



# Shire of Jerramungup

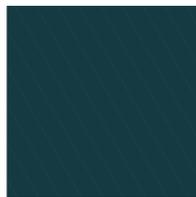
## 2015 / 2016 ANNUAL REPORT

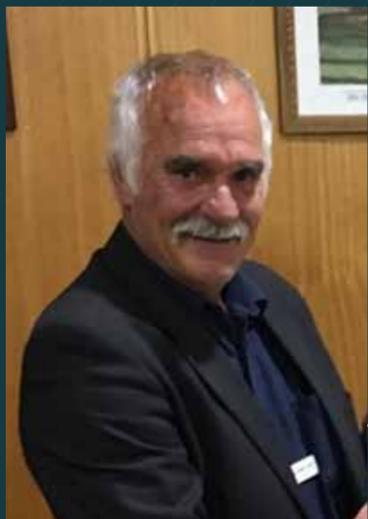


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## PRESIDENT'S REPORT

The 2015 / 2016 Annual Report provides an overview of the Shire's performance against our strategic direction and vision as set out in the Shire of Jerramungup Strategic Community Plan. It is fantastic to see the Shire deliver another strong year, in particular the advancement of the Bremer Bay Town Centre and Point Henry fire mitigation strategies.

Brent Bailey served his first full year as the organisation's CEO and, as expected, performed exceptionally well in the role. With a focus on project management and community and stakeholder engagement we have seen a number of integral projects take shape.

2016 saw us bid farewell to a number of treasured employees. Nola Maskey and Brian 'Wisey' Wisewould left us for their well deserved retirement and long service leave. Chris Miller worked with the Shire for 3 years as the works manager before moving back to his home state of South Australia with his wife Hayley for the arrival of their daughter Charlotte.

It was a record year of road construction and infrastructure investment. Despite the works crew having to also undertake significant flood damage repairs, \$1.8M of investment was undertaken on road upgrades. The Shire is committed to improving our local road network and is supported by a team of individuals dedicated to providing an excellent service to the community.

Funding was awarded for Stage 2 of the Bremer Bay Town Centre project in May of 2016. As the planning and administration components are finalised I look forward to watching the civic square, landscaping, and trails take shape.

Given the unique conditions of the Point Henry Peninsula 'Zone 5' was introduced to aid in fire mitigation and prevention strategies. Mitigation works throughout the Shire became a key focus throughout 2015 / 2016, particularly within this area. Projects such as these are a credit to the Shire's staff and the community's instrumental volunteers.

The Bremer Bay Canyon attracted a considerable amount of attention with recommendations made for an extension to the marine national park within the Bremer Commonwealth Marine Reserve.

During the Shire's annual budget process Councillors make a concerted effort to maximise the on-ground impact of the community's annual rates investment. Accordingly our budgets are put together in a balanced fashion which projects all funds received to be spent by the end of the financial year. Under this structure however the Shire does find it difficult to meet financial ratio benchmarks such as the Current Ratio. The Council feel that this ratio deficiency is acceptable however given our limited reliance on borrowings and healthy reserve fund balances.

As always it has been my pleasure to attend engagements, functions and meetings of the community and volunteer services throughout the past year. I would like to thank my fellow Shire Councillors and the staff employed to deliver our services to the community. I believe that this has been one of our most productive years to date and look forward to the ongoing development and improvement of our vibrant community. Best wishes to you all for the coming year.

**Cr Robert Lester**  
Shire President

## CHIEF EXECUTIVE OFFICER'S REPORT



As the Chief Executive Officer I am extremely proud of the organisation's performance over the 2015 / 2016 financial year and appreciate the opportunity to capture the achievements in the Annual Report.

Despite receiving an estimated \$1.0M in flood damage during January 2016 the Shire's works crew managed to deliver \$1.8M in road construction projects. With the final stage of Devils Creek Road delivered the crews focus will now shift to other key arterial gravel roads to improve their performance and productivity for our rural businesses. The completion of the shared path between Point Henry Road and White Trail Road was also completed in the first stage of a project to provide a picturesque pedestrian link to the Point Henry Peninsula. The access roads to the airstrips were also upgraded to a sealed standard to guarantee a high standard of access for ambulances and other response units in the event of an emergency.

From a financial perspective the organisation has again delivered a fiscally responsible program of operations and capital investment sourcing external funding wherever possible to deliver projects. Grant funding resourced around \$3.0M of the Shire's annual expenditure and contributed to such projects as roadworks, campsite upgrades, planning for the pool redevelopment, the Bremer Bay airport masterplan and effluent system upgrades. The closing financial balance for the year was approximately \$1.8M of which \$1.7M was attributed to grant funding associated with Bremer Bay Town Centre Stage 2 representing a productive year and thorough delivery of budgeted projects.

The Shire's focus on strategic objectives and projects was highlighted by the commencement

of the first major review of the Community Plan which commenced in March 2016. Overall the feedback and level of participation in this process was very positive and demonstrates the success of the Shire's first Community Strategic Plan and the projects which were delivered during its application. The final document was endorsed in September 2016 and the feedback from the community was captured under three major strategic directions – Environment, Community and Economy. Some of the major projects include the Bremer Bay Civic Centre, continuing investment in the road and shared path network, growing our tourism industry on the back of our natural environment and investing in social and sporting infrastructure. The coming four years will be exciting times for the Shire of Jerramungup and I look forward to seeing the plan implemented to enhance the liveability of our community.

I'd like to acknowledge our local community volunteers and emergency services volunteers whose efforts to make our community prosperous and safe never go unrecognised. And finally I must thank the Shire's staff members who continue to demonstrate the ability to have a great impact on the community in their daily work and community roles.

**Brent Bailey**  
Chief Executive Officer

# COMMUNITY PLAN

The Shire of Jerramungup's direction during 2015 / 2016 was guided by the 2012 - 2025 Strategic Community Plan. This plan identifies 15 Community Aspirations, and for each aspiration the Shire has identified activities to work towards over the next 10+ years. The aspirations are been grouped under four main themes as detailed below:

## PILLAR 1: ENVIRONMENTAL ASPIRATIONS

The key aspirations within this area reflect the Shire's location and proximity to the Fitzgerald River National Park. The Shire's location is recognised internationally for its biodiversity, pristine coastal environment and human interaction with the landscape. Land use planning, land capability and natural resource management are addressed in this area.

## PILLAR 2: SOCIAL ASPIRATIONS

This group of aspirations refers to the capacity of society to provide for the wellbeing of all residents and do so in a fair and equitable way. This includes good governance and civic leadership, provision of adequate income, feeling safe, good health, food and nutrition, adequate housing, employment opportunities, high standards of education and access to sport and recreation facilities.

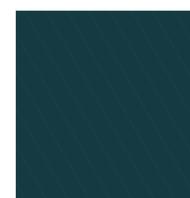
## PILLAR 3: ECONOMIC ASPIRATIONS

The key themes relating to this aspiration were based on responsible fiscal policy, asset management and the provision of good quality ad well utilised infrastructure. The continuation of broad hectare agriculture as a key industry and the improvement of road infrastructure are addressed under this pillar.

## PILLAR 4: CULTURAL ASPIRATIONS

Aspirations in this group refer to recognising our past and the contribution that previous generations have made. Embracing and recognising history and culture will facilitate a sense of place and community vibrancy. This can often drive economic development by providing a location where people want to live and visit.

The following four sections of this report show how we have performed against our Strategic Community Plan over the 2015 / 2016 financial year by addressing and reporting on each of the 15 aspirations. From the 2016 / 2017 financial year the Shire will be operating under the new Shire of Jerramungup Community Plan 2016 - 2026.



# PILLAR 1: ENVIRONMENTAL ASPIRATIONS



**Aspiration 1: A carbon neutral community where renewable energy, water harvesting and fossil fuel alternatives are explored tested and applied.**

- a. During the past 12 months the Shire has actively contributed to the development of the Great Southern Development Commission's Regional Blueprint. A key issue in this document is recognising the evolving renewable energy options and how these can provide a more sustainable supply of electricity.
- b. In addition the Shire has completed its trial of solar supported offices noting its financial and environmental benefits. Future buildings will include solar power systems within the business plans to support their power needs.
- c. Access to water and expansion of existing supplies will continue to be a focus for the Shire recognising the impact a drying climate can have on catchment runoff and groundwater availability. The Shire has made improvements to its storm water catchments in Jerramungup to facilitate the watering of the Jerramungup Oval.

**Aspiration 2: A growing community that embraces well designed and sustainable development.**

- a. The Shire has advanced planning for new industrial areas for both Jerramungup and Bremer Bay, incorporated state and developed local fire management policies and facilitated development within the Bremer Bay Town Centre.
- b. The Bremer Bay Town Centre continues to be Council's major project in Bremer Bay. The Shire was thrilled to receive confirmation that this project received \$1.7million of funding in the State Budget, announced in May 2016. This has been allocated to landscaping, footpaths, public art, the construction of a civic square and the shared use trail network, all of which will take shape in the coming 12 months.

**Aspiration 3: An environmentally conscious community where reduced waste to landfill is supported by best practice facilities.**

- a. The Shire's involvement in the Regional Waste Approach has continued and we expect the Ravensthorpe Landfill Site to be completed by January 2017, with on-site deliveries from July 2017.
- b. Running in tandem with this regional project is a plan to upgrade the Jerramungup waste facility and install a fit for purpose transfer station. Funding has been secured with plans to commence construction to coincide with the completion of the Ravensthorpe Landfill Site.

**Aspiration 4: An environmentally astute community where human needs are met while conserving our natural and built environment.**

- a. The Shire of Jerramungup worked pro actively with partner local governments; City of Albany, Shires of Ravensthorpe, Esperance, Plantagenet, Denmark and Tourism WA to secure \$1.0M in South Coast Campground Upgrades along a 600km stretch of Western Australia's south coast. The Shire of Jerramungup has allocated its funding at House Beach and Millers Point to improve campsite amenities.

The project delivered site plans for the two sites including specific actions for each campsite and day use area focusing on access, facilities, signage, visitor safety and protection of the environment. It is expected the campsite upgrades will be completed by September 2016 in time for the holiday season.

- b. The Shire of Jerramungup has incorporated new hygiene practices and protocols to support the Dieback Management Strategy and minimise the risk of dieback spread when constructing civil infrastructure. During the planning stages of our projects in sensitive areas the Shire now carries out dieback assessments on the proposed material sources and incorporates hygiene practices to deliver material between sources and construction sites.

