



Audit Advisory Committee

MINUTES

Meeting held on Thursday 10 March 2022 at 3.30 pm
in the Council Chambers, 15 Adam Street.

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1. DECLARATION OF OPENING/ACKNOWLEDGEMENT OF COUNTRY/ANNOUNCEMENT OF VISITORS:

The Shire President declared the meeting open at 3.30 pm. There were no visitors.

The Shire President acknowledged the traditional custodians of the land, the Wardandi and the Bibbulmun people; paying respects to Elders past, present and emerging.

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

Councillors	Staff
Cr Tony Dean (Shire President)	David Taylor – Chief Executive Officer
Cr Vicki Hansen(Deputy Shire President)	Kellie Jenkins – Manger Corporate Services/Deputy Chief Executive Officer
Cr Cheryle Brown	
Cr Chris Buckland	
Cr Patricia Fraser	
Cr Ian Gibb	
Cr Charles Gilbert	
Cr Bob Longmore	

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE:

Nil.

4. APPLICATIONS FOR LEAVE OF ABSENCE:

Nil.

5. PETITIONS/DEPUTATIONS/PRESENTATIONS:

Nil.

6. DECLARATIONS OF INTEREST:

Nil.

To view the Shire of Nannup Declaration Register please see the website [here](#).

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS:

MOVED CR HANSEN	SECONDED CR FRASER
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That the Minutes of the Audit Advisory Committee Meeting of the Shire of Nannup held in Council Chambers on 25 March 2021 be confirmed as a true and correct record.

CARRIED (8/0)

8. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION:

Nil.

9. REPORTS BY MEMBERS ATTENDING COMMITTEES:

Nil.

10. REPORTS OF OFFICERS:

AGENDA NUMBER & SUBJECT:	10.1 - Audited Annual Financial Report for 2020/21 Financial Year
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	ADM 17
AUTHOR:	Kellie Jenkins – Manager Corporate Services / Deputy Chief Executive Officer
REPORTING OFFICER:	Kellie Jenkins – Manager Corporate Services / Deputy Chief Executive Officer
DISCLOSURE OF INTEREST:	None
DATE OF REPORT:	24 February 2022
ATTACHMENT:	10.1.1 – Financial Report for year ended 30 June 2021 10.1.2 – Office of the Auditor General’s Report on its Audit of the Shire of Nannup Financial Statements

PURPOSE OF REPORT

To present to the Audit Advisory Committee, the audited Annual Financial Report for the year ended 30 June 2021, attached as Appendix 10.1.1, and the Office of the Auditor

General's (OAG) Report on its Audit of the Shire of Nannup (Shire) Financial Statements attached as Appendix 10.1.2.

BACKGROUND:

The OAG has completed the audit of the Shire's financial statements for the financial year ended 30 June 2021. Following the audit, the OAG has concluded that the financial report:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

COMMENT:

The Office of the Auditor General (OAG) has completed its audit of the Shire's financial statements for the financial year ended 30 June 2021. Following the audit, the OAG has concluded that the financial report gives a true and fair view of the Shire's financial position.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
 - b. The Operating Surplus ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:

- a. The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1) of the *Local Government (Financial Management) Regulations 1996*, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
 - b. Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements.
- (iii) All required information and explanations were obtained by me.
 - (iv) All audit procedures were satisfactorily completed.
 - (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Legislation requires the Shire to prepare a report addressing the significant matters identified in the report and state what action has been taken. This report must be provided to the Minister within three months of receiving the audit report. Within 14 days after giving the report to the Minister, the Chief Executive Officer must publish a copy of the report on its official website.

STATUTORY ENVIRONMENT:

Section 7.12A(3) of the *Local Government Act 1995* requires a local government to examine the report of the auditor and determine if any matters raised in the report require action to taken.

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Nil.

STRATEGIC IMPLICATIONS:

Nil.

VOTING REQUIREMENTS:

Simple Majority.

OFFICER RECOMMENDATION:

1. That Council receives the audited Annual Financial Report for the year ended 30 June 2021, attached as Appendix 10.1.
2. That Council receives the Office of the Auditor's General Report on its Audit of Council's Financial Statements, attached as Appendix 10.2.

MOVED CR BUCKLAND

SECONDED CR HANSEN

1. That Council receives the audited Annual Financial Report for the year ended 30 June 2021, attached as Appendix 10.1.

2. That Council receives the Office of the Auditor's General Report on its Audit of Council's Financial Statements, attached as Appendix 10.2.

CARRIED (8/0)

AGENDA NUMBER & SUBJECT:	10.2 - Report on significant matters raised in the Shire of Nannup 2020/21 Audit
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Department of Local Government, Sport & Cultural Industries
FILE REFERENCE:	ADM 14
AUTHOR:	Kellie Jenkins - Manager Corporate Services / Deputy Chief Executive Officer
REPORTING OFFICER:	Kellie Jenkins – Manager Corporate Services / Deputy Chief Executive Officer
DISCLOSURE OF INTEREST:	N/A
DATE OF REPORT:	24 February 2022
ATTACHMENT:	10.2.1 – Report to the Minister for Local Government

PURPOSE OF REPORT:

For the Audit Advisory Committee to consider a report to the Minister for Local Government on significant matters raised in the Shire of Nannup (Shire) 2020/21 Audit.

BACKGROUND:

Section 7.14A(4) of the *Local Government Act 1995* requires a local government to prepare a report for the Minister for Local Government addressing any significant matters raised by the local government's auditor. The report is to state what action the local government has taken or intends to take in relation to those matters.

A report prepared under Section 7.12A(4) is to be submitted to the Minister within three months of the audit report being received by the local government and is to be published on the local government's website.

COMMENT:

In its report on the Shire 2020/21 Audit, the Office of the Auditor General (OAG) rated four issues as significant.

1. Asset Sustainability Ratio being below the Department of Local Government, Sport and Cultural Industries' standard for the past three years.
2. Operating Surplus Ratio being below the Department of Local Government, Sport and Cultural Industries' standard for the past three years.

3. The Shire has not reported the Asset Renewal Funding Ratio for the past three years.
4. The Shire has not performed reconciliations for property, plant and equipment, and infrastructure.

A report for the Minister addressing the matters raised in the Audit Report is attached as Appendix 10.2.1.

STATUTORY ENVIRONMENT:

Section 7.14A of the *Local Government Act 1996*, prescribes:

- (4) *A local government must –*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the Chief Executive Officer must publish a copy of the report on the local government's official website.*

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Nil.

STRATEGIC IMPLICATIONS:

Nil.

VOTING REQUIREMENTS:

Simple Majority.

OFFICER RECOMMENDATION:

That Council endorse the report to the Minister for Local Government on significant matters raised in the Shire's 2020/21 Audit as detailed in Appendix 10.2.1.

