



# SHIRE OF JERRAMUNGUP

## 2017/2018 ANNUAL REPORT





Photo: Nathan McQuoid

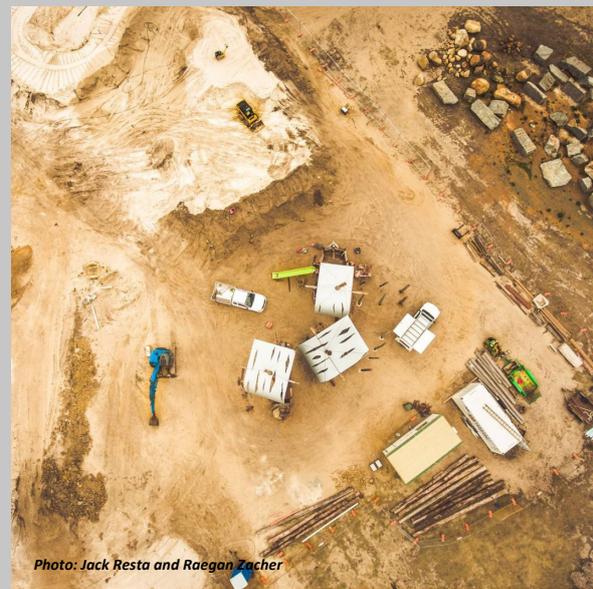


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# PRESIDENT'S REPORT

Welcome to the 2017/2018 Annual Report where we provide overview of the Shire's performance against our strategic direction and vision as set out in the new 2016 – 2026 Community Plan.

I am delighted to report on another year of achievements across a variety of large scale projects as well as continued diligence at an operational level to ensure the organisation remains focused on our community services and good governance.

The 2017/2018 financial year was heavily focused on delivering and improving Council assets and in particular the road network due to the extensive damage incurred to the roads as a result of a severe storm on the 10 - 12 February 2017 (AGRN743). The cost estimate to reinstate the roads was approximately \$3.5 million. The majority of the works were completed by Contractors with the Shire's workforce carrying out reinstatement works on; Park, Needilup North, Needilup South, Cardininup and Brown South Roads.

The remarkable Fitzgerald Biosphere played host to a series of events in late March 2018 to celebrate its forty-year anniversary and successful renomination of the Fitzgerald Biosphere under the United Nations Educational, Scientific and Cultural Organisations (UNESCO) global Man and the Biosphere Programme (MAB).

To celebrate the history and achievements of the Fitzgerald Biosphere, the FBCC hosted the Fitzgerald Biosphere Launch on Friday 23 March 2018.

Over 180 guests converged in Hopetoun for this invitation only event, to enjoy a day of celebration, stories and collaboration for a positive future. The Honourable Melissa Price, Federal Assistant Environment Minister and the Honourable Stephen Dawson, Minister for Environment joined with many friends, both locals and visitors, from all walks of life, to celebrate. The launch was a fabulous opportunity to celebrate and showcase this amazing part of the world, and to highlight the collaborative strength in this region. The launch was self-funded by FBCC partners, with generous sponsorship being received from FQM Australia Nickel and Galaxy Resources.



We have also seen the construction of the Civic Square, Paperbarks Park and Skate Park nearing completion with the opening of the Skate Park scheduled for September 2018.

Bushfire Mitigation continues to remain a key focus within the Shire. In 2017-18 we saw a number of strategic works take place identified in the Shire of Jerramungup's Bushfire Risk Management Plan. \$48,000 funded through the Point Henry Fire Levy was put towards the replacement of the fire emergency water supply concrete tank which has been in place since the subdivision was created (early 1990). The Shire increased the current capacity of 20,000lt to 270,000lt in the form of two tanks which will significantly improve the supply of water for fire suppression. This translates to an increase of approximately 90-100 truckloads of water for fire suppression activities.

Sadly after 12 years of service the Shire's Chief Executive Officer, Brent Bailey handed in his resignation and relocated with his family to the Shire of Dandaragan. Council was delighted to announce the appointment of Mr Martin Cuthbert as the Shire's new Chief Executive Officer and he commenced this role in April 2018.

As always it has been my privilege to attend various engagements, functions and meetings of the community and volunteer services throughout the past year. I would like to thank my fellow Shire Councillors and Shire staff who have worked tirelessly to deliver our services to the community. I look forward to working alongside you all in the coming year developing and improving our vibrant community.



**Cr Robert Lester**  
Shire President

# CHIEF EXECUTIVE OFFICER'S REPORT

As a newly appointed Chief Executive Officer, I am extremely proud to join the Shire of Jerramungup and I am looking forward to being involved in the ongoing development and improvement of our vibrant community.

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. A late reduction in the Shire's Direct Road Funding of approximately \$60,000 posed a significant challenge this year however the 2017/2018 financial year continued to focus on renewing and improving Council transport infrastructure assets.

The Shire of Jerramungup has a complex road construction program with grants sourced from Main Roads WA (State) and Roads to Recovery (Federal) funding. Main Roads WA contributes 2/3 of the project cost while the Roads to Recovery projects are fully funded by the Federal Government.

Our workforce also continued to be busy completing flood damage projects and acquitting other grant funded projects. Key projects for the forthcoming period include the finalisation of the Bremer Bay Civic Square, Skate Park and the Paperparks Park Redevelopment.

This year the Shire undertook a project to identify the population, demographics and expenditure of Bremer Bay during the summer peak-period in December 2017.

Each year during the summer period, locals and visitors from around Australia and the world enjoy the amazing surroundings and activities on offer in Bremer Bay. While census data is available for the non-peak periods, an exact population number has never been established during this busy time.

To gain a clear picture of the population, expenditure and demographics during the peak period the Shire engaged consultants to conduct an extensive survey both on the ground and from the sky.

Two separate surveys were circulated, one for residents and the other for visitors. These surveys were mailed, shared online, available at local accommodation providers and distributed in person by Shire staff. While this was happening, there was also an aerial survey being conducted by the consultants to provide figures on the coastal camping population.

The results have been tallied and show a population of over 6,300 people in Bremer Bay on the night of 31 December 2017, this is a vast increase from the permanent population of 373 (2016 Census data). Of these 6,300 people;

- 22.6% were between the ages of 15 and 25,
- 34.9% were from Perth, and
- The average group size was 3.5ppl, with each group spending an average of \$700 – \$799 over the 6 day period.

The Shire was thrilled to announce the appointment of Dr Gemma Yardley who commenced as our local doctor in late January 2018. Dr Yardley practiced at Hillside Family Practice in Albany with Emergency Department experience at the Albany Regional Hospital. The Shire is very fortunate to have the experience and professionalism of Dr Yardley residing in our community.

I have thoroughly enjoyed all that the Shire of Jerramungup has offered in my short time here and I am especially looking forward to the next twelve months and beyond with all the exciting development and opportunities the region can expect in the coming years.

I would like to take this opportunity to sincerely thank the Elected Members and every member of the Shire of Jerramungup staff for their continued dedication, hard work and commitment, which has assisted the Shire in achieving the results of the 2017/2018 year.

No organisation can function effectively and achieve its outcomes without quality staff. The Shire of Jerramungup is blessed to have a very dedicated and professional workforce. By continuing to invest in training and rewarding staff the benefits accrued by such investment are returned tenfold in multi skilling, diversity and standard of workmanship as well as a quantum of output.

I look forward to another exciting year for the Shire of Jerramungup and express my sincere appreciation to all I have been involved with.



**Martin Cuthbert**  
Chief Executive Officer



# COMMUNITY PLAN

The Shire of Jerramungup's direction during 2017/2018 was guided by the new 2016 - 2026 Community Plan. This Plan was developed through extensive consultation with community members and key stakeholders during March 2016.

The Community Plan will be reviewed regularly with progress updates reported here, in the Shire's Annual Report. The following three sections of this document show how we have performed against our Community Plan during 2017/2018 by addressing and reporting on each of the 11 aspirations.

## STRATEGIC DIRECTION 1: ENVIRONMENT

The key aspirations within this area reflect the Shire's ongoing recognition of the environmental value of the region. The Shire's location is recognised internationally for its biodiversity, pristine ocean, coastal environment and human interaction with the landscape. Land use planning, land capability and natural resource management are addressed in this area.

## STRATEGIC DIRECTION 2: COMMUNITY

This group of aspirations refers to the capacity of society to provide for the wellbeing of all residents and to 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 and high standards of education.

## STRATEGIC DIRECTION 3: ECONOMY

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

# STRATEGIC DIRECTION 1: ENVIRONMENT

## Aspiration 1.1 - Environmental Stewardship

To be an industry leader in implementing new technology and initiatives which deliver environmental benefits to the region.

- a) To safeguard the Bremer Bay Canyon the Shire continued to lobby federal government for recognition of the “hotspot” within the marine park zone. At the close of the 2017/2018 financial year the Federal Government had agreed to include this area in the Bremer Marine Park.
- b) Council adopted the revised Coastal Management Plan in March 2018, a document that guides and prioritises actions for the Shire of Jerramungup coastline for the next 10 years.
- c) The Ravensthorpe Regional Waste Facility construction was completed in May/June 2017 with the facility opened as operational in early 2018. This project was first funded in 2010 by Royalties for Regions under the Country Local Government Fund and received further funding for construction and delivery through the Southern Investment Initiative.
- d) In unison with the regional waste project is an upgrade to our local waste transfer station in Jerramungup. This saw the facility fully functional from January 2018.