- c. The Shire's planning and development team made substantial progress with the review of the Municipal Inventory during 2015 / 2016 with strong contributions from a community reference group. A revised Thematic Framework was completed by a contracted historian, providing a potted history of the Shire of Jerramungup. Existing individual heritage places have been reviewed and additional places nominated. The document is in the process of being compiled into a single document for Council consideration and adoption.

The Municipal Inventory will be an ongoing project with additional places reviewed and added to the document each year.

## PILLAR 2: SOCIAL ASPIRATIONS

### Aspiration 5: An active community supported by fit for purpose sport and recreation facilities.

**a.** Since 2015 the Bremer Bay Community has been actively fundraising to undertake projects for youths within and travelling to the town. Following a community information session in May 2015 which was attended by a broad range of stakeholders the group decided their highest priority was the development of a skate park. The community has undertaken a “Monster Raffle”, regular smaller raffles and blue light discos raising approximately \$7,000 in 2015 / 2016.

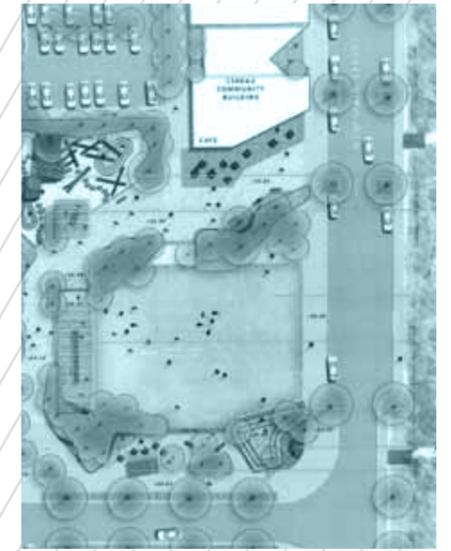
In May 2016 the Shire was advised that funding had been approved to undertake Stage 2 of the Bremer Bay town centre which encompasses the development of the Town Square. There are clear synergies between these two projects and they are being designed in tandem.

**b.** The Shire was pleased to be able to assist the Bremer Bay Sports Club in upgrading their existing bowling facilities. This project was submitted through the CSRFF with successful funding announced in March, 2016. The installation of a synthetic green and floodlighting commenced in April and should be complete later in the year. Not only will these upgrades significantly reduce maintenance and upkeep of the facilities it will allow volunteers of the club more time to enjoy their sport of choice and expand recreation opportunities to the wider community, both local and visiting.

**c.** The Shire has also continued to assist the local Sports Clubs to engage a business planning consultant to assist them prepare longer term Strategic Business and Operation Plans which will assist in targeting funding sources to deliver their objectives. This project is being carried out across the Shire with the assistance of the Department of Sport and Recreation.

**d.** Council agreed to a lease over the old Needilup Golf Course for the Jerramungup Districts Motorcycle Club in June 2016. The proposed use of the land will be to establish a Motorcycle track to cater for members use on weekends and Wednesday afternoons. Its alignment will utilise existing cleared areas from the former golf course.

It is envisaged that the operation of this formal club will provide a sound alternative and a safer environment to enjoy motorbike riding. The new club will also provide an alternative recreational pursuit to the usual structured team based sports which the community is familiar with. The reactivation of the Needilup Pavilion will also benefit the local community as the facility is likely to be maintained and upgraded to meet the Club’s needs.



### Aspiration 6: An engaged and informed community, defined by strong civic leadership, sound governance and transparent decision making.

**a.** In January 2016 the Shire appointed a Bushfire Risk Planning Coordinator which is fully funded by the Department Fire and Emergency Services. The position is responsible for facilitating the management of the risk of bushfires to the community, assets and infrastructure by co-ordinating the development and implementation of Bushfire Risk Management Plans for the Shire.

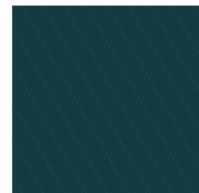
The Officer has engaged with landholders, local residents, community stakeholders and the Department of Fire and Emergency Services to ensure everyone is aware of their responsibilities in the management of bushfire risk. The Officer has also been investigating the strategic access network in Point Henry, reviewing the network in consultation with local landholders, residents, emergency service personnel and volunteers. The position is funded to 30th June 2017.

**b.** The “Council Buzz” continues to be a valuable tool in promoting the activities of the Shire and in 2015 the Shire launched a Facebook page to enter the social media arena. This platform has proved to be quite successful to date and the Shire will continue to evolve it’s social media approach as the landscape changes.

### Aspiration 7: A healthy community where residents feel safe, secure and self-assured.

**a.** The Shire continues to invest significant efforts in supporting, improving and resourcing our local health services. The Shire continues to actively work with our local General Practitioner Dr Milan Roemer to ensure primary health care is available. In addition during 2015 / 2016 the Shire entered into a new lease agreement for a pharmacy to be located in Jerramungup on Memorial Road. This will benefit the community greatly who were waiting for prescriptions to come from Gnowangerup on a daily basis.

**b.** The Shire of Jerramungup was approached by St John Ambulance Association to enter into a lease agreement to construct a patient transfer facility in Bremer Bay. Given the clear benefits to the community the Council formalised a lease agreement with the St John Ambulance W.A. Jerramungup Sub Centre for the patient transfer shed to be constructed at the Bremer Bay Airfield to ensure privacy and protection of patients needing emergency care. It is expected that the facility will be built in early 2017.





**Aspiration 8: A community that embraces lifelong learning where education is accessible to people of all ages.**

a. The Shire has continued its involvement with Schools of Isolated and Distance Education (SIDE) program providing work experience in the administration department this financial year which has proved to be a great opportunity both for the Shire and the student involved. The student has been exposed to customer service, finance and governance at a Local Government level. The Shire also continued a traineeship program within our Works Department into the 2015 / 2016 year which has seen the employee complete his qualifications in Civil Construction and stay on as an asset to the organisation.

The Shire will continue to work with SIDE and the local High School to promote work experience opportunities in both administration and the works department.

b. In July 2015 the Jerramungup Lions Club approached the Shire with a proposal to co-invest in an annual scholarship for a locally based high school student to participate in the Leeuwin Ocean Adventure Project. The Jerramungup District High School will also participate in the scholarship each party contributes \$1,000 towards the costs of registration, travel and in-kind administrative support.

A number of positive outcomes have been identified in the planning of this scholarship centred on supporting the local District High School enrolment numbers, building values and aspirations in local youths and providing unique opportunities to geographically disadvantaged individuals in the Shire. Wiremu Neilson was the lucky student in 2015. The memorandum of understanding between all three parties is for 3 years and will see the opportunity arise for other students in years to come.

c. Since the revitalisation of Roe Park to include synthetic turf and soccer goals, the Jerramungup District High School considers this to be an extension to their sports program. The Park continues to be utilised for sports activities by students from Year's 1 – 10 on a daily basis both during and outside of school hours.

d. To provide education support to our new generation the Shire contributes financially to the "Better Beginnings" Program from Birth to Age 3, the pack is distributed by our local libraries and is designed to raise awareness of the value and enjoyment of reading with your child, supporting parents as their child's first teacher and introduces children to developmentally appropriate books. This provides a great link for families to become involved in our local libraries.

## PILLAR 3: ECONOMIC ASPIRATIONS

**Aspiration 9: An economically diverse community where primary industry is supported by a strong secondary and service industry.**

a. The Shire of Jerramungup commenced developing an Economic Growth Project Plan in mid - 2015. This plan has been developed under the heading highlighted in the State Government's State Planning Strategy. As most projects and directions for Economic Growth will require some degree of input or resources from the State Government it is important that these links are clearly established in the Economic Growth Project Plan.

The document is also broken into projects / directions which are delivered by the Shire and those which are the responsibility of other agencies which require an advocacy role by the Shire.

Major projects which are to be delivered by the Shire are centred on tourism development, and economic infrastructure development in Bremer Bay. Key advocacy projects are more focused on transport links into the Shire, potential resources and mining impacts, health services, telecommunications and appropriate land supply for industry and affordable residential uses.

b. To draw attention to the significance of the Bremer Bay Canyon an afternoon sundowner and canyon tour was hosted by the Shire in early 2016. A number of local tourism businesses as well as state and national dignitaries attended the event providing a prime opportunity to highlight the importance of protecting this unique and diverse marine hotspot.

c. In June 2015 the Shire commissioned Slavin Architects to develop an Airport Masterplan for the Bremer Bay Airport. This project was undertaken using funding from the Department of Transport's Regional Airport Development Scheme (RADS). This Masterplan was commissioned with the aim of reviewing the current infrastructure and planning for the infrastructure which will be required in the future to service a larger population and local economy.

During the formation of the draft Masterplan the consultants undertook a number of public consultation sessions including on-site fly in's at the existing airport and a public workshop at the Bremer Bay Resort. The public consultation was widely supported which recognises the value of the Bremer Bay Airfield as an economic and community asset.

Council adopted the Masterplan in November 2015 which recommends a wide array of improvement projects to cater for the long term planning, usability and future of the airstrip. The most significant upgrade is the installation of a second runway to improve the landing abilities for the site in cross winds. Other improvements to the taxiway and aircraft parking facilities have also been included to meet the needs of the airport when growth in its use eventuates.

d. The Shire continues to actively lobby the State Government for improvements to South Coast Highway. Our concerns continue with the various pavement failures, road narrowing and general condition which is unsuitable for the volume and type of traffic which uses the highway. The Shire President and CEO continue to meet with the Transport Minister, MRWA and City of Albany to increase the priority of this road for funding.



**Aspiration 10: A community where transport infrastructure is constructed and maintained using best practice principles.**

- a.** The truck parking bay located in Jerramungup was sealed during 2015 / 2016, allowing a safer and more fit for purpose facility for truck drivers in the region.
- b.** The Shire has continued to invest in quality footpaths and pedestrian transport routes. In 2015 / 2016 the Shire successfully completed the footpath along Kokoda Road and also the asphalt walk trail between the Bremer Bay Cemetery and Point Henry Road.
- c.** After the driest year in 2015 for the last 37 years, the Shire of Jerramungup incurred considerable damage to road infrastructure as a result of the severe storm from the 18th to 20th January 2016, the cost estimate for this event is expected to be up to \$1.0M. The Director General of the Department of the Premier and Cabinet activated the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDRRA) for the event 'Heavy Rainfall and Associated Flooding in the South West Regions of WA (18 - 21 January 2016)'. There is still a significant amount of flood damage to be repaired which will be undertaken by Contractors over the next two years.