MOVED CR GILBERT

SECONDED CR BROWN

That Council endorse the report to the Minister for Local Government on significant matters raised in the Shire's 2020/21 Audit as detailed in Appendix 10.2.1.

CARRIED (8/0)

AGENDA NUMBER & SUBJECT:	10.3 – 2021 Compliance Audit Return
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Department of Local Government, Sport & Cultural Industries
FILE REFERENCE:	ADM 14
AUTHOR:	Sarah Dean – Governance Officer
REPORTING OFFICER:	Kellie Jenkins – Manager Corporate Services / Deputy Chief Executive Officer
DISCLOSURE OF INTEREST:	N/A
DATE OF REPORT:	24 February 2022
ATTACHMENT:	10.3.1 - 2021 Compliance Audit Return

PURPOSE OF REPORT:

To provide the Audit Advisory Committee with the Shire of Nannup's (Shire) 2021 Compliance Audit Return (CAR).

BACKGROUND:

Western Australian local governments are required to complete an annual Compliance Audit Return (CAR) in accordance with the provisions of the *Local Government (Audit) Regulations 1996 (Regulations)*.

The CAR is to be submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March 2022.

The period examined by this audit is 1 January 2021 to 31 December 2021. The completed return is required to be:

- Reviewed by the Audit Advisory Committee
- Considered and adopted by Council
- Certified by the Shire President and Chief Executive Officer (CEO) following Council adoption; and
- Submitted together with a copy of the Council minutes to the Department by 31 March 2022.

The CAR assists the Shire to monitor legislative compliance by examining a range of prescribed requirements under Regulation 13 of the Regulations in detail.

The Shire's audit findings must be recorded in the CAR pro-forma, which has been completed and provided as Appendix 10.3.1.

COMMENT:

The 2021 CAR comprises of 98 questions, grouped into 11 categories of which:

- 56 were complied with;
- 40 were not applicable to the Shire of Nannup during the year under review, and;
- 2 matters was deemed to be non-compliant.

The 2 areas of non-compliance detected were as follows:

Disclosure of Interest

Question 25 – *Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?*

Comment – *The CEO has published on the local government's website a code of conduct to be observed by employees of the local government; this version was updated 2016.*

Finance

Question 3 – *Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?*

Comment – *The audit for financial year ended 30 June 2021 was completed in February 2022. The Shire received the auditor's report on 18 February 2022.*

STATUTORY ENVIRONMENT:

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out an audit of compliance with statutory requirements prescribed in the *Local Government (Audit) Regulations 1996*.

Regulation 13 of the *Local Government (Audit) Regulations 1996* sets out the statutory requirements which may be included in the compliance audit.

Regulation 14 provides that the Compliance Audit is for the period 1 January to 31 December in each year and that after carrying out the audit, the local government is to

prepare a Compliance Audi Return in the form approved by the Minister for Local Government.

The local government's Audit Committee is then to review the Compliance Audit Return and is to report the results to that review to Council, for adoption.

Regulation 15 requires that after Council has adopted the Return, it must be certified by the Shire President and the Chief Executive Officer, and submitted to the Director General of the Department of Local Government, Sport and Cultural Industries with a copy of the relevant Council Minutes, by 31 March following the period to which the return relates.

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Nil.

STRATEGIC IMPLICATIONS:

Nil.

VOTING REQUIREMENTS:

Simple Majority.

OFFICER RECOMMENDATION:

That Council accept the 2021 Compliance Audit Return attached as Appendix 10.3.1, and submit a certified copy to the Director General of the Department of Local Government and Cultural Industries by 31 March 2022.

MOVED CR HANSEN

SECONDED CR LONGMORE

That Council accept the 2021 Compliance Audit Return attached as Appendix 10.3.1, and submit a certified copy to the Director General of the Department of Local Government and Cultural Industries by 31 March 2022.

CARRIED (8/0)

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

Nil.

12. CLOSURE OF MEETING:

Shire President declared the meeting closed at 3.39pm.

SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

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

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

Principal place of business:
15 Adam Street
Nannup WA 6275

**SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Nannup for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Nannup at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the *18th* day of *February* 2022



Chief Executive Officer

David Taylor

Name of Chief Executive Officer



SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	22(a)	1,771,991	1,774,610	1,772,136
Operating grants, subsidies and contributions	2(a)	1,860,193	2,827,674	2,037,039
Fees and charges	2(a)	536,829	439,733	453,466
Interest earnings	2(a)	42,164	31,044	96,069
Other revenue	2(a)	67,087	70,784	13,233
		4,278,264	5,143,845	4,371,943
Expenses				
Employee costs		(1,898,886)	(2,023,759)	(1,802,135)
Materials and contracts		(1,708,822)	(3,700,843)	(1,582,389)
Utility charges		(104,745)	(105,718)	(108,311)
Depreciation on non-current assets	10(b)	(1,474,452)	(1,015,968)	(1,557,445)
Interest expenses	2(b)	(11,854)	(11,851)	(10,667)
Insurance expenses		(190,440)	(195,320)	(169,817)
Other expenditure		(50,659)	(66,670)	(48,613)
		(5,439,858)	(7,120,129)	(5,279,377)
		(1,161,594)	(1,976,284)	(907,434)
Non-operating grants, subsidies and contributions	2(a)	1,816,565	779,530	474,800
Profit on asset disposals	10(a)	57,895	0	0
(Loss) on asset disposals	10(a)	(4,761)	(10,099)	(19,716)
		1,869,699	769,431	455,084
Net result for the period		708,105	(1,206,853)	(452,350)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		708,105	(1,206,853)	(452,350)

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



SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance		0	160	7,314
General purpose funding		3,219,329	2,467,961	3,181,373
Law, order, public safety		368,202	353,732	415,805
Health		16,291	16,470	20,312
Education and welfare		21,294	51,136	72,993
Housing		20,800	20,000	21,600
Community amenities		355,949	368,328	331,648
Recreation and culture		64,987	22,160	18,665
Transport		118,654	119,108	169,924
Economic services		76,097	1,723,290	128,389
Other property and services		16,661	1,500	3,920
		4,278,264	5,143,845	4,371,943
Expenses				
Governance		(492,533)	(673,780)	(381,983)
General purpose funding		(162,500)	(166,620)	(151,613)
Law, order, public safety		(679,614)	(919,938)	(862,267)
Health		(72,564)	(88,486)	(70,953)
Education and welfare		(187,910)	(193,906)	(159,344)
Housing		(23,294)	(44,599)	(26,068)
Community amenities		(528,436)	(507,942)	(488,763)
Recreation and culture		(555,464)	(520,324)	(486,431)
Transport		(2,282,064)	(1,924,463)	(2,277,170)
Economic services		(328,517)	(1,787,710)	(296,048)
Other property and services		(115,108)	(280,510)	(68,070)
		(5,428,004)	(7,108,278)	(5,268,710)
Finance Costs				
Community amenities	2(b)	(11,854)	(11,851)	(10,667)
		(11,854)	(11,851)	(10,667)
		(1,161,594)	(1,976,284)	(907,434)
Non-operating grants, subsidies and contributions	2(a)	1,816,565	779,530	474,800
Profit on disposal of assets	10(a)	57,895	0	0
(Loss) on disposal of assets	10(a)	(4,761)	(10,099)	(19,716)
		1,869,699	769,431	455,084
Net result for the period		708,105	(1,206,853)	(452,350)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		708,105	(1,206,853)	(452,350)

