfer to Reserve	0	0	0
Interest Earned	3,422	0	9,344
Amount Used / Transfer from Reserve	(22,766)	0	(90,000)
	0	0	19,344

Office Equipment Reserve

Opening Balance	8,887	(5,150)	8,689
Amount Set Aside / Transfer to Reserve	25,000	25,000	0
Interest Earned	150	202	198
Amount Used / Transfer from Reserve	0	(17,450)	0
	34,037	2,602	8,887

Main Street Upgrade Reserve

Opening Balance	330,826	65,821	63,821
Amount Set Aside / Transfer to Reserve	0	0	263,000
Interest Earned	6,875	2,000	4,005
Amount Used / Transfer from Reserve	(56,372)	0	0
	281,329	67,821	330,826

Land Fill Site Reserve

Opening Balance	10,000	10,000	0
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Interest Earned	167	0	0
Amount Used / Transfer from Reserve	0	0	0
	20,167	20,000	10,000

Gravel Pit Reserve

Opening Balance	8,000	0	0
Amount Set Aside / Transfer to Reserve	0	0	8,000
Interest Earned	135	0	0
Amount Used / Transfer from Reserve	(8,135)	0	0
	0	0	8,000

Emergency Management Reserve

Opening Balance	50,000	50,000	0
Amount Set Aside / Transfer to Reserve	0	0	50,000
Interest Earned	838	200	0
Amount Used / Transfer from Reserve	0	0	0
	50,838	50,200	50,000

Aged Housing Reserve

Opening Balance	20,000	20,000	0
Amount Set Aside / Transfer to Reserve	0	0	20,000
Interest Earned	334	0	0
Amount Used / Transfer from Reserve	0	0	0
	20,334	20,000	20,000

Asset Management Reserve

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	110,000	180,000	0
Interest Earned	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	110,000	180,000	0

1,930,442	1,379,557	1,779,437
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Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

12. RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

	2013	2012
	\$	\$
Land and Buildings		
Opening balance	0	0
Revaluations	5,996,790	0
	5,996,790	0
Plant and Equipment		
Opening balance	0	0
Revaluations	41,613	0
	41,613	0
Roads		
Opening Balance	70,198,705	70,198,705
Revaluations	(15,628,472)	0
	54,570,233	70,198,705
Total Asset Revaluation Reserves	60,608,636	70,198,705

13. NOTES TO THE STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

(a) Reconciliation of Cash

	2013 Actual \$	2013 Budget \$	2012 Actual \$
Cash and Cash Equivalents	4,563,914	1,883,121	3,776,510

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

	2013 Actual \$	2013 Budget \$	2012 Actual \$
Net Result	5,831,126	5,580,590	6,674,905
Amortisation	0	0	0
Depreciation	1,808,370	1,818,318	1,843,091
(Profit)/Loss on Sale of Asset	113,100	19,500	26,643
(Increase)/Decrease in Receivables	70,929		(383,875)
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	(309,631)	2,419	351,986
Increase/(Decrease) in Employee Provisions	73,703	183,141	(27,909)
Grants/Contributions for the Development of Assets	(7,180,049)	(9,251,946)	(7,344,212)
Net Cash from Operating Activities	407,548	(1,647,978)	1,140,629

(c) Undrawn Borrowing Facilities

	2013 Actual \$	2013 Budget \$	2012 Actual \$
Credit Standby Arrangements			
Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	0	0	0
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	0	0	0
Loan Facilities			
Loan Facilities - Current	68,743	64,981	64,982
Loan Facilities - Non-Current	232,091	208,824	300,820
Total Facilities in Use at Balance Date	300,834	273,805	365,802
Unused Loan Facilities at Balance Date	0	0	0

14. CONTINGENT LIABILITIES

The Shire of Nannup has no contingent liabilities as at 30 June 2013.

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2013 \$	2012 \$
Payable:		
- not later than one year	3,443	1,912
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>3,443</u>	<u>1,912</u>

(b) Capital Expenditure Commitments

The Shire of Nannup has no capital expenditure contracts as at 30 June 2013.