- d.** Roadworks continue to be the primary focus for the Shire of Jerramungup and our roads are now performing as well if not better than other Shire's in our region. The Shire delivered \$1.8M in road construction during 2015 / 2016, major projects included Devil's Creek Road, Jerramungup North Road, Meechi Road, Lake Magenta Road, Gairdner South Road and Don Ende Drive. The Shire's road construction team is active almost 12 months of the year and undertakes their function with a high degree of efficiency and productivity.
- e.** The Shire acquired a new construction loader and maintenance grader to replace ageing fleet and ensure the Shire's road construction program is delivered to a high standard.

**Aspiration 11: A community where revenue is maximized and rating methodology is fair, equitable and transparent.**

- a.** In 2015 / 2016 the Shire's annual rate increase was 3% which was a significant drop on the previous year's increase of 9%. The additional levy in the previous year was a result of changing arrangements for the Shire's financial support to the local Doctor.
- b.** The Shire's financial position continues to be strong with many of the financial sustainability indicators within the Department of Local Government guidelines.

**Aspiration 12: A community that provides a range of good quality and affordable private and government housing options aimed at attracting and retaining residents.**

- a.** The Shire is currently working with Great Southern Community Housing to deliver Aged Care Housing within the Shire of Jerramungup. Great Southern Community Housing continue management of the two aged residential facilities within the Shire and are exploring opportunities for further investment on the lot nominated in the Bremer Bay Town Centre development.
- b.** The Shire has assisted the Great Southern Development Commission with their 'Great Southern Housing Initiative' which aims to combat the critical shortage of available accommodation in the central and upper Great Southern. If successful in gaining funding this project will see the construction of quality, affordable housing options for key workers and seniors within the Shire of Jerramungup.

# PILLAR 4: CULTURAL ASPIRATIONS

**Aspiration 13: A culturally aware community that recognises its heritage and the contribution that war settlement and indigenous people have made.**

a. On the 11th November 2015, Shire President Robert Lester unveiled a plaque in memory of Mr Ian Mangan at the Shire's annual Remembrance Day Service. The plaque stands to remember Ian's tireless contribution to the Returned Services League and expresses the community's gratitude for his years of support to our War Veterans and organisation of the Shire's commemorative events in the Jerramungup District. The plaque, pictured below, is situated to the right hand-side of the Jerramungup War Memorial.



**Aspiration 14: An involved community where volunteering is fostered, encouraged and supported.**

a. The Shire continued to refocus the Club Development Officer Scheme during 2015-2016 to provide direct funding to Sports Clubs to undertake Strategic Business Plans. Each club has addressed the issues of volunteering within this project to assist in the delivery of their services to the community. The Shire is also actively engaged in supporting the many community groups within our Shire and provide financial or in-kind assistance where required to many projects and initiatives.

b. To support the work of the volunteers the Shire recognised Mrs Louise Gadsby by awarding her the 2015 Citizen of the Year Award for her efforts in the Bremer Bay community. Louise has been a major asset to the town, her dedication to the St. John Ambulance as a volunteer as well as Volunteer Development Officer can't be overlooked.

c. The generous contributions of the "Clickety Clack" group were recognised when the group was awarded the 2015 Citizenship Award for Community Event or Group. Clickety Clack started out as a social outlet to help prevent feelings of isolation and loneliness in the small community of Bremer Bay by connecting and forming old fashioned friendships through knitting and crocheting.

Collectively they have produced a huge amount of rugs, jackets, beanies, scarves and toys, all of which have been donated to various charities and shelters. This vibrant and productive group not only reach out to those less privileged but also share their talent with the people around them to promote positive change in the community.

**Aspiration 15: A community that provides programs and facilities to people with varying needs.**

a. Significant Disability Access and Inclusion Plan (DAIP) strategies undertaken by the Shire in 2015 / 2016 included;

- Improved footpath network on John Street, Bremer Bay
- Disability access identified in the planning for the redevelopment of the ablution block at Paperbarks Park.
- Further extension of the shared-use trail located in Bremer Bay running from White Trail Road to Point Henry Road.

In addition to these projects the Shire continues to ensure that the recruitment processes provide equal employment opportunity and support for employees with a disability, as well as supporting flexible employment practices.



# ORGANISATION MEASUREMENTS

## Service Levels - Roads

Table 1	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY / OPERATIONAL LEVELS OF SERVICE</b>				
<b>Quality</b>	Well maintained and suitable road network	User satisfaction measurement survey	Customer requests < 25 per annum	30 customer requests
	Ride-ability and visibility			Unsealed road grading was the main issue
	Adequate road width for traffic demands			
<b>Function</b>	Road network meets user requirements	Assessment of Suitability for Purpose	Reports of inaccessibility due to lack of maintenance < 10 per annum	0 reports
	Provide a fully accessible network			
<b>Safety</b>	Provide a safe network	Number of injury / accidents	Nil per annum	0 caused by road condition or design
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	1 road project reported to the DER for clearing outside of the permitted exemptions, the DER chose not to prosecute
<b>Operations</b>	Road network meets user requirements	Assessment of suitability for purpose	Reports of inaccessibility due to lack of maintenance < 10 per annum	0 reports
<b>Maintenance</b>	Manage the road network at the agreed standards for the lowest lifecycle cost	User satisfaction measurement survey	70% of customers believe the road network provided is good value for money	66.2% customer satisfaction
		Cost effectiveness of maintenance		
<b>Upgrade</b>	Road network meets user requirements	Assessment of suitability for purpose	Reports assets not meeting requirements < 10 per annum	6 reports
<b>Renewal</b>	Roads are suitable for purpose	Useful life of asset	Assets have useful life of 30 years	Not currently measured
<b>Cost Effectiveness</b>	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Boxwood Hill-Ongerup Road deferred due to bad weather
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

## Service Levels - Paths

Table 2	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY / OPERATIONAL LEVELS OF SERVICE</b>				
<b>Quality</b>	Well maintained and suitable footpath network	User satisfaction measurement survey	Customer requests < 10 per annum	5 customer requests
<b>Function</b>	Network is functionally fit for purpose	Assessment of suitability for purpose	Customer requests < 5 per annum	5 customer requests
<b>Safety</b>	Provide a safe network	User satisfaction measurement survey	70% customer satisfaction	Not recorded
		Number of injury / accidents	Nil per year	0 reports

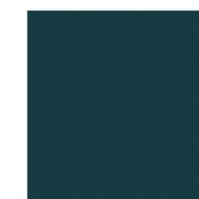


**Service Levels - Paths**

Table 2	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
<b>Operations</b>	Footpath assets will be maintained in a reasonably usable condition	User satisfaction measurement survey	Repairs completed within 14 day timeframe	2 requests > 14 days
	Defects found or reported that are outside Shire's service standard will be repaired		70% customer satisfaction	
	Shire inspects all footpath assets intermittently and prioritises and repairs defects in accordance with its inspection schedule to ensure they are safe			
<b>Maintenance</b>	Provide a fully accessible network	User satisfaction measurement survey	70% customer satisfaction	4 sections of path reported for maintenance
<b>Upgrade</b>	Footpath network meets user requirements	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	1 report
<b>Renewal</b>	Footpaths are suitable for purpose	Assess useful life of asset	Assets have useful life of 50 years	Not recorded
		Measure condition of assets	70% customer satisfaction	
<b>Cost Effectiveness</b>	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Not recorded
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

**Service Levels - Buildings**

Table 3	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY / OPERATIONAL LEVELS OF SERVICE</b>				
<b>Quality</b>	Well maintained and suitable buildings	User satisfaction measurement survey	Customer requests < 10 per year	26 customer requests
	To ensure the ongoing provision of well-kept community facilities			
<b>Function</b>	Functionally fit for purpose	Assessment of suitability for purpose	70% customer satisfaction	75.4% customer satisfaction
	Sufficient facilities to meet user demand / needs			
<b>Safety</b>	Relates to the health and safety risks created by provision of the service and the degree to which these are mitigated	User satisfaction measurement survey	70% customer satisfaction	75.4% customer satisfaction
		Number of injury / accidents	Nil injury / accidents per annum	0 reports



**Service Levels - Buildings**

Table 3	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
	Disability access			
<b>Operations</b>	Defects found or reported that are outside Shire's service standard will be repaired	Measurement of timeframe for undertaking repairs	Repairs completed within 14 day timeframe	Not recorded
	Adequate transport provision (walking distance, cycle racks, and/or parking facilities)	User satisfaction measurement survey	70% customer satisfaction	75.4% customer satisfaction
<b>Maintenance</b>	Maintain the facilities at a good condition or better	User satisfaction measurement survey	70% customer satisfaction	Not recorded
		Annual condition appraisal	Average condition is better than good	Not recorded
<b>Upgrade</b>	Buildings are refurbished or replaced when scheduled to meet the level of service and functionality requirements of the Shire	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	9 reports
<b>Renewal</b>	Efficient use of Shire resources	Assess useful life of asset	Assets have useful life of 60 years	Not recorded
		Measure, condition of assets	70% customer satisfaction	
<b>Cost Effectiveness</b>	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Not recorded
	Efficient use of Shires resources			
	Affordability – acknowledging that we can only deliver what we can afford			

**Service Levels - Parks & Gardens**

Table 4	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY / OPERATIONAL LEVELS OF SERVICE</b>				
<b>Quality</b>	Well maintained parks. Amenity is protected	User satisfaction measurement survey	Customer requests < 10 per annum	5 customer requests
	Quality town centres for businesses and users			
<b>Function</b>	Functionally fit for purpose	Assessment of Suitability for Purpose	70% customer satisfaction	76.4% customer satisfaction
<b>Safety</b>	Safe design and management of facilities and parks	User satisfaction measurement survey	70% customer satisfaction	Not recorded
	People feel safe in parks			
	Passive security, site lines, reduced graffiti	Number of injury / accidents	Nil	
	Safe working environments			



## Service Levels - Parks &amp; Gardens

Table 4	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
<b>Operations</b>	Well maintained and suitable	User satisfaction measurement survey	Repairs completed within 14 day timeframe	2 customer requests > 14 days
	Historic sites are protected			
	Natural areas are protected			
	Easy to find and use			
	Adequate transport provision (walking distance, cycle racks, and / or parking facilities)			
<b>Maintenance</b>	Sufficient facilities to meet user demand / needs	User satisfaction measurement survey	70% customer satisfaction	Not recorded
<b>Upgrade</b>	Efficient use of Shire resources	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	0 reports
<b>Renewal</b>	Assets are suitable for purpose	Assess useful life of asset	Assets have useful life of 10 years	Not recorded
		Measure, condition of assets	70% customer satisfaction	
<b>Cost Effectiveness</b>	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Not recorded
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