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



SHIRE OF NANNUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,023,520	2,286,091
Trade and other receivables	6	346,871	339,350
Other financial assets	5(a)	2,646,943	3,151,118
Inventories	7	4,164	28,686
TOTAL CURRENT ASSETS		6,021,498	5,805,245
NON-CURRENT ASSETS			
Trade and other receivables	6	70,797	88,268
Other financial assets	5(b)	210,623	238,795
Property, plant and equipment	8	13,270,169	12,590,034
Infrastructure	9	96,054,393	95,583,034
Right-of-use assets	11(a)	46,768	0
TOTAL NON-CURRENT ASSETS		109,652,750	108,500,131
TOTAL ASSETS		115,674,248	114,305,376
CURRENT LIABILITIES			
Trade and other payables	13	538,096	258,622
Other liabilities	14	427,637	46,881
Lease liabilities	15(a)	17,002	0
Borrowings	16(a)	63,574	76,954
Employee related provisions	17	380,456	335,825
TOTAL CURRENT LIABILITIES		1,426,765	718,282
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	29,754	0
Borrowings	16(a)	492,719	556,302
Employee related provisions	17	37,093	50,980
TOTAL NON-CURRENT LIABILITIES		559,566	607,282
TOTAL LIABILITIES		1,986,331	1,325,564
NET ASSETS		113,687,917	112,979,812
EQUITY			
Retained surplus		31,878,019	31,426,081
Reserves - cash/financial asset backed	4	3,321,623	3,065,456
Revaluation surplus	12	78,488,275	78,488,275
TOTAL EQUITY		113,687,917	112,979,812

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



**SHIRE OF NANNUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

		RESERVES CASH/FINANCIAL			
	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY	
NOTE	\$	\$	\$	\$	\$
Balance as at 1 July 2019	32,321,140	2,622,747	78,488,275	113,432,162	
Comprehensive income					
Net result for the period	(452,350)	0	0	(452,350)	
Total comprehensive income	(452,350)	0	0	(452,350)	
Transfers to reserves	(442,709)	442,709	0	0	4
Balance as at 30 June 2020	31,426,081	3,065,456	78,488,275	112,979,812	
Comprehensive income					
Net result for the period	708,105	0	0	708,105	
Total comprehensive income	708,105	0	0	708,105	
Transfers to reserves	(256,167)	256,167	0	0	4
Balance as at 30 June 2021	31,878,019	3,321,623	78,488,275	113,687,917	

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

SHIRE OF NANNUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,844,421	1,824,610	1,759,033
Operating grants, subsidies and contributions		2,194,519	2,780,793	2,501,812
Fees and charges		536,829	439,733	453,466
Interest received		42,164	31,044	96,069
Goods and services tax received		614,046	361,556	268,665
Other revenue		67,087	70,784	13,233
		5,299,066	5,508,520	5,092,278
Payments				
Employee costs		(1,867,573)	(2,023,759)	(1,897,273)
Materials and contracts		(1,405,410)	(3,550,843)	(1,419,332)
Utility charges		(104,745)	(105,718)	(108,311)
Interest expenses		(11,839)	(11,851)	(10,667)
Insurance paid		(190,440)	(195,320)	(169,817)
Goods and services tax paid		(630,096)	(361,556)	(259,726)
Other expenditure		(50,659)	(66,670)	(48,613)
		(4,260,762)	(6,315,717)	(3,913,739)
Net cash provided by/(used in) operating activities	18	1,038,304	(807,197)	1,178,539
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		490,360	0	(3,109,140)
Payments for purchase of property, plant & equipment	8(a)	(1,162,383)	(1,410,527)	(142,948)
Payments for construction of infrastructure	9(a)	(1,629,826)	(672,693)	(725,815)
Non-operating grants, subsidies and contributions	2(a)	1,816,565	779,530	474,800
Proceeds from financial assets at amortised cost - self supporting loans		41,987	39,399	94,497
Proceeds from sale of property, plant & equipment	10(a)	223,636	30,000	48,591
Net cash provided by/(used in) investment activities		(219,661)	(1,234,291)	(3,360,015)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(76,963)	(76,953)	(94,497)
Payments for principal portion of lease liabilities	15(b)	(4,251)	0	0
Proceeds from new borrowings	16(b)	0	0	370,000
Net cash provided by/(used in) financing activities		(81,214)	(76,953)	275,503
Net increase/(decrease) in cash held		737,429	(2,118,441)	(1,905,973)
Cash at beginning of year		2,286,091	5,371,864	4,192,064
Cash and cash equivalents at the end of the year	18	3,023,520	3,253,423	2,286,091

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

**SHIRE OF NANNUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	2,259,183	2,337,941	2,001,779
		2,259,183	2,337,941	2,001,779
Revenue from operating activities (excluding rates)				
Governance		0	160	7,314
General purpose funding		1,447,338	693,351	1,409,237
Law, order, public safety		368,202	353,732	415,805
Health		16,291	16,470	20,312
Education and welfare		21,294	51,136	72,993
Housing		20,800	20,000	21,600
Community amenities		355,949	368,328	331,648
Recreation and culture		64,987	22,160	18,665
Transport		176,549	119,108	169,924
Economic services		76,097	1,723,290	128,389
Other property and services		16,661	1,500	3,920
		2,564,168	3,369,235	2,599,807
Expenditure from operating activities				
Governance		(492,533)	(683,879)	(401,699)
General purpose funding		(162,500)	(166,620)	(151,613)
Law, order, public safety		(679,614)	(919,938)	(862,267)
Health		(72,564)	(88,486)	(70,953)
Education and welfare		(187,910)	(193,906)	(159,344)
Housing		(23,294)	(44,599)	(26,068)
Community amenities		(540,290)	(519,793)	(499,430)
Recreation and culture		(555,464)	(520,324)	(486,431)
Transport		(2,286,825)	(1,924,463)	(2,277,170)
Economic services		(328,517)	(1,787,710)	(296,048)
Other property and services		(115,108)	(280,510)	(68,070)
		(5,444,619)	(7,130,228)	(5,299,093)
Non-cash amounts excluded from operating activities	23(a)	1,446,004	999,186	1,602,635
Amount attributable to operating activities		824,736	(423,866)	905,128
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,816,565	779,530	474,800
Proceeds from disposal of assets	10(a)	223,636	30,000	48,591
Proceeds from financial assets at amortised cost - self supporting loans		41,987	39,399	94,497
Purchase of property, plant and equipment	8(a)	(1,162,383)	(1,410,527)	(142,948)
Purchase and construction of infrastructure	9(a)	(1,629,826)	(672,693)	(725,815)
Amount attributable to investing activities		(710,021)	(1,234,291)	(250,875)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(76,963)	(76,953)	(94,497)
Proceeds from borrowings	16(b)	0	0	370,000
Payments for principal portion of lease liabilities	15(b)	(4,251)	0	0
Transfers to reserves (restricted assets)	4	(256,167)	(239,500)	(442,709)
Transfers from reserves (restricted assets)	4	0	200,000	0
Amount attributable to financing activities		(337,381)	(116,453)	(167,206)
Surplus/(deficit) before imposition of general rates		(222,666)	(1,774,610)	487,047
Total amount raised from general rates	22(a)	1,771,991	1,774,610	1,772,136
Surplus/(deficit) after imposition of general rates	23(b)	1,549,325	0	2,259,183