16. JOINT VENTURE

The Shire of Nannup has no joint venture arrangement as at 30 June 2013.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2013 \$	2012 \$
Governance	1,324,983	325,144
General Purpose Funding	2,093,214	1,842,170
Law, Order, Public Safety	1,451,795	859,958
Health	25,987	25,987
Education and Welfare	742,255	564,485
Housing	1,084,206	353,325
Community Amenities	747,961	574,453
Recreation and Culture	4,031,412	1,422,509
Transport	76,380,855	86,702,520
Economic Services	898,617	517,584
Other Property and Services	2,431,016	2,084,005
Unallocated	270,007	270,007
Total Assets	<u>91,482,308</u>	<u>95,542,147</u>

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

18. FINANCIAL RATIOS

	2013	2012	2011
Current Ratio	2.19	2.04	1.77
Operating Surplus Ratio	(0.48)	(0.39)	(0.56)
Own Source Revenue Coverage Ratio	0.45	0.46	0.48
Debt Service Cover Ratio	9.74	11.27	16.79
Asset Sustainability Ratio	1.28	1.01	1.19
Asset Consumption Ratio	0.69	N/A	N/A
Asset Renewal Funding Ratio	1.00	N/A	N/A

The above ratios are calculated as follows:

$$\text{Current Ratio} = \frac{\text{current assets} - \text{restricted assets}}{\text{current liabilities} - \text{liabilities associated with restricted assets}}$$

$$\text{Operating Surplus Ratio} = \frac{\text{operating revenue} - \text{operating expense}}{\text{own source operating revenue}}$$

$$\text{Own Source Revenue Coverage Ratio} = \frac{\text{own source operating revenue}}{\text{operating expense}}$$

$$\text{Debt Service Cover Ratio} = \frac{\text{annual operating surplus before interest \& depreciation}}{\text{principal \& interest}}$$

$$\text{Asset Sustainability Ratio} = \frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$$

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

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

19. TRUST FUNDS

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

	Balance 01-Jul-12 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-13 \$
Building and Construction Industry Training Fund Levy	8,508	8,970	0	8,508
Builders Registration Board of WA Levy	2,796	6,206	0	2,796
Bonds	3,624	31,250	(1,322)	3,624
Nomination Deposits	0	0	0	0
	14,928	46,426	(1,322)	60,032

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
CAT 432 Backhoe NP3012 P92 AN556	73,400	73,400	48,000	60,000	(25,400)	(13,400)
Isuzu 14T Tipper NP3004	86,096	86,100	77,273	80,000	(8,823)	(6,100)
Ford Ranger - NP3460	21,810	0	24,000	0	2,190	0
Nissan Navara NP 3471	36,597	0	28,000	0	(8,597)	0
Water Tank Truck	4,823	0	0	0	(4,823)	0
John Deere Lawnmower	263	0	0	0	(263)	0
Boomerang Bead Breaker	170	0	0	0	(170)	0
Pacific pump	372	0	0	0	(372)	0
Gravel Screen	9,607	0	0	0	(9,607)	0
Spare wheel front end loader	243	0	0	0	(243)	0
Isuzu Fire Unit	37,197	0	0	0	(37,197)	0
Fast Attack Land Rover	14,439	0	0	0	(14,439)	0
Photocopier	5,356	0	0	0	(5,356)	0
	290,373	159,500	177,273	140,000	(113,100)	(19,500)

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities L37 S/S Community Resource Centre ¹	135,772		12,149	12,163	123,623	123,609	7,535	7,912
Transport L38 Plant	230,030		52,819	52,819	177,211	177,211	12,158	12,356
	365,802	0	64,968	64,982	300,834	300,820	19,693	20,268

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

All other loan repayments were financed by general purpose revenue.

68,743 Current

232,091 Non-Current

300,834

(b) New debentures 2012/13

There were no new debentures raised in 2012/13.

(c) Unspent Debentures

There were no unspent debentures in 2012/13.