## Aspiration 1.2 - Environmental Planning and Restoration

To facilitate community programs and initiatives that deliver best practice environmental planning, management and mitigate the impacts of climate change.

- a) In 2018 the Shire was able to undertake a major review of the Coastal Management Plan, which had last been reviewed in 2005. With an initial grant from the Western Australian Planning Commission, then matched dollar for dollar by the Shire, extensive community consultation throughout 2017, and liaising with the Department of Planning, Lands and Heritage; A local steering committee; Aurora Environmental; and MP Rodgers and Associates, the new Coastal Management Plan 2017-2027 was adopted by Council at their meeting in March 2018. The new Plan aims to facilitate community enjoyment, while maintaining high levels of biodiversity and promoting sustainable uses.



# STRATEGIC DIRECTION 2: COMMUNITY

## Aspiration 2.1 - Community Sport and Recreation

To recognise that sport and recreation is a significant part of the community network and support its growth and development.

- a) The Grand Opening for the Civic Square and the Skate Park will be held on Saturday, 22 September 2018, from 12 to 8pm. The program will include an opening ceremony, skate clinics and demonstrations, cultural storytelling, business stalls, tree planting, guided tours, live music, food vans and the Grand Finale with fireworks.

The civic square incorporates a Noongar "Meeting Place" which is located centrally to the park to recognise Aboriginal history and provides a great space for educational activities or just having a yarn. The Skate Park area features a 1.5m deep bowl and a number of different ramps and rails for shredding. There is also a scooter run for the younger kids around the park.

There is also a custom built Nature Based play area which follows the theme of "The Agnes" shipwrecked off the Bremer Bay coast. This feature has been designed and crafted by Bernard Kaiser of Nature Play Environments and takes your breath away with the wood work and attention to detail.

The new Civic Square will transform Bremer

Bay providing the community a place to meet and recreate. It will also be the catalyst in attracting commercial activity to the town centre with a micro- brewery and tourist accommodation already approved for construction. Future Shire plans include aged care accommodation units, a new medical centre and construction of a new multi-purpose civic building adjacent to the Civic Square.

Paperbarks Park continues to be upgraded with a new nature-based playground aimed at younger children, shelter, barbeques, tables and chairs. Ongoing upgrades around this Park continue.

At the June 2018 Meeting Councillors voted to grant an Application for Travel and Accommodation to Brock Dawson for attendance and participate in the 2018 Interstate Tennis Tour held in Darwin. The funding covered 50% of travel and/or accommodation to the maximum amount of \$500. This grant comes under the Finance Policy #4 - Sport and Recreation Grants and recognises regional talent and provides Shire children with opportunities to participate in state sporting programs.

## Aspiration 2.2 - Improved Livability

To develop initiatives and programs, supported by high quality infrastructure that improves lifestyle outcomes and makes the Shire of Jerramungup an attractive place to live.

a) The 17/18 construction program saw upgrade works undertaken on the following roads.

Lake Magenta Road – form and gravel sheet 5kms

Jacup North Road – form and gravel sheet 3kms and seal 3kms

Brook Road - form and gravel sheet 3kms

Jerramungup North Road - form and gravel sheet 3kms

Carney Road - form and gravel sheet 3kms

Stock Road – various vertical and horizontal improvements to the road centreline and gravel sheeting

Rabbit Proof Fence Road - form and gravel sheet 3kms

Flood damage reinstatement works consisting of forming and gravel re-sheeting was also completed on:

Needilup North Road

Needilup South Road

Brown South Road

Park Road

Cardininup Road

Pavement Repairs and Reseals were also completed on the following roads.

Gairdner South Road – 5kms reseal

Devils Creek Road - 5kms reseal

Needilup North Road - 5kms reseal

Native Dog Beach Road – 2.3kms

Spitfire Avenue - full length (290m)

Monash Avenue – full length (450m)

Seal widening works were undertaken on the Borden Boxwood Hill Road.

The Water Bomber turnaround area was also constructed at the Bremer Bay Airstrip and these works included installation of a pad for the 135,000ltr water tank and bore with solar pump.

Two additional tanks each 135,000ltrs and pads were installed at Native Dog Beach Road and Torreburrup Hill which will be used for fire suppression.

b) Lotterywest announced funding for a 600m crushed limestone loop trail for Bremer Bay in November 2016. This section will be constructed off the main path and incorporates two prime lookouts, a number of seated resting points, interpretive signage and artwork at key sites. To promote this, a trails brochure will be published to showcase the network to a broad cross section of the community and stakeholders.

### Aspiration 2.3 - Healthy and Happy Community

To promote and deliver programs, initiatives and infrastructure that contribute to a healthier, happier community.

- a) 2017 Citizen of the Year award was awarded to Julie and Brian Keding for their years of service to the local communities. Both have been volunteering for St John Ambulance, local fire brigades and community committees as well as fundraising for Breast Cancer.
- b) 2017 Community Group/Event award went to the Boxwood Hill Football Club for a fundraising event 'The Big Freeze' held to support Motor Neurone Disease research. Over \$40,000 was raised by the club for this single event.
- c) The Shire has been involved with sponsoring the Jerramungup Leeuwin Ocean Adventure Project for since 2015 and was pleased to see Council commit to supporting the program until 2022 at its November 2017 Meeting. This scholarship, which is co-funded with the Jerramungup Lions Club and High School, is awarded annually to a selected student from years 8 – 10 who displays active engagement with their school studies. A number of positive outcomes have resulted from this scholarship including building resilience, leadership and social skills in participants, building on the values and aspirations of our youth as a whole and providing a unique opportunity to geographically disadvantaged students in our Shire.



### Aspiration 2.4 - Emergency Management

To ensure that the Shire of Jerramungup is seen as an industry leader in emergency management and preparedness.

- a) The Shire was successful in obtaining a grant in November 2017 to upgrade the Point Henry emergency water supply. The Department of Water and Environmental Regulation are providing \$46,000 to increase the current emergency water supply capacity in the point from 20 kilolitres to 270 kilolitres. The Shire will support this project through in kind contributions and material supplies. Works commenced in late 2017 and were completed by June 2018.



### Aspiration 2.5 - Civic Leadership

To provide strong civic leadership and governance systems that are open and transparent and ethical.

- a) The Shire's 2017 – 2022 Workforce Plan, which was adopted by Council in June 2017, is one of the core components of integrated planning for local governments and works to evolve our workforce to ensure it meets and delivers on the Shire's objectives now and into the future.



# STRATEGIC DIRECTION 3: ECONOMY

## Aspiration 3.1 - Industry Development

To provide an attractive environment for industry development and expansion.

- a) Zoning of an 8.8ha portion of Lot 501 South Coast Highway, Jerramungup located opposite the Jerramungup town site was completed. This zoning is intended to enable the development of a wide range of industries that require large land area in which to operate; this includes an agricultural machinery dealership.
- b) Rezoning of portions of Lots 148 and 208 Memorial Road, Jerramungup has progressed to allow for the expansion of existing business and attract smaller new industrial business to Jerramungup.
- c) The Department of Transport funded a local project to prevent sand migration onto the Fishery Beach boat ramp facility. Preliminary works commenced in early 2017 to source the rock with groin construction complete in May. Further funding is being sourced to construct a new boat launching ramp and jetty at the popular marina with Stakeholder consultation being undertaken in conjunction with DoT.

## Aspiration 3.2 - Economic Diversity

To support initiatives which develop strong, diverse and resilient local businesses.

- a) 2018 saw the completion of Stage 2 of the Town Centre project in Bremer Bay which includes the extension of Seadragon Avenue through to Mary Street. Private development of the new Bremer Bay town centre has begun with construction of a new boutique brewery commencing.
- b) To compliment these town centre projects Lotterywest also announced funding for a crushed limestone trail loop to open up further sections of the native bushland and spectacular view points across the coast of Bremer Bay. This is a partnership project between the FBG, Green Skills and the Shire to promote our natural environment and provide attractive recreational options to the local and visiting community. On ground works commenced in June 2017 and were completed in March 2018 with an opening event held on the 18<sup>th</sup> March.





### **Aspiration 3.3 - Tourism Promotion and Development**

To assist local business and community groups to expand a year round resilient tourism and service industry.

a) The Shire is also participating in the Amazing South Coast tourism destination marketing plan in partnership with the City of Albany and Shires of Denmark and Plantagenet. A significant amount of research and development was undertaken in 2016/2017 with a new website and advertising campaign launched in January 2018. This campaign fits well with the Shire's strategic objective focusing on Bremer Bay as a premium natural destination.

### **Aspiration 3.4 - Service and Infrastructure Provision**

To lobby, advocate for and deliver a first class transport and telecommunications network.

a) The Shire continues to lobby the State Government for much needed improvements to South Coast Highway. Concerns stem from the various pavement failures, narrow seal widths & overall poor condition of the running surface which is unsuitable for the vehicle class and volumes of traffic utilising the highway. The Shire President and CEO continue to meet

with the Transport Minister, Main Roads WA & the City of Albany to increase the priority of this road for funding. \$30m was announced by the new Labor Government to continue reconstruction works East of Cheyne Beach Road.

b) The State Government made an announcement in December 2016 to allocate additional funds to improve mobile coverage standards across regional WA. Needilup was one of 78 sites identified in the Black Spot program and a new tower was constructed at the Needilup Exchange site in March 2018.

c) The Shire and Bremer Bay Volunteer Marine Rescue Service with assistance from DBCA, Watering WA and the Bremer Bay VES were successful in attracting grants to construct the water bomber turnaround area and design a new cross runway for the airfield. Construction of the water bomber turnaround was completed in April 2018; this included the turnaround itself, upgraded access, amenities room, bore and pump and an independent power supply.