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

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

CRITICAL ACCOUNTING ESTIMATES

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

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,352,180	622,466	1,320,880
Law, order, public safety	358,481	346,170	406,061
Education and welfare	9,084	44,448	52,712
Recreation and culture	0	5,073	1,500
Transport	118,580	118,877	158,754
Economic services	21,868	1,690,640	97,132
	1,860,193	2,827,674	2,037,039
Non-operating grants, subsidies and contributions			
Law, order, public safety	37,306	262,730	0
Recreation and culture	1,123,280	0	0
Transport	605,805	516,800	474,800
Economic services	50,174	0	0
	1,816,565	779,530	474,800
Total grants, subsidies and contributions	3,676,758	3,607,204	2,511,839
Fees and charges			
General purpose funding	40,454	30,750	32,685
Law, order, public safety	8,445	7,562	8,475
Health	16,291	16,470	20,312
Education and welfare	7,424	4,688	6,720
Housing	20,800	20,000	21,600
Community amenities	348,517	312,313	318,558
Recreation and culture	32,262	13,694	13,756
Transport	74	105	104
Economic services	54,025	32,651	31,256
Other property and services	8,537	1,500	0
	536,829	439,733	453,466

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	423,973	385,047	465,833
Fees and charges	92,090	58,442	63,689
Other revenue	61,252	55,249	4,282
Non-operating grants, subsidies and contributions	1,816,565	779,530	474,800
	<u>2,393,880</u>	<u>1,278,268</u>	<u>1,008,604</u>

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

Revenue from contracts with customers included as a contract liability at the start of the period	46,881	0	0
Revenue from contracts with customers recognised during the year	530,434	498,738	533,804
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,816,565	779,530	474,800
	<u>2,393,880</u>	<u>1,278,268</u>	<u>1,008,604</u>

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

Trade and other receivables from contracts with customers	149,908		96,944
Contract liabilities from contracts with customers	(427,637)		(46,881)

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

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

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

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,771,991	1,774,610	1,772,136
Statutory permits and licences	444,239	381,291	389,777
Fines	500	0	0
	<u>2,216,730</u>	<u>2,155,901</u>	<u>2,161,913</u>

Other revenue

Reimbursements and recoveries	5,835	70,784	8,951
Other	61,252	0	4,282
	<u>67,087</u>	<u>70,784</u>	<u>13,233</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	7,432	0	10,056
Interest on reserve funds	16,668	6,786	52,712
Rates instalment and penalty interest (refer Note 21(b))	12,693	9,000	20,527
Other interest earnings	5,371	15,258	12,774
	<u>42,164</u>	<u>31,044</u>	<u>96,069</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Audit of the Annual Financial Report	18,500	30,000	23,300
	<u>18,500</u>	<u>30,000</u>	<u>23,300</u>

Interest expenses (finance costs)

Borrowings	11,854	11,851	10,667
	<u>11,854</u>	<u>11,851</u>	<u>10,667</u>

Other expenditure

Sundry expenses	50,659	66,670	48,613
	<u>50,659</u>	<u>66,670</u>	<u>48,613</u>

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021	2020
		\$	\$
Cash at bank and on hand		3,023,520	2,286,091
Total cash and cash equivalents		3,023,520	2,286,091
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		1,130,480	373,197
- Financial assets at amortised cost		2,618,780	3,109,140
		3,749,260	3,482,337
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	3,321,623	3,065,456
Contract liabilities from contracts with customers	14	427,637	46,881
Unspent loans	16(c)	0	370,000
Total restricted assets		3,749,260	3,482,337

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

**SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

	2021 Actual		2021 Actual		2021 Budget		2021 Budget		2020 Actual		2020 Actual	
	Opening Balance	Transfer to	Actual	Transfer (from)	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	202,700	21,102	223,802	0	202,702	20,000	0	222,702	182,932	19,768	0	202,700
(b) Gravel pit reserve	142,000	21,772	163,772	0	142,000	21,000	0	163,000	122,000	20,000	0	142,000
(c) Plant machinery reserve	575,405	33,129	608,534	0	575,405	30,000	0	605,405	424,340	151,065	0	575,405
(d) Recreation centre reserve	574	3	577	0	575	0	0	575	560	14	0	574
(e) Office equipment reserve	130,092	35,708	165,800	0	130,093	35,000	0	165,093	97,549	32,543	0	130,092
(f) Asset management reserve	844,958	54,594	899,552	0	844,958	50,000	0	894,958	735,772	109,186	0	844,958
(g) Infrastructure reserve	165,000	15,897	180,897	0	165,000	15,000	0	180,000	155,000	10,000	0	165,000
(h) Main street reserve	60	0	60	0	60	0	0	60	59	1	0	60
(i) Emergency management reserve	59,299	2,322	61,621	0	59,299	2,000	0	61,299	57,792	1,507	0	59,299
(j) Aged housing reserve	391,037	8,626	399,663	0	391,036	6,500	0	397,536	381,099	9,938	0	391,037
(k) Landfill reserve	159,377	20,866	180,243	0	159,377	20,000	0	179,377	116,343	43,034	0	159,377
(l) Community bus reserve	30,704	167	30,871	0	30,704	0	0	30,704	25,051	5,653	0	30,704
(m) Strategic initiative reserve	308,000	1,675	309,675	0	308,000	0	(200,000)	108,000	308,000	0	0	308,000
(n) Youth reserve	16,250	89	16,339	0	16,250	0	0	16,250	16,250	0	0	16,250
(o) Trails reserve	30,000	30,163	60,163	0	30,000	30,000	0	60,000	0	30,000	0	30,000
(p) Footpath reserve	10,000	10,054	20,054	0	10,000	10,000	0	20,000	0	10,000	0	10,000
	3,065,456	256,167	3,321,623	0	3,065,459	239,500	(200,000)	3,104,959	2,622,747	442,709	0	3,065,456