## Service Levels - Sewerage Collection

Table 5	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>Safety</b>	To be determined	To be determined	To be determined	-
<b>Quality</b>	System design complies with the "Sewerage Code of Australia" (WSA 02-1999)	Condition appraisal	System design is compliant with the code	The system is currently approved by the ERA
<b>Legislative / Statutory</b>	Minimise sewerage blockages and spills to the environment	Maintenance records	Blockages per 100km of pipe > 40 per annum	0 reported
			Properties affected by sewerage spills divided by the total number of connected properties subtracted from 100 > 90 per annum	
<b>Efficiency</b>	Minimised maintenance and operational expenditures	Annual maintenance budget	Annual expenditure is within Budget	Target met in 15/16

## Service Levels - Wastewater Treatment

Table 6	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>Safety</b>	To be determined	To be determined	To be determined	-
<b>Quality</b>	System design complies with the "Sewerage Code of Australia" (WSA 02-1999)	Condition appraisal	System design is compliant with the code	Not recorded
<b>Legislative / Statutory</b>	Minimise sewerage blockages and spills to the environment	Maintenance records	Sewerage spills to the environment < 2 per annum	0 spill reports
<b>Efficiency</b>	Minimised maintenance and operational expenditures		Annual expenditure is within Budget	Target met

# STATUTORY STATEMENTS

## Record Keeping Policy

The Shire of Jerramungup and all of its employees are committed to efficient and compliant record keeping practices. Internal review and training strategies have been developed and implemented to ensure that all are aware of their compliance responsibilities and that the Information Management System is operating in accordance with the Record Keeping Plan.

As part of staff inductions, the role and responsibilities of every employee, in relation to compliance with the record-keeping plan, are addressed. Ongoing training sessions are conducted by where appropriate and additional training is provided to ensure the operation of our Information Management System is effective and compliant.

## Annual Salaries

The Local Government Act requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000. At 30th June 2016 the Shire of Jerramungup had one employee whose salary falls between \$130,000 and \$139,999 and one employee whose salary falls between \$140,000 and \$149,999.

## Register of Financial Interests for Elected Members & Senior Staff

In accordance with the requirements of the Local Government Act (1995), this register is held in the Administration office and is available for viewing by the public.

## National Competition Policy

### COMPETITIVE NEUTRALITY POLICY AND PRINCIPLES;

The Shire of Jerramungup has not identified any business that would be classified by the Australian Bureau of Statistics as either a "Public Financial Enterprise" or "Public Trading Enterprise".

### COMPETITIVE NEUTRALITY POLICY AND PRINCIPLES; PRINCIPLE CN5

The Shire of Jerramungup has not identified any part of its business as "Significant Business Activity" in 2015 / 2016.

### STRUCTURAL REFORM OF PUBLIC MONOPOLIES; PRINCIPLES SR2, SR3 AND SR4

The Shire of Jerramungup acknowledges the principles of structural reform under the National Competition Policy.

## Disability Access and Inclusion Plan

The Shire of Jerramungup Disability Access and Inclusion Plan 2013 - 2018 (DAIP) has guided the Shire's efforts to make the Shire of Jerramungup community a more friendly and inclusive place for people with disabilities and has resulted in a number of improvements being made throughout the Shire.

The upgrade of our shared path network, planning for disabled access in our new Bremer Bay Town Centre, modifying a section of the footpath to allow for wheelchair access into Roe Park and regular updates of our website are all means by which the Shire has improved services for disabled persons this year. As our community infrastructure develops we will continue to design for disabled access.

## Public Interest Disclosure

In accordance with the requirements of the Public Interest Disclosure Act 2003, the Shire of Jerramungup has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. In the 2015 / 2016 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the ombudsman.

## Freedom of Information Act 1992

The Shire of Jerramungup is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received no requests for information in 2015 / 2016.

## Sewerage Scheme and Customer Service Charter

This charter sets out the broad philosophy of the Shire in supplying sewerage services to the Jerramungup Townsite in accordance with the License issued to the Shire by the Economic Regulation Authority under the Water Services Licensing Act 1995. Copies of the charter are available at the Shire of Jerramungup administration office.

The charter informs the customers of the Shire of their rights in accordance with the provisions of the license, including service interruptions, levels of service and complaints procedures. The Shire will provide its sewerage services in a manner that is fair, courteous and, timely with a focus on consultation with our customers, respecting their rights, and meeting their reasonable expectations.

## Report on Complaints made against Councillors

In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007 the complaints made against councillors for 2015 / 2016 were:

- Number of entries in the register – Nil
- How the complaints were handled – N/A

## Significance of Federal Government Financial Assistance Grants

The Shire received \$1,196,835 in Financial Assistance Grants in 2015 / 2016 which contributes to annual maintenance of the communities infrastructure and general operations of the local government.



# AUDIT REPORT AND FINANCIAL STATEMENTS

The following pages contain the Shire of Jerramungup's annual audit report and financial report. The Statements have been prepared in accordance with the Local Government Act 1995 and Local Government Financial Management Regulations 1996 for the 2015 / 2016 financial year.

These statements provide an insight into the financial position of the Shire of Jerramungup and are audited by Lincolns Accountants and Business Advisors. Clarification and further information on the annual financial statements can be obtained by contacting the Deputy Chief Executive Officer at [dceo@jerramungup.wa.gov.au](mailto:dceo@jerramungup.wa.gov.au).



## SHIRE OF JERRAMUNGUP FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:  
8 Vasey Street  
Jerramungup WA 6337

**SHIRE OF JERRAMUNGUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 13th day of December 2016

Brent Bailey

Brent Bailey  
Chief Executive Officer

**SHIRE OF JERRAMUNGUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	3,026,408	3,004,607	2,917,277
Operating grants, subsidies and contributions	30	1,128,105	975,738	2,264,557
Fees and charges	29	765,454	724,570	807,071
Interest earnings	2(a)	63,621	66,703	69,636
Other revenue	2(a)	612,004	502,480	548,070
		<u>5,595,592</u>	<u>5,274,098</u>	<u>6,606,611</u>
<b>Expenses</b>				
Employee costs		(1,455,043)	(1,521,657)	(1,744,556)
Materials and contracts		(2,134,895)	(2,136,745)	(2,047,293)
Utility charges		(158,169)	(167,914)	(172,641)
Depreciation on non-current assets	2(a)	(3,181,809)	(1,828,030)	(1,828,029)
Interest expenses	2(a)	(44,297)	(46,938)	(51,865)
Insurance expenses		(226,968)	(235,078)	(286,244)
Other expenditure		(511,692)	(362,265)	(431,580)
		<u>(7,712,873)</u>	<u>(6,298,627)</u>	<u>(6,562,208)</u>
		(2,117,281)	(1,024,529)	44,403
Non-operating grants, subsidies and contributions	30	3,613,673	1,557,389	1,240,097
Profit on asset disposals	21	31,848	48,997	0
(Loss) on asset disposals	21	(92,413)	(116,525)	(149,161)
Fair value adjustments to financial assets at				
<b>Net result</b>		<u>1,435,827</u>	<u>465,332</u>	<u>1,135,339</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	203,229	0	77,259,566
<b>Total other comprehensive income</b>		<u>203,229</u>	<u>0</u>	<u>77,259,566</u>
<b>Total comprehensive income</b>		<u>1,639,056</u>	<u>465,332</u>	<u>78,394,905</u>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2016**

**SHIRE OF JERRAMUNGUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		43,198	10,843	34,028
General purpose funding		3,477,276	3,448,782	3,935,851
Law, order, public safety		233,017	87,262	101,323
Health		3,670	2,748	3,632
Education and welfare		2,500	944	23,557
Housing		88,462	82,173	77,015
Community amenities		389,602	366,820	374,721
Recreation and culture		105,145	83,280	123,628
Transport		527,260	483,594	1,112,998
Economic services		31,187	27,371	28,032
Other property and services		694,275	680,281	791,826
		<u>5,595,592</u>	<u>5,274,098</u>	<u>6,606,611</u>
<b>Expenses</b>	2(a)			
Governance		(264,084)	(286,373)	(224,990)
General purpose funding		(84,623)	(75,635)	(95,150)
Law, order, public safety		(503,114)	(539,507)	(572,804)
Health		(259,040)	(246,573)	(253,950)
Education and welfare		(93,734)	(102,732)	(141,310)
Housing		(24,544)	(52,365)	(50,850)
Community amenities		(1,060,264)	(1,035,174)	(1,014,988)
Recreation and culture		(946,141)	(1,031,344)	(987,663)
Transport		(3,779,793)	(2,451,220)	(2,491,018)
Economic services		(226,297)	(202,009)	(252,872)
Other property and services		(426,942)	(228,757)	(424,748)
		<u>(7,668,576)</u>	<u>(6,251,689)</u>	<u>(6,510,343)</u>
<b>Finance costs</b>	2(a)			
Housing		(15,163)	(16,383)	(18,798)
Community amenities		(13,158)	(13,694)	(14,982)
Transport		(15,976)	(16,864)	(18,085)
		<u>(44,297)</u>	<u>(46,941)</u>	<u>(51,865)</u>
		(2,117,281)	(1,024,532)	44,403
Non-operating grants, subsidies and contributions	30	3,613,673	1,557,389	1,240,097
Profit on disposal of assets	21	31,848	48,997	0
(Loss) on disposal of assets	21	(92,413)	(116,525)	(149,161)
Fair value adjustments to financial assets at				
<b>Net result</b>		<u>1,435,827</u>	<u>465,332</u>	<u>1,135,339</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	203,229	0	77,259,566
<b>Total other comprehensive income</b>		<u>203,229</u>	<u>0</u>	<u>77,259,566</u>
<b>Total comprehensive income</b>		<u>1,639,056</u>	<u>465,332</u>	<u>78,394,905</u>