# 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 Ride-ability and visibility Adequate road width for traffic demands	User satisfaction measurement survey	Customer requests < 25 per year	31 customer requests received – target not achieved. Unsealed roads requiring grading was the main issue raised
<b>Function</b>	Road network meets user requirements Provide a fully accessible network	Assessment of Suitability for Purpose	No of reports per annum of inaccessibility due to lack of maintenance < 10	1 requests received – target has been achieved.
<b>Safety</b>	Provide a safe network	Number of injury / accidents	Nil / Per Year	1 vehicle crash occurred on Shire roads. This was not deemed to be caused by the condition of the roads – target has been achieved.
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% Compliant	The Shire’s annual compliance return to the Department of Local Government identified no areas on non-compliance.
<b>Operations</b>	Road network meets user requirements	Assessment of suitability for purpose	No of reports per annum of inaccessibility due to lack of maintenance < 10	9 requests received – target has been achieved.
<b>Maintenance</b>	Manage the road network at the agreed standards for the lowest lifecycle cost	User satisfaction measurement survey Cost effectiveness of maintenance	70% of customers believe the road network provided is good value for money	Survey results showed road maintenance as a top priority for the future and 75% of responders’ believe the current road maintenance budget is adequate
<b>Upgrade</b>	Road network meets user requirements	Assessment of suitability for purpose	No of reports per annum assets not meeting requirements < 10	4 requests received – target has been achieved.
<b>Renewal</b>	Roads are suitable for purpose	Useful life of asset	Assets have useful life of 30 years	Road asset database is being updated next financial year.
<b>Cost effectiveness</b>	Undertake proactive maintenance Efficient use of Shires Resources Affordability – acknowledging that we can only deliver what we can afford	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	The 2017/18 construction schedule was in surplus largely due to flood damage works undertaken and delays with environmental clearances.

## 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 year	3 requests received - Target has been achieved
<b>Function</b>	Network is functionally fit for purpose	Assessment of suitability for purpose	customer requests < 5 per year 70% Satisfaction	2 requests received - Target has been achieved
<b>Safety</b>	Provide a safe network	User satisfaction measurement survey Number of injury / accidents	Nil / Year	No incidents directly associated with footpath issues were reported.
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% Compliant	The Shire's annual compliance return to the Department of Local Government identified no areas on non-compliance.
<b>Operations</b>	Footpath assets will be maintained in a reasonably usable condition. Defects found or reported that are outside Shire's service standard will be repaired.  Shire inspects all footpath assets intermittently and prioritises and repairs defects in accordance with its inspection schedule to ensure they are safe.	User satisfaction measurement survey	Repairs completed within 14 day timeframe 75% Satisfaction	1 maintenance request not responded to within 14 days due to waiting on Contractor to install disabled access ramp.
<b>Maintenance</b>	Provide a fully accessible network	User satisfaction measurement survey	75% Satisfaction	Only one section was reported for major maintenance in Bremer Bay.
<b>Upgrade</b>	Footpath network meets user requirements	Assessment of suitability for purpose	No of reports per annum of assets not meeting requirements < 10	2 requests received - Target has been achieved
<b>Renewal</b>	Footpaths are suitable for purpose	Assess useful life of asset	Assets have useful life of 50 years	Unable to review at this stage.
		Measure, condition of assets	70% Satisfaction	
<b>Cost effectiveness</b>	Undertake proactive maintenance  Efficient use of Shires Resources  Affordability – acknowledging that we can only deliver what we	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	An assessment was undertaken on the current condition of the footpath network which will be factored into future budgets.

## 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 To ensure the ongoing provision of well-kept community facilities	User satisfaction measurement survey	Customer requests < 10 per year	16 requests received – target not achieved
<b>Function</b>	Functionally fit for purpose Sufficient facilities to meet user demand/needs	Assessment of Suitability for Purpose	70% Satisfaction	Survey results showed 75% satisfaction for the current building standards – target has been met
<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 Number of injury / accidents	70% of Customers Satisfied Nil injury or accidents /	No incidents directly associated with building maintenance issues were reported.
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in in License, Acts or Regulations Disability access	Compliance with Legislative / Statutory requirements	100% Compliant	The Shire’s annual compliance return to the Department of Local Government identified no areas on non-compliance.
<b>Operations</b>	Defects found or reported that are outside Shire’s service standard will be repaired. Adequate transport provision (walking distance, cycle racks, and/or parking facilities)	Measurement of timeframe for undertaking repairs User satisfaction measurement survey	Repairs completed within 14 day timeframe 70% Satisfaction	No customer service requests relating to this area were logged.
<b>Maintenance</b>	Maintain the facilities at a good condition or better	User satisfaction measurement survey	70% Satisfaction	Not measured during this financial year.
<b>Upgrade</b>	Buildings are refurbished or replaced when scheduled to meet the levels of service and functionality requirements of the Shire.	Assessment of suitability for purpose	No of reports per annum of assets not meeting requirements < 10	6 requests received – target not achieved
<b>Renewal</b>	Efficient use of Shires Resources	Assess useful life of asset Measure, condition of assets	Assets have useful life of 60 years 70% Satisfaction	Building valuation audit and condition assessment will be undertaken in 2017/2018.
<b>Cost effectiveness</b>	Undertake proactive maintenance Efficient use of Shires Resources Affordability – acknowledging that we can only deliver what we can afford	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Overall actuals for buildings were down, largely due to the deferral of the Paperbarks Park Ablution.

## 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 Quality town centres for businesses and users	User satisfaction measurement survey	Customer requests < 10 per year	7 requests received – target achieved
<b>Function</b>	Functionally fit for purpose	Assessment of Suitability for Purpose	70% Satisfaction	Survey results showed the standard of parks & gardens to be 90% - target has been achieved
	Safe design and management of facilities and parks		70% Satisfaction	
<b>Safety</b>	People feel safe in parks	User satisfaction measurement survey		No incidents were reported.
	Passive security, site lines, reduced graffiti	Number of injury / accidents	Nil	
	Safe working environments			
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Legislative / Statutory</b>	Meet criteria detailed in in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% Compliant	The Shire's annual compliance return to the Department of Local Government identified no areas on non-compliance.
<b>Operations</b>	Well maintained and suitable Historic sites are protected			
	Natural areas are protected Easy to find and use	User satisfaction measurement survey	Repairs completed within 14 day timeframe	No incidents were reported.
<b>Maintenance</b>	Adequate transport provision (walking distance, cycle racks, and/or parking facilities) Sufficient facilities to meet user demand/needs	User satisfaction measurement survey	70% Satisfaction	Survey results indicated 75% satisfaction
<b>Upgrade</b>	Efficient use of Shires Resources	Assessment of suitability for purpose	No of reports per annum of assets not meeting requirements < 10	0 requests received – target has been achieved
<b>Renewal</b>	Assets are suitable for purpose	Assess useful life of asset	Assets have useful life of 10 years	78% customer satisfaction
		Measure, condition of assets	70% Satisfaction	
<b>Cost effectiveness</b>	Undertake proactive maintenance Efficient use of Shires Resources Affordability – acknowledging that we can only deliver what we	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Budget actuals for 17/18 were down due to the carryover of the Bremer Bay Civic Square, Skate Park and Paperbarks project which will be completed in 2018/19.

# 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 Shire's 2016 Record Keeping Plan.

As part of staff induction, 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 1995* 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 30<sup>th</sup> June 2018 the Shire of Jerramungup had one employee whose salary fell between \$100,000 and \$109,999, one other between \$110,000 and \$119,999, another between \$120,000 and \$129,999 and one employee whose salary falls between \$130,000 and \$139,999.

## 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 Principle CN5;

The Shire of Jerramungup has not identified any part of its business as "Significant Business Activity" in 2017/2018.

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 the Bremer Bay Town Centre, further footpath modifications 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. No disclosures relating to improper conduct were made to the Shire during the 2017/2018 financial year, 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 during 2017/2018.

**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 1995* and the associated *Local Government (Rules of Conduct) Regulations 2007* the complaints made against councillors for 2017/2018 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 \$1,261,015 in Financial Assistance Grants in 2017/2018 which contributes to annual maintenance of the communities infrastructure and general operations of the local government.

# AUDIT REPORTS AND FINANCIAL STATEMENTS

The following pages contain the Shire of Jerramungup 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 2017/2018 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 2018**

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**COMMUNITY VISION**

Progressive, Prosperous and a Premium Place to Live and Visit.