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

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

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	2,646,943	3,151,118
	2,646,943	3,151,118
	2,618,780	3,109,140
	28,163	41,978
	2,646,943	3,151,118
	193,106	221,278
	17,517	17,517
	210,623	238,795
	193,106	221,278
	193,106	221,278
	17,517	17,517
	17,517	17,517

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

	2021	2020
	\$	\$
	148,714	203,673
	149,908	96,944
	48,249	32,199
	0	6,534
	<u>346,871</u>	<u>339,350</u>
	70,797	88,268
	<u>70,797</u>	<u>88,268</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials
 Gravel

	2021	2020
	\$	\$
	4,164	4,164
	0	24,522
	4,164	28,686
	28,686	146,023
	(24,522)	(235,586)
	0	118,249
	4,164	28,686

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Total property, plant and equipment \$
Balance at 1 July 2019	1,765,000	8,503,633	10,268,633	5,958	2,548,623	12,823,214
Additions	0	31,715	31,715	9,275	101,958	142,948
(Disposals)	0	0	0	(1,824)	(66,483)	(68,307)
Depreciation (expense)	0	(37,867)	(37,867)	(870)	(269,084)	(307,821)
Balance at 30 June 2020	1,765,000	8,497,481	10,262,481	12,539	2,315,014	12,590,034
Comprises:						
Gross balance amount at 30 June 2020	1,765,000	8,605,045	10,370,045	16,571	2,633,310	13,019,926
Accumulated depreciation at 30 June 2020	0	(107,564)	(107,564)	(4,032)	(318,296)	(429,892)
Balance at 30 June 2020	1,765,000	8,497,481	10,262,481	12,539	2,315,014	12,590,034
Additions	0	261,969	261,969	26,907	873,507	1,162,383
(Disposals)	0	0	0	0	(170,502)	(170,502)
Depreciation (expense)	0	(39,026)	(39,026)	(5,758)	(266,962)	(311,746)
Balance at 30 June 2021	1,765,000	8,720,424	10,485,424	33,688	2,751,057	13,270,169
Comprises:						
Gross balance amount at 30 June 2021	1,765,000	8,867,014	10,632,014	43,478	3,313,708	13,989,200
Accumulated depreciation at 30 June 2021	0	(146,590)	(146,590)	(9,790)	(562,651)	(719,031)
Balance at 30 June 2021	1,765,000	8,720,424	10,485,424	33,688	2,751,057	13,270,169

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

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

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks and ovals	Other infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	71,164,073	1,048,164	8,526,262	96,873	15,271,471	96,106,843
Additions	698,100	27,715	0	0	0	725,815
Depreciation (expense)	(997,848)	(20,152)	(72,099)	(1,598)	(157,927)	(1,249,624)
Transfers	13,466	(13,466)	0	0	0	0
Balance at 30 June 2020	70,877,791	1,042,261	8,454,163	95,275	15,113,544	95,583,034
Comprises:						
Gross balance at 30 June 2020	74,733,429	1,129,253	8,731,676	107,547	15,767,237	100,469,142
Accumulated depreciation at 30 June 2020	(3,855,638)	(86,992)	(277,513)	(12,272)	(653,693)	(4,886,108)
Balance at 30 June 2020	70,877,791	1,042,261	8,454,163	95,275	15,113,544	95,583,034
Additions	1,595,721	9,455	0	14,180	10,470	1,629,826
Depreciation (expense)	(906,620)	(20,207)	(72,095)	(1,609)	(157,936)	(1,158,467)
Balance at 30 June 2021	71,566,892	1,031,509	8,382,068	107,846	14,966,078	96,054,393
Comprises:						
Gross balance at 30 June 2021	76,329,150	1,138,708	8,731,676	121,727	15,777,707	102,098,968
Accumulated depreciation at 30 June 2021	(4,762,258)	(107,199)	(349,608)	(13,881)	(811,629)	(6,044,575)
Balance at 30 June 2021	71,566,892	1,031,509	8,382,068	107,846	14,966,078	96,054,393

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

Revaluation (Continued)

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

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10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Furniture and equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,824	\$ 0	\$ 0	\$ (1,824)
Plant and equipment	170,502	223,636	57,895	(4,761)	40,099	30,000	0	(10,099)	66,483	48,591	0	(17,892)
	170,502	223,636	57,895	(4,761)	40,099	30,000	0	(10,099)	68,307	48,591	0	(19,716)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Transport				
Truck Scania P420 NP3005	47,206	77,273	30,067	0
Truck Scania P420 NP3003	49,444	77,272	27,828	0
Toyota Hilux 4x4 Workmate	33,451	29,091	0	(4,360)
Toyota fortuner 2.8l diesel	40,401	40,000	0	(401)
	170,502	223,636	57,895	(4,761)

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10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings	39,026	37,867	37,867
Furniture and equipment	5,758	870	870
Plant and equipment	266,962	269,084	269,084
Infrastructure - roads	906,620	552,387	997,848
Other infrastructure - footpaths	20,207	0	20,152
Other infrastructure - drainage	72,095	0	72,099
Other infrastructure - parks and ovals	1,609	0	1,598
Other infrastructure - bridges	157,936	155,760	157,927
Right-of-use assets - plant and equipment	4,239	0	0
	1,474,452	1,015,968	1,557,445

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

Typical estimated useful lives for each asset class for the current and prior years are:

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

Depreciation on revaluation

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - plant and equipment \$	Right-of-use assets Total
Balance at 1 July 2019	0	0
Additions	51,007	51,007
Depreciation (expense)	(4,239)	(4,239)
Balance at 30 June 2021	46,768	46,768

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on right-of-use assets	(4,239)	0
Total amount recognised in the statement of comprehensive income	(4,239)	0
Total cash outflow from leases	(4,251)	0

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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12. REVALUATION SURPLUS

	2021		2021		2021		2020		2020		2020	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	4,812,147	0	0	0	4,812,147	0	0	0	4,812,147	0	0	4,812,147
Revaluation surplus - Furniture and equipment	163	0	0	0	163	0	0	0	163	0	0	163
Revaluation surplus - Plant and equipment	472,474	0	0	0	472,474	0	0	0	472,474	0	0	472,474
Revaluation surplus - Infrastructure - roads	50,190,704	0	0	0	50,190,704	0	0	0	50,190,704	0	0	50,190,704
Revaluation surplus - Other infrastructure - footpaths	794,838	0	0	0	794,838	0	0	0	794,838	0	0	794,838
Revaluation surplus - Other infrastructure - drainage	6,776,704	0	0	0	6,776,704	0	0	0	6,776,704	0	0	6,776,704
Revaluation surplus - Other infrastructure - bridges	15,441,245	0	0	0	15,441,245	0	0	0	15,441,245	0	0	15,441,245
	78,488,275	0	0	0	78,488,275	0	0	0	78,488,275	0	0	78,488,275