(d) Overdraft

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

RATE TYPE	Rate in Dollar \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate GRV - General	0.091602	362	4,560,742	417,773	(482)	(85)	417,206	416,627	25	0	416,652
UV - General	0.003280	189	125,388,000	377,049	(1,421)	0	375,628	377,098	24	0	377,122
Sub Totals		551	129,948,742	794,822	(1,903)	(85)	792,834	793,725	49	0	793,774
	Minimum \$										
Minimum Rates GRV - General	675	353	2,084,602	238,275	0	0	238,275	238,275	0	0	238,275
UV - General	885	192	23,150,840	169,920	0	0	169,920	165,495	0	0	165,495
Sub-Totals		545	25,235,442	408,195	0	0	408,195	403,770	0	0	403,770
Ex-Gratia Rates Specified Area Rate (refer note 23)							1,201,029				1,197,544
							34,224				35,955
							5,843				2,690
							1,241,096				1,236,189
Discounts (refer note 25)							0				0
Totals							1,241,096				1,236,189

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

	2013 30.6.13 c/f	2013 1.7.12 b/f	2012 30.6.12 c/f
	2,808,293	1,927,356	1,927,356
Comprises:			
Cash - Unrestricted	2,633,472	1,997,073	1,997,073
Cash - Restricted	1,930,442	1,779,437	1,779,437
Rates Debtors	168,247	141,316	141,316
Accrued Income	10,604	209,976	209,976
Sundry Debtors	116,038	141,961	141,961
GST Receivable	185,440	54,987	54,987
Less:			
Restricted Cash - Reserves	(1,930,442)	(1,779,437)	(1,779,437)
Creditors	(96,658)	(271,201)	(271,201)
Accrued Expenditure	(107,527)	(272,386)	(272,386)
DOT Licensing	0	0	0
Restricted Assets	(30,417)	(62,552)	(62,552)
YAC & YCN	(13,174)	(11,555)	(11,555)
Withholding tax	(27)	0	0
GST Payable	(10,476)	0	0
PAYG Tax Payable	(47,229)	(263)	(263)
	2,808,293	1,927,356	1,927,356

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

Specified area rates for the year ending 30 June 2013 were applied for the following works:

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

	Rate In \$ GRV Basis	Rateable Value \$	2012/13 Actual Revenue \$	2012/13 Budgeted Revenue \$	Budget Applied To Costs \$
Strategic Firebreaks Cockatoo Valley	0.007204	160,587	1,157	1,550	1,157
Strategic Firebreaks Jalbarragup	0.010200	459,491	4,687	1,140	3,072
		620,078	5,844	2,690	4,229

As the costs of the works to the strategic firebreaks in Jalbarragup were less than the Specified Area rate raised the excess rates collected were refunded to ratepayers as a reduction in their 2013/14 rate liability.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

The Shire of Nannup did not impose any service charges for the year ended 30 June 2013.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2012/13 FINANCIAL YEAR

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

Shire of Nannup Financial Report for the year ended 30 June 2013
Notes to and forming part of the financial report cont.

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

Ratepayers had the option of paying rates in four equal instalments, due on 28 October 2012, 23 December 2012, 17 February 2013 and 13 April 2013. Administration charges and interest applied for the final three instalments.

	Interest Rate	Admin. Charge	Revenue	Budgeted Revenue
	%	\$	\$	\$
Interest on Unpaid Rates	11.00%		16,673	6,000
Interest on Instalments Plan	5.50%		4,179	3,000
			20,852	9,000
Charges on Instalment Plan		5	3,730	3,500
			24,582	12,500

27. FEES & CHARGES

	2013	2012
	\$	\$
Governance	0	0
General Purpose Funding	22,311	68,498
Law, Order, Public Safety	16,338	6,751
Health	2,804	3,244
Education and Welfare	7,843	0
Housing	18,008	17,845
Community Amenities	104,108	112,258
Recreation and Culture	27,497	22,723
Transport	3,361	6,014
Economic Services	122,798	16,234
Other Property and Services	72,020	107,861
	397,088	361,428