Principal place of business:  
8 Vasey Street  
Jerramungup WA 6337

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**SHIRE OF JERRAMUNGUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the SHIRE OF JERRAMUNGUP for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the SHIRE OF JERRAMUNGUP at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the SIXTH day of FEBRUARY 2019

  
\_\_\_\_\_  
Chief Executive Officer

Martin Cuthbert  
\_\_\_\_\_  
Name of Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	21 (a)	3,269,374	3,222,342	3,131,203
Operating grants, subsidies and contributions	2 (a)	4,610,752	4,226,643	3,713,322
Fees and charges	2 (a)	789,151	706,559	883,248
Interest earnings	2 (a)	63,959	76,400	82,989
Other revenue	2 (a)	21,984	25,000	377,900
		<u>8,755,220</u>	<u>8,256,944</u>	<u>8,188,662</u>
<b>Expenses</b>				
Employee costs		(1,716,839)	(1,824,223)	(1,692,683)
Materials and contracts		(4,401,612)	(4,871,455)	(3,185,260)
Utility charges		(174,768)	(186,469)	(165,910)
Depreciation on non-current assets	10 (b)	(1,948,041)	(1,732,628)	(2,033,384)
Interest expenses	2 (b)	(43,457)	(45,503)	(41,900)
Insurance expenses		(214,959)	(228,465)	(224,882)
Other expenditure		(216,776)	(206,882)	(572,165)
		<u>(8,716,452)</u>	<u>(9,095,625)</u>	<u>(7,916,184)</u>
		38,768	(838,681)	272,478
Non-operating grants, subsidies and contributions	2 (a)	1,884,269	1,977,104	1,104,317
Profit on asset disposals	10 (a)	0	0	46,443
(Loss) on asset disposals	10 (a)	(64,104)	(100,535)	(41,060)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(84,826)
(Loss) on revaluation of land and buildings	8 (b)	0	0	(711,625)
		<u>1,858,933</u>	<u>1,037,888</u>	<u>585,727</u>
<b>Net result</b>				
<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	11	37,253,083	0	119,873
<b>Total other comprehensive income</b>		<u>37,253,083</u>	<u>0</u>	<u>119,873</u>
<b>Total comprehensive income</b>		<u><u>39,112,016</u></u>	<u><u>1,037,888</u></u>	<u><u>705,600</u></u>

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

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2 (a)			
Governance		6,294	0	3,102
General purpose funding		4,617,180	4,014,967	5,132,850
Law, order, public safety		180,884	149,388	185,504
Health		12,448	7,363	5,463
Education and welfare		3,039	1,088	2,142
Housing		80,548	135,643	87,257
Community amenities		511,214	532,168	425,987
Recreation and culture		86,052	112,134	124,156
Transport		2,983,036	3,100,367	1,381,115
Economic services		62,106	37,895	92,086
Other property and services		212,420	165,931	749,002
		<b>8,755,221</b>	<b>8,256,944</b>	<b>8,188,664</b>
<b>Expenses</b>				
	2 (b)			
Governance		(273,776)	(292,195)	(215,377)
General purpose funding		(123,913)	(139,774)	(98,474)
Law, order, public safety		(661,548)	(647,110)	(633,621)
Health		(334,347)	(298,952)	(287,273)
Education and welfare		(86,367)	(80,707)	(73,228)
Housing		(5,579)	(215,599)	(1,908)
Community amenities		(1,049,011)	(1,144,415)	(951,565)
Recreation and culture		(904,647)	(837,029)	(866,948)
Transport		(4,732,343)	(5,026,705)	(3,786,055)
Economic services		(316,836)	(253,988)	(250,359)
Other property and services		(184,629)	(113,648)	(709,478)
		<b>(8,672,996)</b>	<b>(9,050,122)</b>	<b>(7,874,286)</b>
<b>Finance Costs</b>				
	2(b) & 13(a)			
Housing		(18,614)	(9,041)	(23,670)
Community amenities		0	(10,840)	0
Recreation and culture		0	0	(1,523)
Transport		(22,776)	(25,622)	(16,707)
Other property and services		(2,067)	0	0
		<b>(43,457)</b>	<b>(45,503)</b>	<b>(41,900)</b>
		<b>38,768</b>	<b>(838,681)</b>	<b>272,478</b>
Non-operating grants, subsidies and contributions	2 (a)	1,884,269	1,977,104	1,104,317
Profit on disposal of assets	10 (a)	0	0	46,443
(Loss) on disposal of assets	10 (a)	(64,104)	(100,535)	(41,060)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(84,826)
(Loss) on revaluation of land and buildings	8 (b)	0	0	(711,625)
		<b>1,820,165</b>	<b>1,876,569</b>	<b>313,249</b>
		<b>1,858,933</b>	<b>1,037,888</b>	<b>585,727</b>
<b>Net result</b>				
<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	11	37,253,083	0	119,873
		<b>37,253,083</b>	<b>0</b>	<b>119,873</b>
<b>Total other comprehensive income</b>		<b>37,253,083</b>	<b>0</b>	<b>119,873</b>
<b>Total comprehensive income</b>		<b>39,112,016</b>	<b>1,037,888</b>	<b>705,600</b>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,227,581	2,426,721
Trade and other receivables	6	1,445,636	1,030,595
Inventories	7	30,286	52,664
<b>TOTAL CURRENT ASSETS</b>		<b>3,703,503</b>	<b>3,509,980</b>
<b>NON-CURRENT ASSETS</b>			
Investments	4	46,400	46,400
Property, plant and equipment	8 (a)&(b)	25,719,679	26,276,625
Infrastructure	9 (a)&(b)	214,971,859	175,312,595
<b>TOTAL NON-CURRENT ASSETS</b>		<b>240,737,938</b>	<b>201,635,620</b>
<b>TOTAL ASSETS</b>		<b>244,441,441</b>	<b>205,145,600</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	750,970	329,191
Current portion of long term borrowings	13 (a)	203,031	194,239
Provisions	14	299,687	319,202
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,253,688</b>	<b>842,632</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13 (a)	789,297	992,328
Provisions	14	19,610	43,811
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>808,907</b>	<b>1,036,139</b>
<b>TOTAL LIABILITIES</b>		<b>2,062,595</b>	<b>1,878,771</b>
<b>NET ASSETS</b>		<b>242,378,846</b>	<b>203,266,829</b>
<b>EQUITY</b>			
Retained surplus		53,538,685	51,770,270
Reserves - cash backed	5	1,467,213	1,376,694
Revaluation surplus	11	187,372,948	150,119,865
<b>TOTAL EQUITY</b>		<b>242,378,846</b>	<b>203,266,829</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RESERVES			TOTAL EQUITY
		RETAINED SURPLUS	CASH/INVESTMENT BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>51,382,852</b>	<b>1,178,385</b>	<b>149,999,992</b>	<b>202,561,230</b>
Comprehensive income					
Net result		585,727	0	0	585,727
Changes on revaluation of assets	11	0	0	119,873	119,873
Total comprehensive income		585,727	0	119,873	705,600
Transfers from/(to) reserves		(198,309)	198,309	0	0
<b>Balance as at 30 June 2017</b>		<b>51,770,270</b>	<b>1,376,694</b>	<b>150,119,865</b>	<b>203,266,829</b>
Comprehensive income					
Net result		1,858,933	0	0	1,858,933
Changes on revaluation of assets	11	0	0	37,253,083	37,253,083
Total comprehensive income		1,858,933	0	37,253,083	39,112,016
Transfers from/(to) reserves		(90,519)	90,519	0	0
<b>Balance as at 30 June 2018</b>		<b>53,538,685</b>	<b>1,467,213</b>	<b>187,372,948</b>	<b>242,378,846</b>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,325,862	3,262,342	3,064,762
Operating grants, subsidies and contributions		4,110,912	4,899,499	2,972,765
Fees and charges		789,151	706,559	883,249
Interest earnings		63,959	76,400	82,989
Goods and services tax		677,943	837,599	(64,936)
Other revenue		21,984	25,000	377,900
		<u>8,989,811</u>	<u>9,807,399</u>	<u>7,316,729</u>
<b>Payments</b>				
Employee costs		(1,747,373)	(1,824,223)	(1,803,472)
Materials and contracts		(3,968,591)	(4,687,604)	(3,285,638)
Utility charges		(174,768)	(186,469)	(165,910)
Interest expenses		(45,503)	(45,503)	(42,195)
Insurance expenses		(214,959)	(228,465)	(224,882)
Goods and services tax		(649,632)	(812,294)	0
Other expenditure		(216,776)	(206,882)	(572,168)
		<u>(7,017,602)</u>	<u>(7,991,440)</u>	<u>(6,094,265)</u>
<b>Net cash provided by (used in) operating activities</b>	15	<u>1,972,209</u>	<u>1,815,959</u>	<u>1,222,464</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(410,685)	(438,964)	(566,253)
Payments for construction of infrastructure		(3,619,366)	(4,127,063)	(3,083,026)
Non-operating grants, subsidies and contributions		1,884,269	1,977,104	1,104,317
Proceeds from sale of fixed assets		168,672	193,855	209,017
<b>Net cash provided by (used in) investment activities</b>		<u>(1,977,110)</u>	<u>(2,395,068)</u>	<u>(2,335,945)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(194,239)	(194,239)	(156,493)
Proceeds from new long term borrowings		0	0	350,000
<b>Net cash provided by (used in) financing activities</b>		<u>(194,239)</u>	<u>(194,239)</u>	<u>193,507</u>
<b>Net increase (decrease) in cash held</b>		<u>(199,140)</u>	<u>(773,348)</u>	<u>(919,974)</u>
Cash at beginning of year		2,426,721	2,441,501	3,346,695
<b>Cash and cash equivalents at the end of the year</b>	15	<u><u>2,227,581</u></u>	<u><u>1,668,153</u></u>	<u><u>2,426,721</u></u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>		1,804,095	1,782,007	1,813,921
		1,804,095	1,782,007	1,813,921
<b>Revenue from operating activities (excluding rates)</b>				
Governance		6,294	0	3,102
General purpose funding		1,395,782	792,625	2,001,647
Law, order, public safety		180,884	149,388	185,504
Health		12,448	7,363	5,463
Education and welfare		3,039	1,088	2,142
Housing		80,548	135,643	87,257
Community amenities		511,214	532,168	425,987
Recreation and culture		86,052	112,134	124,156
Transport		2,983,036	3,100,367	1,427,558
Economic services		62,106	37,895	92,086
Other property and services		212,420	165,931	749,002
		5,533,823	5,034,602	5,103,904
<b>Expenditure from operating activities</b>				
Governance		(273,776)	(292,195)	(215,377)
General purpose funding		(123,913)	(139,774)	(183,300)
Law, order, public safety		(661,548)	(647,110)	(651,666)
Health		(334,347)	(298,952)	(287,273)
Education and welfare		(86,367)	(80,707)	(73,228)
Housing		(24,193)	(224,640)	(25,578)
Community amenities		(1,060,029)	(1,166,655)	(951,565)
Recreation and culture		(904,647)	(837,029)	(868,471)
Transport		(4,797,690)	(5,130,947)	(3,818,231)
Economic services		(316,836)	(253,988)	(250,359)
Other property and services		(197,211)	(124,164)	(1,428,649)
		(8,780,557)	(9,196,161)	(8,753,697)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	10 (a)	0	0	(46,443)
Loss on disposal of assets	10 (a)	64,104	100,535	41,060
Loss on revaluation of fixed assets	8 (b)	0	0	711,625
(Reversal) of prior year loss on revaluation of fixed assets		0	0	84,826
Movement in employee benefit provisions (non-current)		(43,718)	0	25,059
Depreciation and amortisation on assets	10 (b)	1,948,041	1,732,628	2,033,384
		1,968,427	1,833,163	2,849,511
<b>Amount attributable to operating activities</b>		525,788	(546,389)	1,013,639
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,884,269	1,977,104	1,104,317
Proceeds from disposal of assets	10 (a)	168,672	193,855	209,017
Purchase of property, plant and equipment	8 (b)	(410,685)	(438,964)	(566,253)
Purchase and construction of infrastructure	9 (b)	(3,619,366)	(4,127,063)	(3,083,026)
<b>Amount attributable to investing activities</b>		(1,977,110)	(2,395,068)	(2,335,945)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	13 (a)	(194,239)	(194,239)	(156,493)
Proceeds from new long term borrowings		0	0	350,000
Transfers to reserves (restricted assets)	5	(218,681)	(717,050)	(331,921)
Transfers from reserves (restricted assets)	5	128,164	630,403	133,612
<b>Amount attributable to financing activities</b>		(284,756)	(280,886)	(4,802)
<b>Surplus(deficiency) before general rates</b>		(1,736,078)	(3,222,343)	(1,327,108)
<b>Total amount raised from general rates</b>	21 (a)	3,221,398	3,222,342	3,131,203
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	22	1,485,320	0	1,804,095