13. TRADE AND OTHER PAYABLES

Current

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

	2021	2020
	\$	\$
	395,381	89,839
	14,124	14,124
	58,377	57,808
	69,588	96,240
	626	611
	538,096	258,622

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

14. OTHER LIABILITIES

Current

Grant liabilities

2021	2020
\$	\$
427,637	46,881
427,637	46,881

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

427,637 46,881

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

Grant liabilities

Grant liabilities represent the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

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15. LEASE LIABILITIES

	2021	2020
(a) Lease Liabilities	\$	\$
Current	17,002	0
Non-current	29,754	0
	46,756	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Rate	Lease Interest Term	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020	
					Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual
Law, order, public safety	979823	sgfleet	0.00%	3 years	0	51,007	0	51,007	0	0	0	0	0	0	0	0	0	0
Vehicle - Ford Ranger					0	51,007	(4,251)	(4,251)	0	0	0	0	0	0	0	0	0	0
					0	51,007	(4,251)	(4,251)	0	0	0	0	0	0	0	0	0	0
					0	51,007	(4,251)	(4,251)	0	0	0	0	0	0	0	0	0	0

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16. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	63,574	76,954
Non-current	492,719	556,302
	556,293	633,256

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020		30 June 2020		30 June 2020	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest
Community amenities																			
Waste facility machine	40	WATC	1.24%	370,000	(4,422)	(34,976)	(4,480)	335,024	(4,480)	335,024	0	0	370,000	0	0	0	0	(611)	370,000
				370,000	(4,422)	(34,976)	(4,480)	335,024	(4,480)	335,024	0	0	370,000	0	0	0	0	(611)	370,000
Self Supporting Loans																			
Community amenities																			
Nannup Community Resource Centre	37	WATC	6.01%	14,626	(368)	(14,626)	(368)	0	(368)	0	0	0	0	0	0	0	0	(1,587)	14,626
Nannup Music club	39	WATC	2.96%	248,630	(7,063)	(27,361)	(7,002)	210,679	(7,002)	210,679	33,132	324,621	0	0	0	0	0	(8,469)	248,630
				263,256	(7,432)	(41,987)	(7,432)	221,269	(7,432)	221,269	357,753	357,753	0	0	0	0	0	(10,056)	263,256
				633,256	(11,854)	(76,963)	(11,851)	545,703	(11,851)	545,703	357,753	357,753	370,000	(94,497)	(10,667)	(10,667)	(10,667)	633,256	633,256

* WA Treasury Corporation

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

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16. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		\$	\$	\$	\$
Waste facility machine	29/05/2020	370,000	0	(370,000)	0
* WA Treasury Corporation		370,000	0	(370,000)	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	0	0
Total amount of credit unused	5,000	5,000

Loan facilities

Loan facilities - current	63,574	76,954
Loan facilities - non-current	492,719	556,302
Lease liabilities - current	17,002	0
Lease liabilities - non-current	29,754	0
Total facilities in use at balance date	603,049	633,256

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 24.

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
 Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2021

Comprises

Current
 Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	223,267	112,558	335,825
Non-current provisions	0	50,980	50,980
	223,267	163,538	386,805
Additional provision	114,263	31,855	146,118
Amounts used	(109,415)	(5,959)	(115,374)
Balance at 30 June 2021	228,115	189,434	417,549
Comprises			
Current	228,115	152,341	380,456
Non-current	0	37,093	37,093
	228,115	189,434	417,549

Amounts are expected to be settled on the following basis:

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

	2021 \$	2020 \$
Less than 12 months after the reporting date	291,428	282,076
More than 12 months from reporting date	126,121	104,729
	417,549	386,805

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	3,023,520	3,253,423	2,286,091
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	708,105	(1,206,853)	(452,350)
Non-cash flows in Net result:			
Depreciation on non-current assets	1,474,452	1,015,968	1,557,445
(Profit)/loss on sale of asset	(53,134)	10,099	19,716
Changes in assets and liabilities:			
(Increase)/decrease in receivables	9,950	50,000	407,355
(Increase)/decrease in other assets	0	0	2,438
(Increase)/decrease in inventories	24,522	0	117,337
Increase/(decrease) in payables	279,474	150,000	15,073
Increase/(decrease) in employee provisions	30,744	0	(60,556)
Increase/(decrease) in other liabilities	380,756	(46,881)	46,881
Non-operating grants, subsidies and contributions	(1,816,565)	(779,530)	(474,800)
Net cash from operating activities	1,038,304	(807,197)	1,178,539

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,664,488	3,389,127
General purpose funding	548,640	1,494,615
Law, order, public safety	1,525,903	1,561,840
Health	26,423	0
Education and welfare	892,899	885,089
Housing	2,381,367	2,328,375
Community amenities	1,044,161	684,346
Recreation and culture	5,117,865	4,517,167
Transport	95,774,658	97,044,887
Economic services	550,381	560,952
Other property and services	2,946,945	1,838,978
Unallocated	3,200,518	0
	<u>115,674,248</u>	<u>114,305,376</u>

20. CONTINGENT LIABILITIES

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

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

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21. RELATED PARTY TRANSACTIONS