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

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,346,695	1,655,460
Trade and other receivables	5	158,661	228,493
Inventories	6	31,982	36,398
<b>TOTAL CURRENT ASSETS</b>		<u>3,537,338</u>	<u>1,920,351</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	0	146
Investments	4	131,226	131,226
Property, plant and equipment	7	27,183,592	26,796,807
Infrastructure	8	173,585,119	173,624,275
<b>TOTAL NON-CURRENT ASSETS</b>		<u>200,899,937</u>	<u>200,552,454</u>
<b>TOTAL ASSETS</b>		<u>204,437,275</u>	<u>202,472,806</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	545,029	241,968
Current portion of long term borrowings	10	156,493	127,004
Provisions	11	287,428	246,999
<b>TOTAL CURRENT LIABILITIES</b>		<u>988,950</u>	<u>615,971</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	836,567	873,060
Provisions	11	50,527	61,601
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>887,094</u>	<u>934,661</u>
<b>TOTAL LIABILITIES</b>		<u>1,876,044</u>	<u>1,550,632</u>
<b>NET ASSETS</b>		<u>202,561,230</u>	<u>200,922,174</u>
<b>EQUITY</b>			
Retained surplus		51,382,852	49,985,980
Reserves - cash backed	12	1,178,385	1,139,430
Revaluation surplus	13	149,999,992	149,796,764
<b>TOTAL EQUITY</b>		<u>202,561,230</u>	<u>200,922,174</u>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>	<b>48,925,018</b>	<b>1,065,052</b>	<b>72,537,198</b>	<b>122,527,268</b>
Comprehensive income				
Net result	1,135,339	0	0	1,135,339
Changes on revaluation of assets	0	0	77,259,567	77,259,567
Total comprehensive income	1,135,339	0	77,259,567	78,394,906
Transfers from/(to) reserves	(74,378)	74,378	0	0
<b>Balance as at 30 June 2015</b>	<b>49,985,980</b>	<b>1,139,430</b>	<b>149,796,764</b>	<b>200,922,174</b>
Comprehensive income				
Net result	1,435,827	0	0	1,435,827
Changes on revaluation of assets	0	0	203,229	203,229
Total comprehensive income	1,435,827	0	203,229	1,639,056
Transfers from/(to) reserves	(38,955)	38,955	0	0
<b>Balance as at 30 June 2016</b>	<b>51,382,852</b>	<b>1,178,385</b>	<b>149,999,992</b>	<b>202,561,230</b>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	3,037,181	3,036,607	2,920,833
Operating grants, subsidies and contributions	1,161,757	1,092,738	2,234,800
Fees and charges	785,690	724,570	807,071
Interest earnings	63,621	66,703	69,636
Goods and services tax	(4,092)	45,000	(24,664)
Other revenue	621,413	502,480	466,983
	<u>5,665,570</u>	<u>5,468,098</u>	<u>6,474,659</u>
<b>Payments</b>			
Employee costs	(1,304,313)	(1,521,657)	(1,722,735)
Materials and contracts	(1,951,019)	(2,121,745)	(2,018,998)
Utility charges	(154,500)	(167,914)	(172,641)
Interest expenses	(46,154)	(46,938)	(53,493)
Insurance expenses	(226,554)	(235,078)	(286,244)
Goods and services tax	0	(59,781)	0
Other expenditure	(511,693)	(362,264)	(431,584)
	<u>(4,194,233)</u>	<u>(4,515,377)</u>	<u>(4,685,695)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b) 1,471,337	952,721	1,788,964
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	(1,524,357)	(990,725)	(985,121)
Payments for construction of infrastructure	(2,254,159)	(2,458,631)	(1,738,457)
Non-operating grants, subsidies and contributions	3,613,673	1,572,170	1,240,097
Proceeds from sale of fixed assets	391,741	676,632	51,234
<b>Net cash provided by (used in) investment activities</b>	226,898	(1,200,553)	(1,432,247)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of debentures	(127,004)	(127,004)	(130,515)
Proceeds from new debentures	120,000	120,000	0
<b>Net cash provided by (used in) financing activities</b>	(7,004)	(7,004)	(130,515)
<b>Net increase (decrease) in cash held</b>	1,691,231	(254,838)	226,202
Cash at beginning of year	1,655,460	1,640,680	1,429,254
<b>Cash and cash equivalents at the end of the year</b>	14(a) <u>3,346,695</u>	<u>1,385,842</u>	<u>1,655,460</u>

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

**SHIRE OF JERRAMUNGUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>538,953</u>	<u>546,112</u>	<u>317,595</u>
	538,953	546,112	317,595
<b>Revenue from operating activities (excluding rates)</b>			
Governance	43,198	10,843	34,028
General purpose funding	450,868	444,175	1,018,574
Law, order, public safety	233,017	87,262	101,323
Health	3,670	2,748	3,632
Education and welfare	2,500	944	23,557
Housing	88,462	82,173	77,015
Community amenities	389,602	366,820	374,721
Recreation and culture	105,145	83,280	123,628
Transport	559,108	513,594	1,112,998
Economic services	31,187	46,368	28,032
Other property and services	694,275	680,281	791,826
	<u>2,601,032</u>	<u>2,318,488</u>	<u>3,689,334</u>
<b>Expenditure from operating activities</b>			
Governance	(279,193)	(297,012)	(224,990)
General purpose funding	(84,623)	(75,635)	(95,150)
Law, order, public safety	(515,930)	(554,727)	(585,348)
Health	(265,026)	(254,800)	(253,950)
Education and welfare	(93,734)	(102,732)	(141,310)
Housing	(58,897)	(110,185)	(69,648)
Community amenities	(1,081,733)	(1,054,052)	(1,029,970)
Recreation and culture	(946,141)	(1,031,344)	(1,108,600)
Transport	(3,826,770)	(2,503,902)	(2,524,783)
Economic services	(226,297)	(202,009)	(252,872)
Other property and services	(426,942)	(228,757)	(424,748)
	<u>(7,805,286)</u>	<u>(6,415,152)</u>	<u>(6,711,371)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	21 (31,848)	(48,997)	0
Loss on disposal of assets	21 92,413	116,525	149,161
Movement in deferred pensioner rates (non-current)	146	0	1,119
Movement in employee benefit provisions	29,355	0	(15,053)
Depreciation and amortisation on assets	2(a) 3,181,809	1,828,030	1,828,029
<b>Amount attributable to operating activities</b>	<u>(1,393,426)</u>	<u>(1,654,994)</u>	<u>(741,186)</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	3,613,673	1,557,389	1,240,097
Proceeds from disposal of assets	21 391,741	676,632	51,234
Purchase of property, plant and equipment	7(b) (1,524,357)	(990,725)	(985,121)
Purchase and construction of infrastructure	8(b) (2,254,159)	(2,458,631)	(1,738,457)
<b>Amount attributable to investing activities</b>	<u>226,898</u>	<u>(1,215,335)</u>	<u>(1,432,247)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures	22(a) (127,004)	(127,004)	(130,515)
Proceeds from new debentures	22(a) 120,000	120,000	0
Transfers to reserves (restricted assets)	12 (136,703)	(333,146)	(98,679)
Transfers from reserves (restricted assets)	12 97,748	220,500	24,301
<b>Amount attributable to financing activities</b>	<u>(45,959)</u>	<u>(119,650)</u>	<u>(204,893)</u>
<b>Surplus(deficiency) before general rates</b>	<u>(1,212,487)</u>	<u>(2,989,979)</u>	<u>(2,378,326)</u>
<b>Total amount raised from general rates</b>	23 <u>3,026,408</u>	<u>3,004,607</u>	<u>2,917,277</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24 <u><u>1,813,921</u></u>	<u><u>14,627</u></u>	<u><u>538,955</u></u>

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

**General**

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

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

**Land held for sale**

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

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

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

(f) Fixed Assets

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

**Mandatory requirement to revalue non-current assets**

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

**Land under control**

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

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

**Revaluation**

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

**Land under roads**

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

**Depreciation**

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation pavement seal	not depreciated
- bituminous seals	50 years
- asphalt surfaces	20 years
Gravel roads formation pavement	25 years
Formed roads (unsealed) formation pavement	not depreciated
Footpaths - slab	50 years
Sewerage piping	20 years
Water supply piping and drainage systems	100 years
	75 years

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

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

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

**Capitalisation threshold**

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

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

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.

**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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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

Amortised cost is calculated as:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

**Classification and subsequent measurement (continued)**

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

**Impairment**

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

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

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

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

**Derecognition**

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

Trade 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(l) Borrowing Costs

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

(m) Provisions

Provisions are recognised when the 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.

(n) Leases

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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

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

	Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

	Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(v)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised 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 new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES**

**(a) Net Result**

The Net result includes:

(i) Charging as an expense:

**Auditors remuneration**

- Audit of the Annual Financial Report	15,700	19,500
- Other Services (grant acquittals)	2,530	1,200

**Depreciation**

Buildings - non-specialised	269,821	270,809
Buildings - specialised	302,437	305,880
Furniture and equipment	6,544	5,118
Plant and equipment	309,692	292,575
Infrastructure - roads	1,247,021	869,223
Infrastructure - footpaths	67,778	5,871
Infrastructure - drainage	776,576	5,696
Infrastructure - parks and ovals	111,617	42,901
Infrastructure - other	30,663	19,926
Infrastructure - sewerage	35,667	7,283
Infrastructure - aerodromes	23,993	2,747
	<u>3,181,809</u>	<u>1,828,029</u>

Depreciation expense increased significantly for the year due to the revaluation of infrastructure assets to fair value as at 30 June 2015 under the requirement of Financial Management Regulation 17A(2).

**Interest expenses (finance costs)**

Debentures (refer Note 22 (a))	44,297	51,865
	<u>44,297</u>	<u>51,865</u>

**Rental charges**

- Operating leases	9,405	2,536
	<u>9,405</u>	<u>2,536</u>

(ii) Crediting as revenue:

**Other revenue**

Reimbursements and recoveries	66,830	85,750
Significant revenue	476,398	410,028
Other	68,776	52,292
	<u>612,004</u>	<u>548,070</u>

	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Interest earnings</b>			
- Reserve funds	23,480	25,491	28,347
- Other funds	12,030	16,479	16,806
Other interest revenue (refer note 28)	28,111	24,733	24,483
	<u>63,621</u>	<u>66,703</u>	<u>69,636</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire of Jerramungup will provide leadership to maintain our identity by promoting social and economic development whilst embracing our unique natural environment. Shire operations are disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:**

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

**Activities:**

Administration and operation of facilities and services to members of Council.

Other costs related to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Food quality and pest control, maintenance and contributions to health services and facilities.

**EDUCATION AND WELFARE**

**Objective:**

To meet the needs of the community in these areas.

**Activities:**

Operation and provision of retirement units in Jerramungup and Bremer Bay, assistance to Southern AgCare services, pre-school facility, childcare centres and local primary and high schools and other voluntary services.

**HOUSING**

**Objective:**

Help ensure adequate housing for key community personnel such as police.