## 1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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

### 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.

### CRITICAL ACCOUNTING ESTIMATES(continued)

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 in note 24 to these financial statements.

## 2 REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
<b>Significant revenue</b>		
During the year the Shire received a reimbursement in relation to flood damage to roads under the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDDRA).	2,866,879	1,223,070
<b>Other revenue</b>		
Reimbursements and recoveries	6,282	19,723
Other	15,702	358,177
	21,984	377,900
<b>Fees and Charges</b>		
General purpose funding	12,602	13,236
Law, order, public safety	26,439	38,762
Health	9,202	3,374
Education and welfare	175	153
Housing	138,289	124,278
Community amenities	441,860	385,919
Recreation and culture	27,580	15,179
Transport	19,214	5,635
Economic services	55,046	40,764
Other property and services	58,744	255,948
	789,151	883,248

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

## 2 REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
Governance	54	320
General purpose funding	1,261,016	1,895,315
Law, order, public safety	138,218	138,440
Health	0	148
Education and welfare	301	843
Housing	6,410	0
Community amenities	55,238	31,424
Recreation and culture	49,086	104,424
Transport	2,951,263	1,368,992
Economic services	0	48,000
Other property and services	149,166	125,416
	<u>4,610,752</u>	<u>3,713,322</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	46,282	0
Community amenities	113,040	1,048
Recreation and culture	509,618	0
Transport	1,215,329	1,103,269
	<u>1,884,269</u>	<u>1,104,317</u>
<b>Total grants, subsidies and contributions</b>	<u>6,495,021</u>	<u>4,817,639</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)  
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 20. 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 period.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	13,808	18,000	17,760
- Other funds	21,984	30,000	36,971
- Other interest (refer to note 21c)	28,167	28,400	28,258
	<u>63,959</u>	<u>76,400</u>	<u>82,989</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**2 REVENUE AND EXPENSES (Continued)**

(b) Expenses

	2018	2017
	\$	\$
<b>Significant expense</b>		
During the year the Shire incurred materials and contract expenditures to reinstate roads as a result of flood damage. This expenditure was subject to a reimbursement from WANNDRRA.	2,866,879	1,223,070
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	14,000	18,450
- Other Services (grant acquittals)	3,641	2,190
	<u>17,641</u>	<u>20,640</u>
<b>Interest expenses (finance costs)</b>		
Debentures	43,457	41,900
	<u>43,457</u>	<u>41,900</u>
<b>Rental charges</b>		
- Operating leases	5,072	14,245
	<u>5,072</u>	<u>14,245</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**3 CASH AND CASH EQUIVALENTS**

	NOTE	2018	2017
		\$	\$
Unrestricted		382,748	(83,066)
Restricted		1,844,833	2,509,787
		<u>2,227,581</u>	<u>2,426,721</u>

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

Leave Reserve	5	63,966	33,228
Plant Reserve	5	42,311	41,774
Community Recreation Reserve	5	182,258	148,922
Bremer Bay Youth Camp Reserve	5	52,399	51,734
Building Reserve	5	180,539	178,247
Bremer Bay Retirement Reserve	5	96,916	95,686
JMP Entertainment Reserve	5	8,544	8,435
Effluent Reserve	5	572,128	508,262
Point Henry Fire Levy Reserve	5	516	26,494
Jerramungup Retirement Reserve	5	94,415	93,216
Fishery Beach Boat Ramp Reserve	5	114,606	113,152
Capital Works Reserve	5	9,218	38,751
Swimming Pool Reserve	5	8,157	8,054
Roe Park Reserve	5	41,240	30,741
Restricted Cash		14,780	14,780
Unspent grants	20	362,840	1,118,311
		<u>1,844,833</u>	<u>2,509,787</u>

Due to two natural disaster events being declared for the Shire, the Shire had to utilise the funds held in Reserve to meet the road reinstatement costs. Under the WANNDRA scheme the Shire had to pay reinstatement costs upfront and then submit claims to Main Roads. All claims relating to 16/17 financial year were submitted prior to 30.6.2017 however some claims were not approved for payment until after 30.6.2017. As a result the 2017 unrestricted cash shows as a negative.

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of

**Cash and cash equivalents (Continued)**

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.

#### 4 INVESTMENTS

	2018	2017
	\$	\$
<b>Financial assets at fair value through profit and loss</b>		
At the beginning of the year	46,400	131,226
Revaluation to income statement		
Governance	0	(84,826)
	0	(84,826)
Disposals	0	0
At the end of the year	46,400	46,400
<b>Investments</b>		
Local Government Trust Units (3 @ \$15,468)	46,400	46,400
	46,400	46,400

## SIGNIFICANT ACCOUNTING POLICIES

### Classification and subsequent measurement

#### (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) 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.

#### (iii) 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.

### 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).

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.

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.

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment (Continued)

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.

### 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.

### 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

5 RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual
Opening	Transfer	Actual	Transfer	Opening	Transfer	Opening	Transfer	Opening	Transfer	Opening	Transfer	Opening	Transfer	Closing
Balance	to	(from)	to	Balance	to	Balance	(from)	Balance	(from)	Balance	to	Balance	(from)	Balance
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	30,738	0	63,966	33,226	30,365	0	63,591	32,804	424	32,804	424	0	0	33,228
Plant Reserve	537	0	42,311	41,774	460	0	42,234	41,242	532	41,242	532	0	0	41,774
Community Recreation Reserve	83,336	(50,000)	182,258	148,922	82,274	(50,000)	181,196	111,647	82,442	111,647	82,442	(45,167)	(45,167)	148,922
Bremer Bay Youth Camp Reserve	665	0	52,399	51,734	569	0	52,303	51,075	659	51,075	659	0	0	51,734
Building Reserve	2,292	0	180,539	178,248	1,961	0	180,209	31,428	146,819	31,428	146,819	0	0	178,247
Bremer Bay Retirement Reserve	1,230	0	96,916	95,687	1,053	0	96,740	94,468	1,218	94,468	1,218	0	0	95,686
JMP Entertainment Reserve	109	0	8,544	8,435	93	0	8,528	8,328	107	8,328	107	0	0	8,435
Effluent Reserve	63,866	0	572,128	508,262	565,191	(500,000)	573,453	471,618	63,419	471,618	63,419	(26,775)	(26,775)	508,262
Point Henry Fire Levy Reserve	22,186	(48,164)	516	26,494	21,961	(48,164)	291	25,955	22,208	25,955	22,208	(21,670)	(21,670)	26,493
Jerramungup Retirement Reserve	1,199	0	94,415	93,216	1,025	0	94,241	92,029	1,187	92,029	1,187	0	0	93,216
Fishery Beach Boat Ramp Reserve	1,454	0	114,606	113,151	1,245	0	114,396	111,710	1,442	111,710	1,442	0	0	113,152
Capital Works Reserve	467	(30,000)	9,218	38,750	426	(32,239)	6,937	77,756	994	77,756	994	(40,000)	(40,000)	38,750
Swimming Pool Reserve	103	0	8,157	8,054	89	0	8,143	7,951	103	7,951	103	0	0	8,054
Roe Park Reserve	10,499	0	41,240	30,741	10,338	0	41,079	20,374	10,367	20,374	10,367	0	0	30,741
	218,681	(128,164)	1,467,213	1,376,694	717,050	(630,409)	1,463,341	1,178,385	331,921	1,178,385	331,921	(133,612)	(133,612)	1,376,694

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 of this financial report. As per budget Council utilised the funds held in reserve to cover cash flow requirements associated with WANNDRA event AGRN 743 as per section 6.11 of the Local Government Act 1995. The direct benefit being reduced financing costs.