Elected Members' Remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
President T Dean			
President's annual allowance	8,000	8,000	8,000
Meeting attendance fees	2,880	2,929	7,148
Other expenses	0	0	3,777
ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	1,125	375	237
	13,105	12,404	20,261
Deputy President R Mellema			
Deputy President's annual allowance	2,000	2,000	2,000
Meeting attendance fees	2,015	2,929	4,115
Other expenses	0	0	2,380
ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	340	375	60
	5,455	6,404	9,656
Councillor C Brown			
Meeting attendance fees	1,690	2,929	1,300
Other expenses	0	0	1,025
ICT expenses	1,100	1,100	1,470
Travel and accommodation expenses	0	375	82
	2,790	4,404	3,876
Councillor C Buckland			
Meeting attendance fees	1,885	2,929	2,920
Other expenses	0	0	2,380
ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	375	0
	2,985	4,404	6,400
Former Councillor V Corbett			
Meeting attendance fees	0	2,929	0
Other expenses	0	0	423
ICT expenses	0	1,100	1,390
Travel and accommodation expenses	0	375	0
	0	4,404	1,813
Councillor P Fraser			
Meeting attendance fees	0	2,929	0
Other expenses	0	0	830
Annual allowance for ICT expenses	0	1,100	0
Travel and accommodation expenses	0	375	0
	0	4,404	830
Councillor V Hanson			
Meeting attendance fees	2,665	2,929	1,690
Other expenses	0	0	423
Annual allowance for ICT expenses	860	1,100	662
Annual allowance for travel and accommodation expenses	0	375	0
	3,525	4,404	2,775
Councillor C Stephenson			
Meeting attendance fees	2,275	2,929	2,562
Other expenses	0	0	1,177
Annual allowance for ICT expenses	1,100	1,100	0
Travel and accommodation expenses	688	375	865
	4,063	4,404	4,604
Former Councillor N Steer			
Meeting attendance fees	0	0	390
	0	0	390
Former Councillor R Longmore			
Meeting attendance fees	0	0	325
	0	0	325
	31,923	45,232	50,930
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	8,000	8,000	8,000
Deputy President's allowance	2,000	2,000	2,000
Meeting attendance fees	13,410	23,432	20,450
Other expenses	0	0	12,414
ICT expenses	4,400	5,500	6,160
Annual allowance for ICT expenses	1,960	3,300	662
Travel and accommodation expenses	2,153	2,625	1,244
Annual allowance for travel and accommodation expenses	0	375	0
	31,923	45,232	50,930

21. RELATED PARTY TRANSACTIONS (continue)

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	396,724	482,950
Post-employment benefits	48,658	50,751
Other long-term benefits	47,585	42,775
	492,967	576,476

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to elected members.

Post-employment benefits

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

Other long-term benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	13,685	10,426
Amounts payable to related parties:		
Trade and other payables	13,685	10,426

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

A close family member of KMP was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

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

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22. RATING INFORMATION

(a) Rates

RATE TYPE
Differential general rate / general rate

	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$	
Gross rental valuations													
GRV	0.08898	341	2,489,700	345,433	0	0	345,433	599,094	0	0	599,094	584,661	
Unimproved valuations													
UV	0.004638	201	25,073,069	227,733	(620)	0	227,113	598,951	0	0	598,951	597,621	
Sub-Total		542	27,562,769	573,166	(620)	0	572,546	1,198,045	0	0	1,198,045	1,182,282	
Minimum payment													
GRV	1.013	381	6,331,824	563,406	0	0	563,406	345,433	0	0	345,433	357,589	
Unimproved valuations													
UV	1.133	225	129,828,856	636,039	0	0	636,039	231,132	0	0	231,132	232,265	
Sub-Total		606	136,160,680	1,199,445	0	0	1,199,445	576,565	0	0	576,565	589,854	
Total amount raised from general rate		1,148	163,723,449	1,772,611	(620)	0	1,771,991	1,774,610	0	0	1,774,610	1,772,136	
													1,772,136

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

22. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	5/11/2020	0.00	0.00%	8.00%
Option Two				
First instalment	5/11/2020	5.00	5.50%	8.00%
Second instalment	5/01/2021	5.00	5.50%	8.00%
Third instalment	8/03/2021	5.00	5.50%	8.00%
Fourth instalment	10/05/2021	5.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	8,953	5,000	14,414
Interest on instalment plan	3,740	4,000	6,113
Charges on instalment plan	2,455	3,500	3,750
	15,148	12,500	24,277

23. RATE SETTING STATEMENT INFORMATION

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Note	2021 (1 July 2021 Carried Forward) \$	2021 (1 July 2020 Carried Forward) \$	2020 (30 June 2020 Carried Forward) \$
10(a)	(57,895)	0	0
	21,102	20,000	19,768
	17,471	0	12,146
	(13,887)	0	(6,440)
	0	(46,881)	0
10(a)	4,761	10,099	19,716
10(b)	1,474,452	1,015,968	1,557,445
	<u>1,446,004</u>	<u>999,186</u>	<u>1,602,635</u>

Non cash amounts excluded from operating activities

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - cash/financial asset backed	4	(3,321,623)	(3,104,959)	(3,065,456)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(28,163)	0	(41,978)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	16(a)	63,574	63,583	76,954
- Current portion of lease liabilities		17,002	0	0
- Employee benefit provisions		223,802	222,702	202,700
		<u>(3,045,408)</u>	<u>(2,818,674)</u>	<u>(2,827,780)</u>

Total adjustments to net current assets

Net current assets used in the Rate Setting Statement

Total current assets		6,021,498	3,553,408	5,805,245
Less: Total current liabilities		(1,426,765)	(734,734)	(718,282)
Less: Total adjustments to net current assets		(3,045,408)	(2,818,674)	(2,827,780)
Net current assets used in the Rate Setting Statement		<u>1,549,325</u>	<u>0</u>	<u>2,259,183</u>

24. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	0.40%	3,023,520	1,510,872	1,512,398	250
Financial assets at amortised cost - term deposits	0.25%	2,618,780	2,618,780	0	0
2020					
Cash and cash equivalents	0.49%	2,286,091	0	2,285,841	250
Financial assets at amortised cost	0.77%	3,109,140	3,109,140	0	0

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

	2021	2020
	\$	\$
	15,124	22,858

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable	0.00%	0.00%	0.00%	0.00%	
Expected credit loss	4,811	74,415	36,973	32,516	148,715
Gross carrying amount	0	0	0	0	0
Loss allowance					
30 June 2020					
Rates receivable	0.00%	0.00%	0.00%	0.00%	
Expected credit loss	147,043	38,800	2,067	15,764	203,674
Gross carrying amount	0	0	0	0	0
Loss allowance					

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables	0.00%	0.00%	0.00%	0.00%	
Expected credit loss	363	1,108	8,238	139,199	148,908
Gross carrying amount	0	0	0	0	0
Loss allowance					
30 June 2020					
Trade and other receivables	0.00%	0.00%	0.00%	0.00%	
Expected credit loss	88,445	831	223	7,445	96,944
Gross carrying amount	0	0	0	0	0
Loss allowance					

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	538,096	0	0	538,096	538,096
Borrowings	73,806	369,031	158,067	600,904	556,293
Contract liabilities	427,637	0	0	427,637	427,637
Lease liabilities	18,703	32,730	0	51,433	46,756
	<u>1,058,242</u>	<u>401,761</u>	<u>158,067</u>	<u>1,618,070</u>	<u>1,568,782</u>
2020					
Payables	234,571	0	0	234,571	258,622
Borrowings	88,867	380,562	220,853	690,282	633,256
Contract liabilities	46,881	0	0	46,881	46,881
	<u>370,319</u>	<u>380,562</u>	<u>220,853</u>	<u>971,734</u>	<u>938,759</u>

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25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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26. ACTIVITIES/PROGRAMS