**Activities:**

Maintenance of staff and rental housing.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, noise control, administration of the town planning scheme, maintenance of cemeteries, control and maintenance of coastal reserves and other community/environmental services.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Maintenance of public halls, sporting complexes, resource centres, various parks and associated facilities, provision of library services in Jerramungup and Bremer Bay, maintenance and upgrade of radio services.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Depot maintenance and airstrip maintenance.

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control and water supply, including stand pipes.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs. Also provides for Department of Transport Licencing.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Kidsport	Recreation & Culture	21,465	10,000	(21,465)	10,000	6,000	(12,245)	3,755
Fosters Beach Rehabilitation	Other							
	Property & Services	8,136	8,580	(16,716)	0	0	0	0
Upgrade Transfer Station	Community Amenities	12,283	0	0	12,283	0	0	12,283
Bushfire Risk Planning	Law, Order, Public Safety	0	0	0	0	154,748	(64,752)	89,996
Campsite Development Grant	Recreation & Culture	0	0	0	0	72,000	(60,957)	11,043
BB Town Centre and Trail Project	Transport	0	0	0	0	1,696,383	0	1,696,383
<b>Total</b>		<u>41,884</u>	<u>18,580</u>	<u>(38,181)</u>	<u>22,283</u>	<u>1,929,131</u>	<u>(137,954)</u>	<u>1,813,460</u>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		340,071	478,969
Restricted		3,006,624	1,176,491
		<u>3,346,695</u>	<u>1,655,460</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	32,804	32,132
Plant reserve	12	41,241	40,396
Community Recreation Reserve	12	111,648	103,855
Bremer Bay Youth Camp Reserve	12	51,075	50,028
Building Reserve	12	31,428	30,784
Bremer Bay Retirement Units Reserve	12	94,468	92,531
JMP Entertainment Centre Reserve	12	8,328	8,157
Effluent Reserve	12	471,618	444,959
Point Henry Fire Levy Reserve	12	25,954	43,378
Jerramungup Retirement Units Reserve	12	92,029	89,750
Fishery Beach Boat Ramp Reserve	12	111,710	109,420
Capital Works Reserve	12	77,756	76,162
Swimming Pool Reserve	12	7,951	7,788
Roe Park Reserve	12	20,374	10,090
Restricted Cash		14,780	14,780
Unspent grants	2(c)	1,813,460	22,283
		<u>3,006,624</u>	<u>1,176,490</u>
<b>4. INVESTMENTS</b>			
<b>Non-Current Investments</b>			
Local Government Trust Units (3 @\$43,742)		131,226	131,226
		<u>131,226</u>	<u>131,226</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	50,144	60,771
Sundry debtors	57,649	120,664
GST receivable	49,500	45,408
Accrued Income	1,368	1,650
	<u>158,661</u>	<u>228,493</u>
<b>Non-current</b>		
Rates outstanding - pensioners	0	146
	<u>0</u>	<u>146</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and materials	31,982	36,398
	<u>31,982</u>	<u>36,398</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2016**  
**\$**

**2015**  
**\$**

**7 (a). PROPERTY, PLANT AND EQUIPMENT**

Land and buildings

Land - freehold at:

- Independent valuation 2014 - level 2
- Sale of Land

1,957,211	1,957,211
<u>(20,380)</u>	<u>0</u>
1,936,831	1,957,211

Land - vested in and under the control of Council at:

- Independent valuation 2014 - level 3

1,406,625	1,406,625
<u>1,406,625</u>	<u>1,406,625</u>

<u>3,343,456</u>	<u>3,363,836</u>
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Buildings - non-specialised at:

- Independent valuation 2014 - level 2
- Additions after valuation - cost
- Sale of buildings

8,791,500	8,791,500
542,230	462,586
(48,512)	0

Less: accumulated depreciation

<u>(530,928)</u>	<u>(270,810)</u>
8,754,290	8,983,276

Buildings - specialised at:

- Independent valuation 2014 - level 3
- Additions after valuation - cost
- Transfer between classes

13,599,668	13,599,668
497,887	332,797
(1,444,695)	(1,444,695)

Less: accumulated depreciation

<u>(608,318)</u>	<u>(305,880)</u>
12,044,542	12,181,890

<u>20,798,832</u>	<u>21,165,166</u>
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Total land and buildings

<u>24,142,288</u>	<u>24,529,002</u>
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Furniture and equipment at:

- Management valuation 2013 - level 3
- Management valuation 2016 - level 3
- Additions after valuation - cost

0	14,666
31,770	0
0	13,519

Less accumulated depreciation

<u>0</u>	<u>(11,696)</u>
31,770	16,489

Plant and equipment at:

- Management valuation 2013 - level 2
- Independent valuation 2016 - level 2
- Additions after valuation - cost

0	2,527,274
3,009,534	0
0	354,330

Less accumulated depreciation

<u>0</u>	<u>(630,288)</u>
3,009,534	2,251,316

<u>27,183,592</u>	<u>26,796,807</u>
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The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 property, plant and equipment to be shown at fair value.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	1,957,211	0	(20,380)	0	0	0	0	0	1,936,831
Land - vested in and under the control of Council	<u>1,406,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,406,625</u>
<b>Total land</b>	<b>3,363,836</b>	<b>0</b>	<b>(20,380)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,343,456</b>
Buildings - non-specialised	8,983,277	79,644	(38,811)	0	0	0	(269,821)	0	8,754,291
Buildings - specialised	<u>12,181,890</u>	<u>165,089</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(302,437)</u>	<u>0</u>	<u>12,044,542</u>
<b>Total buildings</b>	<b>21,165,167</b>	<b>244,733</b>	<b>(38,811)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(572,258)</b>	<b>0</b>	<b>20,798,833</b>
<b>Total land and buildings</b>	<b>24,529,003</b>	<b>244,733</b>	<b>(59,191)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(572,258)</b>	<b>0</b>	<b>24,142,289</b>
Furniture and equipment	16,489	6,932	0	14,754	0	0	(6,544)	139	31,770
Plant and equipment	2,251,317	1,272,692	(393,116)	188,475	0	0	(309,692)	(139)	3,009,535
<b>Total property, plant and equipment</b>	<b>26,796,807</b>	<b>1,524,357</b>	<b>(452,307)</b>	<b>203,229</b>	<b>0</b>	<b>0</b>	<b>(888,494)</b>	<b>0</b>	<b>27,183,594</b>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2014	Using market value
Land - vested in and under the control of Council	3	Cost approach	Independent Valuation	June 2014	Using market value
Buildings - non-specialised	2	Market	Independent Valuation	June 2014	Using market value and current condition, residual values and remaining useful life assessments
Buildings - specialised	3	Cost	Independent Valuation	June 2014	Using construction costs and current condition, residual values and remaining useful life assessments
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Using market value and current condition and remaining useful life assessments
<b>Plant and equipment</b>					
- Management valuation 2013	2	Market approach using recent observable market data for similar items or cost approach using depreciated replacement cost	Management Valuation	June 2013	Using market value and current condition and remaining useful life assessments
- Independent valuation 2016	2	Market approach using recent observable market data for similar items or cost approach using depreciated replacement cost	Independent Valuation	June 2016	Using market data, vehicle guides, cost books and condition assessments

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Management valuation 2015 - level 3	148,133,897	148,133,897
- Additions after valuation - cost	1,889,288	0
Less accumulated depreciation	(1,247,021)	0
	<u>148,776,164</u>	<u>148,133,897</u>
Infrastructure - footpaths		
- Management valuation 2015 - level 3	1,335,861	1,335,861
- Additions after valuation - cost	319,084	0
Less accumulated depreciation	(67,777)	0
	<u>1,587,168</u>	<u>1,335,861</u>
Infrastructure - drainage		
- Management valuation 2015 - level 3	19,598,105	19,598,105
Less accumulated depreciation	(776,575)	0
	<u>18,821,530</u>	<u>19,598,105</u>
Infrastructure - parks and ovals		
- Management valuation 2015 - level 3	2,460,345	2,460,345
Less accumulated depreciation	(111,617)	0
	<u>2,348,728</u>	<u>2,460,345</u>
Infrastructure - other		
- Management valuation 2015 - level 3	792,493	792,493
- Additions after valuation - cost	6,829	0
- Transfer between classes	77,771	0
Less accumulated depreciation	(108,435)	0
	<u>768,658</u>	<u>792,493</u>
Infrastructure - sewerage		
- Management valuation 2015 - level 3	823,710	823,710
- Additions after valuation - cost	38,957	0
Less accumulated depreciation	(35,667)	0
	<u>827,000</u>	<u>823,710</u>
Infrastructure - aerodromes		
- Management valuation 2015 - level 3	479,864	479,864
Less accumulated depreciation	(23,993)	0
	<u>455,871</u>	<u>479,864</u>
	<u>173,585,119</u>	<u>173,624,275</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**8. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	148,133,897	1,889,289	0	0	0	0	(1,247,021)	0	148,776,164
Infrastructure - footpaths	1,335,861	319,084	0	0	0	0	(67,778)	0	1,587,168
Infrastructure - drainage	19,598,105	0	0	0	0	0	(776,576)	0	18,821,530
Infrastructure - parks and ovals	2,460,345	0	0	0	0	0	(111,617)	0	2,348,728
Infrastructure - other	792,493	6,829	0	0	0	0	(30,663)	0	768,658
Infrastructure - sewerage	823,710	38,957	0	0	0	0	(35,667)	0	827,000
Infrastructure - aerodromes	479,864	0	0	0	0	0	(23,993)	0	455,871
<b>Total infrastructure</b>	<b>173,624,275</b>	<b>2,254,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,293,315)</b>	<b>0</b>	<b>173,585,119</b>

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - footpaths	2	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - aerodromes	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.