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 Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	ongoing	To be used to fund annual and long service leave requirements
Plant Reserve	ongoing	To be used for the purchase of major plant
Community Recreation Reserve	ongoing	To be used to assist local sporting groups to upgrade their facilities
Bremer Bay Youth Camp Reserve	ongoing	For the ongoing management and future upgrade of the reserve land on Lot 70 Borden Bremer Bay Road, Bremer Bay
Building Reserve	ongoing	To be used for the construction of new council buildings
Bremer Bay Retirement Reserve	ongoing	To be used for the provisions required at the units
JMP Entertainment Reserve	ongoing	To be used for capital building improvements
Effluent Reserve	ongoing	To be used to maintain the efficient running of the facility
Point Henry Fire Levy Reserve	ongoing	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
Jerramungup Retirement Reserve	ongoing	To be used for the provisions required at the units
Fishery Beach Boat Ramp Reserve	ongoing	To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
Capital Works Reserve	ongoing	To be used to supplement future capital works programs
Swimming Pool Reserve	ongoing	To preserve any surplus funds from the Jerramungup Swimming Pool's operations for future financial requirements of the Jerramungup Swimming pool and associated facilities
Roe Park Reserve	ongoing	To provide funding for the replacement of assets within Roe Park Jerramungup

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 6 TRADE AND OTHER RECEIVABLES

### Current

	2018	2017
	\$	\$
Rates Outstanding	60,097	116,585
Sundry Debtors	1,297,844	795,895
GST receivable	86,963	114,436
Accrued Income	732	3,679
	<u>1,445,636</u>	<u>1,030,595</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

### Rates outstanding

Includes:

Not past due and not impaired

- up to one month	0	0
- 1 to 3 months	0	0
- 3 months to one year	855	619
- 1 to 5 years	59,242	115,966
- more than 5 years	0	0
Impaired	0	0

### Sundry debtors

Includes:

Past due and not impaired

- up to one month	1,269,904	791,663
- 1 to 3 months	10,495	1,616
- 3 months to one year	15,045	216
- 1 to 5 years	575	1,090
- more than 5 years	0	0
Impaired	1,825	1,310

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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.

### Classification and subsequent measurement

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**7 INVENTORIES**

**Current**

Fuel and materials

	2018	2017
	\$	\$
	30,286	52,664
	<u>30,286</u>	<u>52,664</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**8 PROPERTY, PLANT AND EQUIPMENT**

(a) Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	1,513,450	1,513,450
	<u>1,513,450</u>	<u>1,513,450</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	695,000	695,000
	<u>695,000</u>	<u>695,000</u>
Total land	2,208,450	2,208,450
Buildings - non-specialised at:		
- Independent valuation 2017 - level 3	8,472,787	8,424,926
Less: accumulated depreciation	(212,429)	0
	<u>8,260,358</u>	<u>8,424,926</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	12,538,212	12,526,223
Less: accumulated depreciation	(315,266)	0
	<u>12,222,946</u>	<u>12,526,223</u>
Total buildings	20,483,304	20,951,149
Total land and buildings	22,691,754	23,159,599
Furniture and equipment at:		
- Management valuation 2016 - level 3	49,969	38,268
Less: accumulated depreciation	(13,083)	(5,137)
	<u>36,886</u>	<u>33,131</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	3,396,760	3,281,143
Less: accumulated depreciation	(405,721)	(197,248)
	<u>2,991,039</u>	<u>3,083,895</u>
<b>Total property, plant and equipment</b>	<u>25,719,679</u>	<u>26,276,625</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**8 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	1,936,832	1,406,625	3,343,457	8,754,289	12,044,542	20,798,831	24,142,288	31,771	3,009,535	27,183,594	
Additions	0	0	0	118,301	65,801	184,102	184,102	6,497	375,654	566,253	
(Disposals)	(18,030)	0	(18,030)	(82,557)	0	(82,557)	(100,587)	0	(103,048)	(203,635)	
Revaluation increments/ (decrements) transferred to revaluation surplus	(405,352)	0	(405,352)	114,182	411,043	525,225	119,873	0	0	119,873	
Revaluation (loss)/ reversals transferred to profit or loss	0	(711,625)	(711,625)	0	0	0	(711,625)	0	0	(711,625)	
Depreciation (expense)	0	0	0	(161,416)	(285,533)	(446,949)	(446,949)	(5,137)	(198,246)	(650,332)	
Transfers	0	0	0	(317,873)	290,370	(27,503)	(27,503)	0	0	(27,503)	
<b>Carrying amount at 30 June 2017</b>	1,513,450	695,000	2,208,450	8,424,926	12,526,223	20,951,149	23,159,599	33,131	3,083,895	26,276,625	
Additions	0	0	0	47,861	11,989	59,850	59,850	11,701	339,134	410,685	
(Disposals)	0	0	0	0	0	0	0	0	0	0	
Depreciation (expense)	0	0	0	(212,429)	(315,266)	(527,695)	(527,695)	(7,946)	(199,215)	(734,856)	
<b>Carrying amount at 30 June 2018</b>	1,513,450	695,000	2,208,450	8,260,358	12,222,946	20,483,304	22,691,754	36,886	2,991,039	25,719,679	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**8 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 land	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Using market value
Land - vested in and under the control of Council	3	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Using market value
Buildings - non-specialised	3	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Using market value
Buildings - specialised	3	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Using market value
<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 estimates

**Plant and equipment**

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9 INFRASTRUCTURE

	2018	2017
	\$	\$
(a) Infrastructure - Roads		
- Independent valuation 2015 - level 3	0	152,685,550
- Independent valuation 2018 - level 3	169,608,337	0
Less: accumulated depreciation	0	(2,151,051)
	<u>169,608,337</u>	<u>150,534,499</u>
 Infrastructure - Footpaths		
- Independent valuation 2015 - level 3	0	1,940,718
- Independent valuation 2018 - level 3	2,035,810	0
Less: accumulated depreciation	0	(78,095)
	<u>2,035,810</u>	<u>1,862,623</u>
 Infrastructure - Drainage		
- Independent valuation 2015 - level 3	0	19,598,105
- Independent valuation 2018 - level 3	34,657,982	0
Less: accumulated depreciation	0	(1,070,547)
	<u>34,657,982</u>	<u>18,527,558</u>
 Infrastructure - Parks & Ovals		
- Independent valuation 2015 - level 3	0	2,585,153
- Independent valuation 2018 - level 3	5,087,104	0
Less: accumulated depreciation	0	(232,462)
	<u>5,087,104</u>	<u>2,352,691</u>
 Infrastructure - Other		
- Independent valuation 2015 - level 3	0	906,912
- Independent valuation 2018 - level 3	1,265,163	0
Less: accumulated depreciation	0	(129,311)
	<u>1,265,163</u>	<u>777,601</u>
 Infrastructure - Sewerage		
- Independent valuation 2015 - level 3	0	862,666
- Independent valuation 2018 - level 3	1,529,917	0
Less: accumulated depreciation	0	(45,242)
	<u>1,529,917</u>	<u>817,424</u>
 Infrastructure - Aerodromes		
- Independent valuation 2015 - level 3	0	488,191
- Independent valuation 2018 - level 3	787,546	0
Less: accumulated depreciation	0	(47,992)
	<u>787,546</u>	<u>440,199</u>
 <b>Total infrastructure</b>	<u>214,971,859</u>	<u>175,312,595</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**9 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Infrastructure - Other	Infrastructure - Sewerage	Infrastructure - Aerodromes	Infrastructure - Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	148,776,164	1,587,167	18,821,529	2,348,728	768,660	826,999	455,871	173,585,118
Additions	2,662,365	285,773	0	124,808	1,753	0	8,327	3,083,026
Depreciation (expense)	(904,030)	(10,317)	(293,971)	(120,845)	(20,315)	(9,575)	(23,999)	(1,383,052)
Transfers	0	0	0	0	27,503	0	0	27,503
<b>Carrying amount at 30 June 2017</b>	150,534,499	1,862,623	18,527,558	2,352,691	777,601	817,424	440,199	175,312,595
Additions	2,060,019	150,076	0	1,283,329	125,942	0	0	3,619,366
Revaluation increments/ (decrements) transferred to revaluation surplus	17,687,977	57,456	16,465,551	1,573,309	381,934	729,746	357,110	37,253,083
Depreciation (expense)	(674,158)	(34,345)	(335,127)	(122,225)	(20,314)	(17,253)	(9,763)	(1,213,185)
<b>Carrying amount at 30 June 2018</b>	169,608,337	2,035,810	34,657,982	5,087,104	1,265,163	1,529,917	787,546	214,971,859

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9 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 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Aerodromes	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	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.