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

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

27. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.40	4.51	4.56
Asset consumption ratio	0.94	0.95	0.61
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.45	0.47	0.55
Debt service cover ratio	4.26	6.10	15.11
Operating surplus ratio	(0.46)	(0.40)	(0.25)
Own source revenue coverage ratio	0.44	0.44	0.49

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Nannup

To the Councillors of the Shire of Nannup

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Nannup:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:
 - a) The Asset Sustainability Ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
 - b) The Operating Surplus Ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
 - b) Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Nannup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Patrick Arulsingham
Acting Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 February 2022

REPORT ON SIGNIFICANT MATTERS RAISED IN THE SHIRE OF NANNUP 2020/21 AUDIT

This report on significant matters raised in the Shire of Nannup (Shire) 2020/21 Audit has been prepared to satisfy the required of Section 7.12A(4) of the *Local Government Act 1995* which states:

“A local government must —

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government”.*

In its 2020/21 Audit Report, the Auditor General raised the following significant matters:

1. The Asset Sustainability Ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries’ standard for the last three financial years.
2. The Operating Surplus ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries’ standard for the last three financial years.
3. The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1) of the *Local Government (Financial Management) Regulations 1996*, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
 - b. Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements.

Matter 1 – Asset Sustainability Ratio

The Audit Report includes a statement that the Shire’s Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries’ standard for the past three years.

In considering this issue, it should be noted that there is no legislative basis upon which the Department can prescribe standards for financial ratios against which local governments are to be assessed and report. Further, Regulation 10(3)(e) of *the Local Government (Audit) Regulations 1996* only requires local government auditors to express an opinion on whether or not a local government's asset consumption and asset renewal funding ratios are supported by verifiable information and reasonable assumptions. In this regard, the Audit Report states:

"In my opinion, the Asset Consumption Ratio included in the financial report were supported by verifiable information and reasonable assumptions."

The Asset Sustainability Ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

The Asset Sustainability Ratio is determined as follows:

$$\text{Asset Sustainability Ratio} = \frac{\text{Capital renewal and Replacement expenditure}}{\text{Depreciation}}$$

According to the Department's Guideline, the "standard" is met if the ratio is at least 0.90. The Shire's asset sustainability ratios for 2019, 2020 and 2021 were 0.55, 0.47 and 0.45.

To address the adverse trend in the Shire's asset sustainability ratio, the Shire will look to attempt to expend funds on renewal and replacement of assets at a higher level over subsequent financial years.

Matter 2 – Operating Surplus Ratio

The Audit Report includes a statement that the Shire's Operating Surplus has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three years.

In considering this issue, it should be noted that there is no legislative basis upon which the Department can prescribe standards for financial ratios against which local governments are to be assessed and report. Further, Regulation 10(3)(e) of *the Local Government (Audit) Regulations 1996* only requires local government auditors to express an opinion on whether or not a local government's asset consumption and asset renewal funding ratios are supported by verifiable information and reasonable assumptions. In this regard, the Audit Report states:

"In my opinion, the Asset Consumption Ratio included in the financial report were supported by verifiable information and reasonable assumptions."

The Operating Surplus Ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding and other purposes. The Operating Surplus Ratio is determined as follows:

$$\text{Operating Surplus Ratio} = \frac{\text{Operating revenue} - \text{Operating expenditure}}$$

Own source operating revenue

According to the Department's Guideline, the "standard" is met if the ratio is at least 0.01. The Shire's operating surplus ratios for 2019, 2020 and 2021 were (0.25), (0.40) and (0.46), respectively. A negative ratio, as has been the case at the Shire for the past three years, indicates that a local government does not generate sufficient own source revenue to cover its operating costs.

To address the adverse trend in the Shire's operating surplus ratio, the Shire will develop a rating strategy and review its rates modelling over subsequent financial years.

Matter 3 – Asset Renewal Funding Ratio

The Auditor General reported that:

The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:

- a. *The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively."*

The Shire are in the process of updating the Long Term Financial Plan (LTFP) and the Asset Management Plan (AMP) which are part of the integrated planning and reporting framework.

When the LTFP and the AMP are updated, the Shire will review on an annual basis as part of the annual budget process.

Matter 4 – Fixed Asset Reconciliation

The Auditor General reported that:

The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:

- b. *Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements."*

The Shire will implement a monthly reconciliation between the fixed assets register and the general ledger.



Nannup - Compliance Audit Return 2021

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Sarah Dean
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Sarah Dean
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A		Sarah Dean
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Sarah Dean
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Sarah Dean



Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Sarah Dean
2	s5.16	Were all delegations to committees in writing?	N/A		Sarah Dean
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Sarah Dean
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Sarah Dean
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes		Sarah Dean
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Sarah Dean
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Sarah Dean
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Sarah Dean
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Sarah Dean
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Sarah Dean
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Sarah Dean
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Sarah Dean
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Sarah Dean

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



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Sarah Dean
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Sarah Dean
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Sarah Dean
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Sarah Dean
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Sarah Dean
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Sarah Dean
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Sarah Dean
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Sarah Dean
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Sarah Dean
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Sarah Dean
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Sarah Dean
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		Sarah Dean



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

No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Sarah Dean
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes		Sarah Dean
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes		Sarah Dean
		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Sarah Dean
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Sarah Dean
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Sarah Dean
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	N/A		Sarah Dean
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes		Sarah Dean
		*Question not applicable after 2 Feb 2021			



No	Reference	Question	Response	Comments	Respondent
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes		Sarah Dean
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	N/A		Sarah Dean
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Sarah Dean
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No	2016 version on website.	Sarah Dean

Disposal of Property

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



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



Finance						
No	Reference	Question	Response	Comments	Respondent	
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Sarah Dean	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes		Sarah Dean	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	Audit completed February 2022 and auditors report dated 18 February 2022.	Sarah Dean	
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A		Sarah Dean	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A		Sarah Dean	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A		Sarah Dean	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A		Sarah Dean	



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	OCM Resolution 21164 16/12/2021	Sarah Dean
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	OCM Resolution 20053 28/05/2020	Sarah Dean
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Sarah Dean

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



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



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	OCM resolution 19067 27/06/2019	Sarah Dean
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes	OCM resolution 19067 27/06/2019	Sarah Dean
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		Sarah Dean
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes		Sarah Dean
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Sarah Dean
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes		Sarah Dean
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	Yes		Sarah Dean
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Sarah Dean
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes		Sarah Dean



Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Sarah Dean
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Sarah Dean
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Sarah Dean
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Sarah Dean
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A		Sarah Dean
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Sarah Dean
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Sarah Dean
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Sarah Dean
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Sarah Dean
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Sarah Dean



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



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

No	Reference	Question	Response	Comments	Respondent
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A		Sarah Dean

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

Signed Mayor/President, Nannup

Signed CEO, Nannup