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

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

**SHIRE OF JERRAMUNGUP  
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**12. RESERVES - CASH BACKED**

	2016 \$	2015 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	301,782	122,128
Accrued interest on debentures	11,143	13,000
Accrued salaries and wages	2,471	57,881
ATO liabilities	225,744	48,959
Accrued Expenses	3,889	0
	<u>545,029</u>	<u>241,968</u>

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	156,493	127,004
	<u>156,493</u>	<u>127,004</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	836,567	873,060
	<u>836,567</u>	<u>873,060</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	123,789	123,210	246,999
Non-current provisions	0	61,601	61,601
	<u>123,789</u>	<u>184,811</u>	<u>308,600</u>
Additional provision	33,076	(3,721)	29,355
<b>Balance at 30 June 2016</b>	<u>156,865</u>	<u>181,090</u>	<u>337,955</u>
<b>Comprises</b>			
Current	156,865	130,563	287,428
Non-current	0	50,527	50,527
	<u>156,865</u>	<u>181,090</u>	<u>337,955</u>

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	32,132	672		32,804	32,132	719		32,851	31,320	812	0	32,132
Plant reserve	40,396	846		41,242	40,396	904		41,300	39,375	1,021	0	40,396
Community Recreation Reserve	103,855	75,540	(67,748)	111,647	103,856	75,260	(130,500)	48,616	112,365	0	(8,510)	103,855
Bremer Bay Youth Camp Reserve	50,028	1,047		51,075	50,028	1,119		51,147	48,763	1,265	0	50,028
Building Reserve	30,784	644		31,428	30,784	208,189		238,973	40,824	0	(10,040)	30,784
Bremer Bay Retirement Units Reserve	92,531	1,937		94,468	92,531	2,070		94,601	90,193	2,338	0	92,531
JMP Entertainment Centre Reserve	8,157	171		8,328	8,157	182		8,339	7,951	206	0	8,157
Effluent Reserve	444,959	26,659		471,618	444,959	27,173		472,132	428,172	16,787	0	444,959
Point Henry Fire Levy Reserve	43,378	12,577	(30,000)	25,955	43,378	970	(30,000)	14,348	49,129	0	(5,751)	43,378
Jerramungup Retirement Units Reserve	89,750	2,279		92,029	89,750	2,008		91,758	87,482	2,268	0	89,750
Fishery Beach Boat Ramp Reserve	109,420	2,290		111,710	109,420	2,448		111,868	106,655	2,765	0	109,420
Capital Works Reserve	76,162	1,594		77,756	76,162	1,704	(60,000)	17,866	15,232	60,930	0	76,162
Swimming Pool Reserve	7,788	163		7,951	7,789	174		7,963	7,591	197	0	7,788
Roe Park Reserve	10,090	10,284		20,374	10,089	10,226		20,315	0	10,090	0	10,090
	<u>1,139,430</u>	<u>136,703</u>	<u>(97,748)</u>	<u>1,178,385</u>	<u>1,139,431</u>	<u>333,146</u>	<u>(220,500)</u>	<u>1,252,077</u>	<u>1,065,052</u>	<u>98,679</u>	<u>(24,301)</u>	<u>1,139,430</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.  
In accordance with council resolutions 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 Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve		To be used to fund annual and long service leave requirements
Plant reserve		To be used to for the purchase of major plant
Community Recreation Reserve	30.6.2017	To be used to assist local sporting groups to upgrade their facilities
Bremer Bay Youth Camp Reserve		For the ongoing management and future upgrade of the reserve land on Lot 70 Borden Bremer Bay Road, Bremer Bay
Building Reserve		To be used for the construction of new Council buildings
Bremer Bay Retirement Units Reserve		To be used for the provision required at the units
JMP Entertainment Centre Reserve		To be used for capital building improvements
Effluent Reserve		To be used to maintain the efficient running of the facility
Point Henry Fire Levy Reserve	30.6.2017	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
Jerramungup Retirement Units Reserve		To be used for the provisions required at the units
Fishery Beach Boat Ramp Reserve		To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
Capital Works Reserve	30.6.2017	To be used to supplement future capital works programs
Swimming Pool Reserve		To preserve any surplus funds from the Jerramungup Swimming Pool's operations for future requirements of the Jerramungup Swimming Pool
Roe Park Reserve		To provide funding for the replacement of assets within Roe Park, Jerramungup

It is Council's intention to utilise the Funds held in reserve for the purpose of not extending Councils municipal overdraft facilities, from time to time, for short periods during the financial year.  
The direct benefit to Council being reduced financing costs.

SHIRE OF JERRAMUNGUP  
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13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	18,108,940	0	0	0	18,108,940	18,108,940	0	0	0	18,108,940
Furniture and equipment	0	14,754	0	14,754	14,754	0	0	0	0	0
Plant and equipment	173,959	188,475	0	188,475	362,434	173,959	0	0	0	173,959
Infrastructure - roads	110,513,874	0	0	0	110,513,874	54,254,298	56,259,576	0	56,259,576	110,513,874
Infrastructure - footpaths	800,210	0	0	0	800,210	0	800,210	0	800,210	800,210
Infrastructure - drainage	18,979,601	0	0	0	18,979,601	0	18,979,601	0	18,979,601	18,979,601
Infrastructure - parks and ovals	144,300	0	0	0	144,300	0	144,300	0	144,300	144,300
Infrastructure - other	157,091	0	0	0	157,091	0	157,091	0	157,091	157,091
Infrastructure - sewerage	647,109	0	0	0	647,109	0	647,109	0	647,109	647,109
Infrastructure - aerodromes	271,680	0	0	0	271,680	0	271,680	0	271,680	271,680
	<u>149,796,764</u>	<u>203,229</u>	<u>0</u>	<u>203,229</u>	<u>149,999,992</u>	<u>72,537,197</u>	<u>77,259,567</u>	<u>0</u>	<u>77,259,567</u>	<u>149,796,764</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF JERRAMUNGUP  
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14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>3,346,695</u>	<u>1,385,842</u>	<u>1,655,460</u>

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

Net result	1,435,827	465,332	1,135,339
Non-cash flows in Net result:			
Depreciation	3,181,809	1,828,030	1,828,029
(Profit)/Loss on sale of asset	60,565	52,308	149,161
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	69,978	149,438	(131,952)
(Increase)/Decrease in inventories	4,416	15,000	(16,134)
Increase/(Decrease) in payables	303,061	0	79,675
Increase/(Decrease) in provisions	29,355	0	(15,051)
Grants contributions for the development of assets	(3,613,673)	(1,557,389)	(1,240,097)
Net cash from operating activities	<u>1,471,337</u>	<u>952,721</u>	<u>1,788,964</u>

(c) Undrawn Borrowing Facilities

	2016 \$	2015 \$
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<u>15,000</u>	<u>15,000</u>

**Loan facilities**

Loan facilities - current	156,493	127,004
Loan facilities - non-current	836,567	873,060
<b>Total facilities in use at balance date</b>	<u>993,060</u>	<u>1,000,064</u>

<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>
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**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**15. CONTINGENT LIABILITIES**

No contingent liabilities against the Council

	2016	2015
	\$	\$
<b>16. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	13,738	5,073
- later than one year but not later than five years	12,680	17,741
- later than five years	0	0
	26,418	22,814

This financial year the Shire took out a contract to fund the purchase of a motor vehicle for the Bushfire Risk Planning Coordinator position. Last financial year a lease was taken out to fund the solar power system on the administration building.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**SHIRE OF JERRAMUNGUP**  
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**17. JOINT VENTURE ARRANGEMENTS**

The Shire together with the Department of Housing have a joint venture arrangement with regard to the provision of six retirement units at Lot 158 Drrick Street, Jerramungup and six retirement units in Roderick Street, Bremer Bay. The Shire's equity in the units is included in Land and Buildings as follows:

	2016	2015
	\$	\$
<b>Non-current assets</b>		
Land and buildings	1,518,823	1,534,703
Less: accumulated depreciation	(51,781)	(25,891)
	1,467,042	1,508,812

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2016	2015
	\$	\$
Governance	1,649,681	1,812,549
General purpose funding	32,804	60,916
Law, order, public safety	1,639,630	1,616,684
Health	93,196	265,869
Education and welfare	1,540,121	1,563,028
Housing	2,728,780	810,848
Community amenities	2,382,268	4,292,490
Recreation and culture	14,616,078	11,977,958
Transport	74,433,704	72,489,503
Economic services	1,976,618	1,977,862
Other property and services	834,166	0
Unallocated	102,510,229	105,605,099
	204,437,275	202,472,806

**SHIRE OF JERRAMUNGUP**  
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	2016	2015	2014
<b>19. FINANCIAL RATIOS</b>			
Current ratio	0.56	1.27	0.37
Asset sustainability ratio	1.05	1.47	1.02
Debt service cover ratio	6.12	9.73	4.85
Operating surplus ratio	(0.55)	(0.03)	(0.20)
Own source revenue coverage ratio	0.51	0.58	0.59

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$611413.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	9.18	6.29
Operating surplus ratio	(0.40)	(0.18)

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Key Bonds	510	360	(340)	530
Building Bonds	12,000	20,000	(8,000)	24,000
Housing Bonds	400	1,380	(1,140)	640
Subdivision Bonds	74,728	0	(18,500)	56,228
Other Bonds	350	1,140	(320)	1,170
Footpath Bonds	1,499	0	(1,499)	0
CLGF Regional Grant funding	1,857,377	35,813	(120,793)	1,772,397
Upgrade Transfer Station grant funds	12,551	205	(2,805)	9,951
CLGR Regional Grant funding	3,115,732	60,865	(500)	3,176,097
BB Community Funds	0	5,327	0	5,327
	<u>5,075,147</u>			<u>5,046,340</u>

**SHIRE OF JERRAMUNGUP**  
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**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<i>Governance</i>								
JP00 - Toyota Prado	43,162	36,364	0	(6,798)	45,000	39,545	0	(5,455)
JP0036 - Toyota Kluger	26,947	18,636	0	(8,311)	27,000	21,816	0	(5,184)
<i>Law, order, public safety</i>								
JP0084 - Mitsubishi Triton	20,803	7,987	0	(12,816)	23,220	8,000	0	(15,220)
<i>Health</i>								
JP0025 - Toyota Kluger	33,941	27,955	0	(5,986)	35,500	27,273	0	(8,227)
<i>Community amenities</i>								
JP0014 - Toyota Kluger	26,947	18,636	0	(8,311)	27,000	21,816	0	(5,184)
<i>Transport</i>								
JP001 - Toyota Hilux SR5	34,396	28,182	0	(6,214)	34,000	28,182	0	(5,818)
Cat Grader	149,099	128,281	0	(20,818)	160,000	130,000	0	(30,000)
John Deere Loader	30,652	60,000	29,348	0	31,000	60,000	29,000	0
JP0015 - Isuzu 3T Truck	22,109	24,609	2,500	0	24,000	25,000	1,000	0
Mulcher	5,060	1,091	0	(3,969)	0	0	0	0
<b>Land and Buildings</b>								
<i>Housing</i>								
1 Coral Sea Road	59,190	40,000	0	(19,190)	59,190	45,000	0	(14,190)
6 Memorial Ave/2 Coral Sea	0	0	0	0	152,247	125,000	0	(27,247)
<i>Transport</i>								
2 Bennett Street	0	0	0	0	126,003	145,000	18,997	0
	<u>452,306</u>	<u>391,741</u>	<u>31,848</u>	<u>(92,413)</u>	<u>744,160</u>	<u>676,632</u>	<u>48,997</u>	<u>(116,525)</u>

**SHIRE OF JERRAMUNGUP**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
	Actual \$		Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
<b>Housing</b>								
Loan 259 - Key Personnel	263,209	0	52,200	52,200	211,009	211,009	15,163	16,383
Loan 261 - Housing Bremer Bay	321,313	0	29,934	29,934	291,379	291,379	13,158	13,694
<b>Transport</b>								
Loan 260 - BB Town Centre	415,542		44,870	44,870	370,672	370,672	15,909	16,861
Loan 262 - New Grader	0	120,000	0	0	120,000	0	67	0
	<u>1,000,064</u>	<u>120,000</u>	<u>127,004</u>	<u>127,004</u>	<u>993,060</u>	<u>873,060</u>	<u>44,297</u>	<u>46,938</u>
<b>Self Supporting Loans</b>								
Nil	<u>1,000,064</u>	<u>120,000</u>	<u>127,004</u>	<u>127,004</u>	<u>993,060</u>	<u>873,060</u>	<u>44,297</u>	<u>46,938</u>

Loan 259 is associated with the Police Housing Project - Council received \$77,023 in rent for these properties for the year.  
All other loan repayments were financed by general purpose revenue.