## 10 FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

#### 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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, 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.

## 10 FIXED ASSETS (Continued)

### (a) Disposals of Assets

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>								
<b>Community amenities</b>								
Toyota Kluger - JP0014	33,744	22,727	0	(11,017)	34,400	23,000	0	(11,400)
<b>Transport</b>								
Mitsubishi Triton -JP0016	17,399	4,033	0	(13,366)	16,640	5,000	0	(11,640)
Isuzu Truck - JP0015	20,075	19,398	0	(677)	20,720	15,000	0	(5,720)
Isuzu Truck - JP009	60,804	46,716	0	(14,088)	62,210	50,000	0	(12,210)
Toyota Hilux - JP001	43,913	33,873	0	(10,040)	45,390	33,000	0	(12,390)
Mitsubishi Triton - JP0085	21,571	17,170	0	(4,401)	0	0	0	0
Skid Steere Loader	0	0	0	0	53,200	30,000	0	(23,200)
Mitsubishi Triton - JP005	0	0	0	0	26,560	13,100	0	(13,460)
<b>Other property and services</b>								
Toyota Kluger - JP0036	35,270	24,755	0	(10,515)	35,270	24,755	0	(10,515)
	232,776	168,672	0	(64,104)	294,390	193,855	0	(100,535)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	212,429	161,416
Buildings - specialised	315,266	285,533
Furniture and equipment	7,946	5,137
Plant and equipment	199,215	198,246
Infrastructure - Roads	674,158	904,030
Infrastructure - Footpaths	34,345	10,317
Infrastructure - Drainage	335,127	293,971
Infrastructure - Parks & Ovals	122,225	120,845
Infrastructure - Other	20,314	20,315
Infrastructure - Sewerage	17,253	9,575
Infrastructure - Aerodromes	9,763	23,999
	1,948,041	2,033,384

## 10 FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

##### Depreciation rates

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

Buildings	30-50 years
Furniture and equipment	3-6 years
Plant & Equipment	5-15 years
Sealed Roads	
- Formworks	Not depreciated
- Pavement	50 years
- Seal	20-30 years
Unsealed Roads	
- Formworks	Not depreciated
- Pavement	30 years
Footpath	50 years
Drainage	50 years
Sewerage	50 years
Other Infrastructure	10-50 years

##### Depreciation (Continued)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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11 REVALUATION SURPLUS

	2018			2018			2018			2017					
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,153,806	0	0	0	2,153,806	2,559,158	0	0	0	2,559,158	2,559,158	0	(405,352)	(405,352)	2,153,806
Revaluation surplus - Buildings - non-specialised	4,639,478	0	0	0	4,639,478	4,525,296	114,182	0	0	4,639,478	4,525,296	114,182	0	114,182	4,639,478
Revaluation surplus - Buildings - specialised	11,435,529	0	0	0	11,435,529	11,024,486	411,043	0	0	11,435,529	11,024,486	411,043	0	411,043	11,435,529
Revaluation surplus - Furniture and equipment	14,753	0	0	0	14,753	14,753	0	0	0	14,753	14,753	0	0	0	14,753
Revaluation surplus - Plant and equipment	362,434	0	0	0	362,434	362,434	0	0	0	362,434	362,434	0	0	0	362,434
Revaluation surplus - Infrastructure - Roads	110,513,874	17,687,977	0	17,687,977	128,201,851	110,513,874	0	0	0	128,201,851	110,513,874	0	0	0	110,513,874
Revaluation surplus - Infrastructure - Footpaths	800,210	57,456	0	57,456	857,666	800,210	0	0	0	857,666	800,210	0	0	0	800,210
Revaluation surplus - Infrastructure - Drainage	18,979,601	16,465,551	0	16,465,551	35,445,152	18,979,601	0	0	0	35,445,152	18,979,601	0	0	0	18,979,601
Revaluation surplus - Infrastructure - Parks & Ovals	144,300	1,573,309	0	1,573,309	1,717,609	144,300	0	0	0	1,717,609	144,300	0	0	0	144,300
Revaluation surplus - Infrastructure - Other	157,091	381,934	0	381,934	539,025	157,091	0	0	0	539,025	157,091	0	0	0	157,091
Revaluation surplus - Infrastructure - Sewerage	647,109	729,746	0	729,746	1,376,855	647,109	0	0	0	1,376,855	647,109	0	0	0	647,109
Revaluation surplus - Infrastructure - Aerodromes	271,680	357,110	0	357,110	628,790	271,680	0	0	0	628,790	271,680	0	0	0	271,680
	150,119,865	37,253,083	0	37,253,083	187,372,948	149,999,992	525,225	(405,352)	119,873	150,119,865	149,999,992	525,225	(405,352)	119,873	150,119,865

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**12 TRADE AND OTHER PAYABLES**

**Current**

Sundry Creditors  
Accrued interest on long term borrowings  
Accrued salaries and wages  
ATO liabilities  
Accrued Expenses

	<b>2018</b>	<b>2017</b>
	\$	\$
	632,906	222,574
	8,802	10,848
	8,982	4,473
	96,568	87,895
	3,712	3,401
	<b>750,970</b>	<b>329,191</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Trade and other payables (Continued)**

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.

13 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments		Interest Rate
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget	
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Housing</b>									
Loan 259 - Key Personnel Housing	155,404	0	59,233	59,232	96,171	96,172	8,096	9,041	6.42
Loan 261 - Housing Bremer Bay	260,144	0	32,592	32,592	227,552	227,552	10,518	10,840	4.30
<b>Transport</b>									
Loan 260 - Bremer Bay Town Centre	323,943	0	48,664	48,665	275,279	275,278	12,153	12,788	4.10
Loan 262 - Grader	97,076	0	23,450	23,450	73,626	73,626	2,067	2,080	2.28
Loan 263 - Bremer Bay Town Centre	350,000	0	30,300	30,300	319,700	319,700	10,623	10,754	3.14
	<u>1,186,567</u>	<u>0</u>	<u>194,239</u>	<u>194,239</u>	<u>992,328</u>	<u>992,328</u>	<u>43,457</u>	<u>45,503</u>	

Loan 259 is associated with the Police Housing Project - Council received \$79,913 in rent for these properties for the year.

All loans are through the WA Treasury Corporation.

Borrowings

	2018	2017
	\$	\$
Current	203,031	194,239
Non-current	<u>789,297</u>	<u>992,328</u>
	<u>992,328</u>	<u>1,186,567</u>

13 INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

**Credit Standby Arrangements**

Bank overdraft limit  
Bank overdraft at balance date  
Credit card limit  
Credit card balance at balance date  
**Total amount of credit unused**

	2018	2017
	\$	\$
	0	0
	0	0
	15,000	15,000
	0	0
	<u>15,000</u>	<u>15,000</u>

**Loan facilities**

Loan facilities - current  
Loan facilities - non-current  
**Total facilities in use at balance date**

	203,031	194,239
	<u>789,297</u>	<u>992,328</u>
	992,328	1,186,567

**Unused loan facilities at balance date**

NIL                      NIL

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

## 14 PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2017</b>			
Current provisions	182,502	136,700	319,202
Non-current provisions	0	43,811	43,811
	<u>182,502</u>	<u>180,511</u>	<u>363,013</u>
Additional provision	(41,740)	(1,976)	(43,716)
<b>Balance at 30 June 2018</b>	<u>140,762</u>	<u>178,535</u>	<u>319,297</u>
<b>Comprises</b>			
Current	140,762	158,925	299,687
Non-current	0	19,610	19,610
	<u>140,762</u>	<u>178,535</u>	<u>319,297</u>

Assessments indicate that actual settlement of the Annual Leave liabilities is expected to occur as follows:

	\$
Within 12 months of reporting date	81,813
More than 12 months after reporting date	58,949

Assessments indicate that actual settlement of the Long Service Leave liabilities is expected to occur as follows:

	\$
Within 12 months of reporting date	10,268
More than 12 months after reporting date	104,943

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

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

##### Provisions

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

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

## 15 NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	2,227,581	1,665,914	2,426,721

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,858,933	1,037,888	585,727
Non-cash flows in Net result:			
Depreciation	1,948,041	1,732,628	2,033,384
(Profit)/loss on sale of asset	64,104	100,535	(5,383)
Fair value adjustments to fixed assets			
at fair value through profit or loss	0	0	84,826
Loss on revaluation of fixed assets	0	0	711,625
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(415,041)	738,161	(871,934)
(Increase)/decrease in inventories	22,378	0	(20,682)
Increase/(decrease) in payables	421,779	183,851	(215,838)
Increase/(decrease) in provisions	(43,716)	0	25,058
Grants contributions for the development of assets	(1,884,269)	(1,977,104)	(1,104,317)
Net cash from operating activities	1,972,209	1,815,959	1,222,466

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	<u>\$</u>	<u>\$</u>
General purpose funding	504,025	116,585
Law, order, public safety	894,441	1,249,736
Health	97,450	103,750
Education and welfare	1,529,407	1,739,963
Housing	2,587,370	2,607,015
Community amenities	4,370,070	2,737,768
Recreation and culture	16,971,663	15,861,128
Transport	208,988,922	172,760,150
Economic services	2,190,213	2,007,095
Other property and services	3,864,986	3,738,951
Unallocated	2,442,894	2,223,459
	<u>244,441,441</u>	<u>205,145,600</u>

## 17 LEASING COMMITMENTS

### (a) Operating Lease Commitments

Non-cancellable operating leases contracted for but

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

	2018	2017
	\$	\$
	5,072	5,072
	2,536	7,608
	0	0
	7,608	12,680

### SIGNIFICANT ACCOUNTING POLICIES

#### 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 of 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.

#### Leases (Continued)

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 on a straight line basis over the lease term.