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

28. GRANT REVENUE

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,548,655	1,697,149
Non-Operating Grants, Subsidies and Contributions	6,947,762	7,527,102
	8,496,417	9,224,251
By Program:		
Governance	0	0
General Purpose Funding	1,666,271	2,130,930
Law, Order, Public Safety	276,767	217,357
Health	0	0
Education and Welfare	68,585	293,678
Housing	0	0
Community Amenities	0	0
Recreation and Culture	0	0
Transport	6,480,474	6,558,423
Economic Services	4,320	23,863
Other Property and Services	0	0
	8,496,417	9,224,251

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	7,700	13,650	7,210
President's Allowance	8,000	8,000	10,608
Deputy President's Allowance	2,000	2,000	4,000
Travelling Expenses	7,250	10,000	14,059
Telecommunications Allowance	6,600	9,000	8,800
	31,550	42,650	44,677

30. EMPLOYEE NUMBERS

	2013	2012
The number of full-time equivalent employees at 30 June	25.76	25.76

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2012/13 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

33. ECONOMIC DEPENDENCY

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,563,914	3,776,510	4,563,914	3,776,510
Receivables	646,345	717,274	646,345	717,274
	5,210,259	4,493,784	5,210,259	4,493,784
Financial Liabilities				
Payables	319,661	629,292	319,661	629,292
Borrowings	300,834	365,802	300,834	365,802
	620,495	995,094	620,495	995,094

Fair value is determined as follows:

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

(a) Cash and Cash Equivalents

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

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

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

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

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

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

	2013	2012
	\$	\$
- Equity	45,639	37,746
- Statement of Comprehensive Income	45,639	37,746

(b) Receivables

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	81.60%	71.56%
- Overdue	18.40%	28.44%

(c) Payables – Borrowings

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

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

	Due Within 1 year	Due Between 1 & 5 years	Due After 5 years	Total Contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2013					
Payables	319,661	0	0	319,661	319,661
Borrowings	68,743	181,531	50,560	300,834	300,834
	388,404	181,531	50,560	620,495	620,495
2012					
Payables	629,292	0	0	629,292	629,292
Borrowings	64,982	235,175	65,645	365,802	365,802
	694,274	235,175	65,645	995,094	995,094

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

Shire of Nannup Financial Report for the year ended 30 June 2013

Notes to and forming part of the financial report cont.

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

	Less than 1 year \$	Between 1 & 2 years \$	Between 2 & 3 years \$	Between 3 & 4 years \$	Between 4 & 5 years \$	More than 5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2013								
Borrowings								
Fixed Rate								
Debentures	68,743	72,724	76,933	15,459	16,415	50,560	300,834	
Weighted Average Effective Interest Rate	5.81%	5.85%	5.98%	6.01%	6.01%	6.01%		5.95%
Year Ended 30 June 2012								
Borrowings								
Fixed Rate								
Debentures	64,982	68,328	71,723	76,933	15,460	68,376	365,802	
Weighted Average Effective Interest Rate	5.49%	5.61%	5.61%	5.61%	5.61%	5.89%		5.64%

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Nannup, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2013, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

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

- i. gives a true and fair view of the Shire of Nannup's financial position as at 30 June 2013 and of its performance for the financial year ended 30 June 2013;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - The September 2012 monthly financial activity statement was not submitted to Council within two months of month end as required by Regulation 34 of the Local Government (Financial Management) Regulations 1996.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants

TIM PARTRIDGE Partner

Bunbury, Western Australia

Dated this 22 day of November 2013

Shire of Nannup
Ordinary Council Meeting Minutes: November 2013

2. That Council hold its Annual Electors Meeting on Thursday 19 December 2013 in the Shire Function Room commencing at 5.30 pm.

CARRIED 8/0

**13. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY
DECISION OF MEETING**

(a) OFFICERS

None.

(b) ELECTED MEMBERS

None.

**14. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS
BEEN GIVEN**

None.

15. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

16. CLOSURE OF MEETING

There being no further business to discuss the Shire President declared the meeting closed at 18.08 hours.