**SHIRE OF JERRAMUNGUP  
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**22. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Interest		Amount Used		Balance Unspent
	Actual	Budget				Charges	Rate	Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 262 - New Grader	120,000	120,000	WA Treasury Corporation	Fixed	5	84,319	2.28%	120,000	120,000	0
	<u>120,000</u>	<u>120,000</u>				<u>84,319</u>		<u>120,000</u>	<u>120,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Council utilised the Funds held in reserve for the purpose of not extending Councils municipal overdraft facilities, from time to time, for short periods during the financial year. The direct benefit to Council being reduced financing costs.

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**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
Gross rental value valuations	0.1082	522	6,043,094	654,032	24,535	0	678,567	654,032	0	0	654,032
Unimproved value valuations	0.0113	330	184,699,500	2,083,410	(5,733)	0	2,077,677	2,080,015	0	0	2,080,015
<b>Sub-Total</b>		<b>852</b>	<b>190,742,594</b>	<b>2,737,442</b>	<b>18,802</b>	<b>0</b>	<b>2,756,244</b>	<b>2,734,047</b>	<b>0</b>	<b>0</b>	<b>2,734,047</b>
<b>Minimum payment</b>	<b>Minimum \$</b>										
Gross rental value valuations	760	308	1,523,848	234,080	0	0	234,080	234,080	0	0	234,080
Unimproved value valuations	760	48	1,188,336	36,480	0	0	36,480	36,480	0	0	36,480
<b>Sub-Total</b>		<b>356</b>	<b>2,712,184</b>	<b>270,560</b>	<b>0</b>	<b>0</b>	<b>270,560</b>	<b>270,560</b>	<b>0</b>	<b>0</b>	<b>270,560</b>
		<b>1,208</b>	<b>193,454,778</b>	<b>3,008,002</b>	<b>18,802</b>	<b>0</b>	<b>3,026,804</b>	<b>3,004,607</b>	<b>0</b>	<b>0</b>	<b>3,004,607</b>
Discounts/concessions (refer note 27)							(396)				0
<b>Total amount raised from general rate Totals</b>							<b>3,026,408</b>				<b>3,004,607</b>
							<u>3,026,408</u>				<u>3,004,607</u>

All land except exempt land in the Shire of Jerramungup is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>1,813,921</u>	<u>538,953</u>	<u>538,957</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	340,071	478,969	478,969
Restricted	3,006,624	1,176,491	1,176,491
Receivables			
Rates outstanding	50,144	60,771	60,771
Sundry debtors	57,649	120,664	120,664
GST receivable	49,500	45,408	45,408
Accrued Income	1,368	1,650	1,650
Inventories			
Fuel and materials	31,982	36,398	36,398
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(301,782)	(122,128)	(122,128)
Accrued interest on debentures	(11,143)	(13,000)	(13,000)
Accrued salaries and wages	(2,471)	(57,881)	(57,881)
ATO liabilities	(225,744)	(48,959)	(48,959)
Accrued Expenses	(3,893)	0	0
Current portion of long term borrowings			
Debentures	(156,493)	(127,004)	(127,004)
<b>Unadjusted net current assets</b>	<u><b>2,835,812</b></u>	<u><b>1,551,379</b></u>	<u><b>1,551,379</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,178,384)	(1,139,430)	(1,139,428)
Add: Debentures	156,493	127,004	127,004
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>1,813,921</b></u>	<u><b>538,953</b></u>	<u><b>538,955</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**25. JERRAMUNGUP EFFLUENT CHARGES - 2015/16 FINANCIAL YEAR**

	Rate in \$	Rateable Value \$	Revenue \$	Budget Revenue \$
<b>Jerramungup Effluent Charges</b>				
Minimum Rate	0.0437	920,244	40,146	52,747
First Fixture - Non rateable	\$285	213,200	14,620	
Additional Fixtures - non rateable	\$285			
	\$160			
			<u>54,766</u>	<u>52,747</u>

The Shire of Jerramungup Effluent Charge is used to maintain the effluent system in the Jerramungup Townsite. The Jerramungup Effluent Charges are recorded as a fee and charge and funds are used to maintain and upgrade the wastewater system in Jerramungup. The balance of funds was transferred to the Jerramungup Effluent Reserve.

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

**Rates Discounts**

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Small interest write-offs		396	0	Write off small balances under the CEO's delegated authority.
		<u>396</u>	<u>0</u>	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Nil		0.00	0	0
			<u>0</u>	<u>0</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	25.09.2015		0	0.00%
<b>Option Two</b>				
First Instalment	25.09.2015		8	5.50%
Second Instalment	29.01.2016			11.00%
<b>Option Three</b>				
First Instalment	25.09.2015		24	5.50%
Second Instalment	27.11.2015			11.00%
Third Instalment	29.01.2016			
Fourth Instalment	25.03.2016			
			<b>Revenue</b>	<b>Budgeted Revenue</b>
			\$	\$
Interest on unpaid rates			11,485	9,222
Interest on instalment plan			16,626	15,511
Charges on instalment plan			6,824	6,840
			<u>34,935</u>	<u>31,573</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	5,544	4,965
General purpose funding	17,530	11,930
Law, order, public safety	27,213	26,826
Health	1,215	500
Education and welfare	400	22,326
Housing	87,774	76,888
Community amenities	374,875	353,621
Recreation and culture	35,296	31,547
Transport	63,225	64,287
Economic services	24,493	23,189
Other property and services	127,889	190,992
	<u>765,454</u>	<u>807,071</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	17,045	5,065
General purpose funding	358,321	927,428
Law, order, public safety	204,554	73,501
Health	2,278	2,748
Education and welfare	1,671	945
Community amenities	11,536	1,951
Recreation and culture	41,000	84,885
Transport	463,229	1,032,366
Other property and services	28,471	135,668
	<u>1,128,105</u>	<u>2,264,557</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	391,116	221,478
Education and welfare	9,494	10,927
Community amenities	42,600	14,200
Recreation and culture	0	187,342
Transport	3,098,463	806,150
Economic services	72,000	0
	<u>3,613,673</u>	<u>1,240,097</u>
	<u>4,741,778</u>	<u>3,504,654</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>25</u>	<u>24</u>
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**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>32. ELECTED MEMBERS REMUNERATION</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	56,000	56,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	1,449	2,500	1,477
Telecommunications allowances	7,000	7,000	7,000
	<u>79,449</u>	<u>80,500</u>	<u>79,477</u>

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**35. FINANCIAL RISK MANAGEMENT**

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

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 Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,346,695	1,655,460	3,346,695	1,655,460
Investments	0	0	0	0
Receivables	158,661	228,639	158,661	228,639
	<u>3,505,356</u>	<u>1,884,099</u>	<u>3,505,356</u>	<u>1,884,099</u>
<b>Financial liabilities</b>				
Payables	545,029	241,968	545,029	241,968
Borrowings	993,060	1,000,064	875,983	877,770
	<u>1,538,089</u>	<u>1,242,032</u>	<u>1,421,012</u>	<u>1,119,738</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016	2015
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	33,467	16,555
- Statement of Comprehensive Income	33,467	16,555

*Notes:*

- <sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**35. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	19%	33%
- Overdue	81%	67%
Percentage of other receivables		
- Current	89%	98%
- Overdue	11%	2%

**35. FINANCIAL RISK MANAGEMENT (Continued)**  
**(c) Payables  
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	545,029	0	0	545,029	545,029
Borrowings	199,474	695,019	254,347	1,148,840	993,060
	<u>744,503</u>	<u>695,019</u>	<u>254,347</u>	<u>1,693,869</u>	<u>1,538,089</u>
<b><u>2015</u></b>					
Payables	241,968	0	0	241,968	241,968
Borrowings	173,943	661,481	359,707	1,195,131	1,000,064
	<u>415,911</u>	<u>661,481</u>	<u>359,707</u>	<u>1,437,099</u>	<u>1,242,032</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
Borrowings (continued)**

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	211,008	120,000	662,050	993,058	4.43%
Weighted average Effective interest rate				6.42%	2.28%	4.19%		
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	263,208	736,855	1,000,063	4.77%
Weighted average Effective interest rate					6.42%	4.19%		

**INDEPENDENT AUDITOR'S REPORT  
TO THE RATEPAYERS OF THE SHIRE OF JERRAMUNGUP**



*Report on the Financial Report*

We have audited the accompanying financial report of the Shire of Jerramungup, which comprises the balance sheet as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

*Management's Responsibility for the Financial Report*

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

*Auditor's Responsibility*

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

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

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

*Independence*

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

**SHIRE OF JERRAMUNGUP  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**INDEPENDENT AUDITOR'S REPORT  
TO THE RATEPAYERS OF THE SHIRE OF JERRAMUNGUP**

*Auditor's Opinion*

In our opinion the financial report of the Shire of Jerramungup is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

*Other Matters*

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i) Based on verifiable information; and
  - ii) Reasonable assumptions.



Russell Harrison, Partner  
Lincolns Accountants and Business Advisers  
70 - 74 Frederick Street, Albany WA  
Dated this 27th day of November 2016.

**RATIO INFORMATION**

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

	2016	2015	2014
Asset consumption ratio	0.98	0.99	0.89
Asset renewal funding ratio	0.73	0.50	0.53

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



**Shire of Jerramungup**

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