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

## 18 JOINT ARRANGEMENTS

### Retirement Units

The Shire together with the Department of Housing have a joint arrangement with regard to the provision of six retirement units at Lot 158 Derrick Street, Jerramungup and six retirement units in Roderick Street, Bremer Bay. The only assets are land and housing units of which the Jerramungup Shire owns a percentage share. The assets included in Property, Plant and Equipment are as follows:

	2018	2017
	\$	\$
<b>Non-current assets</b>		
Land and buildings	1,446,000	1,446,000
Less: accumulated depreciation	(27,661)	0
	1,418,339	1,446,000

### Waste Facilities

The Shire of Jerramungup together with the Shire of Ravensthorpe, have entered into a joint operation with regards to a regional waste management facility located on Reserve 7380, Moir Road Ravensthorpe. The agreement between both Shires govern the operation of the waste facility, covering operating and capital costs, responsibilities of the two Shires, setting of fees and charges, record keeping etc. The building of the regional waste facility was fully funded and recognised in the financials of the Shire of Ravensthorpe, and they are responsible for the day to day management of the facility. Key operating decisions in relations to the operating costs and future capital costs of the facility are to be agreed by both Shires.

The regional waste facility commenced its operation in February 2018. The Shire of Jerramungup's share of annual operating cost is determined by its percentage of total waste tonnage (measured in cubic metres) delivered to the Facility by both Parties in the preceding financial year. This is estimated to be 25%.

The Shire of Jerramungup's share of the operating cost as at 30 June 2018 is \$24,920.

### SIGNIFICANT ACCOUNTING POLICIES

#### 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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

#### Interests in joint arrangements (Continued)

Joint 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.

## 19 RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	55,417	63,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	152	1,500	1,294
Telecommunications allowance	6,917	7,000	7,000
	<u>77,486</u>	<u>86,500</u>	<u>79,294</u>

### Key Management Personnel (KMP) Compensation Disclosure

(the amount disclosed below are in addition to elected members remuneration)

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	683,633	612,315
Post-employment benefits	58,736	50,776
Other long-term benefits	14,613	12,398
Termination benefits	17,252	0
	<u>774,234</u>	<u>675,489</u>

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

#### Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

#### Transactions with related parties

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

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

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	0	0
Purchase of goods and services	2,500	17,040

#### Related Parties

The Shire's main related parties are as follows:

i. *Key management personnel*

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**20 CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/16	2016/17	2016/17	Balance <sup>(1)</sup> 30/06/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
Bushfire Risk Planning	89,996	64,013	(149,406)	4,603	0	(4,603)	0
Pt Henry Emergency Water Supply	0	0	0	0	46,282	(46,282)	0
MAF 17/18	0	0	0	0	55,600	(55,600)	0
<b>Community amenities</b>							
Upgrade Transfer Station	12,283	0	(12,283)	0	0	0	0
<b>Recreation and culture</b>							
Kidsport	3,755	0	(2,236)	1,519	0	(1,519)	0
BB Skate park and Paperbarks playground	0	0	0	0	509,618	(509,618)	0
Marina Boat Ramp design	0	0	0	0	26,040	(26,040)	0
Coastal Management Plan	0	0	0	0	20,000	(20,000)	0
Campsite Development	11,043	0	(11,043)	0	0	0	0
<b>Transport</b>							
BB Town Centre and Trail Project	1,696,383	22,832	(652,026)	1,067,189	0	(704,349)	362,840
Walk Trail BB (GSDC)	0	45,000	0	45,000	20,000	(65,000)	0
Walk Trail BB (Lotterywest)	0	0	0	0	84,000	(84,000)	0
<b>Total</b>	<b>1,813,460</b>	<b>131,845</b>	<b>(826,994)</b>	<b>1,118,311</b>	<b>761,540</b>	<b>(1,517,011)</b>	<b>362,840</b>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

21 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
Residential	0.11485	560	6,471,144	743,211	3,178	107	746,496	738,668	0	738,668
<b>Unimproved valuations</b>										
Rural	0.01087	324	204,626,500	2,224,290	(1,827)	0	2,222,463	2,224,290	(451)	2,223,839
<b>Sub-Total</b>		884	211,097,644	2,967,501	1,351	107	2,968,959	2,962,958	(451)	2,962,507
<b>Minimum payment</b>										
	\$									
<b>Gross rental valuations</b>										
Residential	785	286	1,366,704	224,510	0	(1,568)	222,942	228,435	0	228,435
<b>Unimproved valuations</b>										
Rural	785	35	1,158,000	27,475	0	0	27,475	31,400	0	31,400
Mining		5	32,870	3,925	(1,447)	(86)	2,392	0	0	0
<b>Sub-Total</b>		326	2,557,574	255,910	(1,447)	(1,654)	252,809	259,835	0	259,835
<b>Small interest write-offs</b>										
Total amount raised from general rate		1,210	213,655,218	3,223,411	(96)	(1,547)	3,221,768	3,222,793	(451)	3,222,342
Ex-gratia rates							(370)			(150)
<b>Totals</b>							3,221,398			3,222,192
							47,976			0
							3,269,374			3,222,192

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

21 RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Small interest write-offs			370		150 on small balances under the CEO's delegated authority

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates Interest
		Admin Charge \$	Interest Rate %	Rate %
<b>Option One</b>				
Single full payment	27.9.2017	0	0.00%	11.00%
<b>Option Two</b>				
First instalment	27.9.2017	0	0.00%	11.00%
Second instalment	31.1.2018	8	5.50%	11.00%
<b>Option Three</b>				
First instalment	27.9.2017	0	0.00%	11.00%
Second instalment	29.11.2017	8	5.50%	11.00%
Third instalment	31.1.2018	8	5.50%	11.00%
Fourth instalment	04.04.2018	8	5.50%	11.00%

	2018 \$	2018 Budget \$
Interest on unpaid rates	11,449	12,400
Interest on instalment plan	16,718	16,000
Charges on instalment plan	6,552	6,700
	<u>34,719</u>	<u>35,100</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 22 NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	1,485,320	1,804,095	1,804,095
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	382,748	(83,066)	(83,066)
Restricted	1,844,833	2,509,787	2,509,787
Receivables			
Rates Outstanding	60,097	116,585	116,585
Sundry Debtors	1,297,844	795,895	795,895
GST receivable	86,963	114,436	114,436
Accrued Income	732	3,679	3,679
Inventories			
Fuel and materials	30,286	52,664	52,664
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry Creditors	(632,906)	(222,574)	(222,574)
Accrued interest on long term borrowings	(8,802)	(10,848)	(10,848)
Accrued salaries and wages	(8,982)	(4,473)	(4,473)
ATO liabilities	(96,568)	(87,895)	(87,895)
Accrued Expenses	(3,712)	(3,401)	(3,401)
Current portion of long term borrowings	(203,031)	(194,239)	(194,239)
<b>Unadjusted net current assets</b>	2,749,502	2,986,550	2,986,550
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,467,213)	(1,376,694)	(1,376,694)
Add: Current portion of long term borrowings	203,031	194,239	194,239
<b>Adjusted net current assets - surplus/(deficit)</b>	1,485,320	1,804,095	1,804,095

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

## 23 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,227,581	2,426,721	2,227,581	2,426,721
Investments	0	0	46,400	46,400
Receivables	1,445,636	1,030,595	1,445,636	1,030,595
	<u>3,673,217</u>	<u>3,457,316</u>	<u>3,719,617</u>	<u>3,503,716</u>
<b>Financial liabilities</b>				
Payables	750,970	329,191	750,970	329,191
Borrowings	992,328	1,186,567	860,858	1,022,061
	<u>1,743,298</u>	<u>1,515,758</u>	<u>1,611,828</u>	<u>1,351,252</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.

## 23 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 whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio.

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 is 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.

	2018	2017
	\$	\$
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	4,640	4,640
- Statement of Comprehensive Income	4,640	4,640
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	22,276	24,267
- Statement of Comprehensive Income	22,276	24,267

*Notes:*

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

## 23 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	93.48%	38.00%
- Overdue	6.52%	62.00%
Percentage of other receivables		
- Current	97.92%	99.50%
- Overdue	2.08%	0.50%

## 23 FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	750,970	0	0	750,970	750,970
Borrowings	239,742	668,949	207,648	1,116,339	992,328
	990,712	668,949	207,648	1,867,309	1,743,298
<b>2017</b>					
Payables	329,191	0	0	329,191	329,191
Borrowings	240,528	765,120	354,257	1,359,905	1,186,567
	569,719	765,120	354,257	1,689,096	1,515,758

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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	96,171	73,626	0	275,279	547,252	992,328	3.92%
Weighted average Effective interest rate	0.00%	6.42%	2.28%	0.00%	4.10%	3.62%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	0	155,403	97,076	0	934,088	1,186,567	4.02%
Weighted average Effective interest rate	0.00%	0.00%	6.42%	2.28%	0.00%	3.80%		

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 24 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Key bonds	570	80	0	650
Building bonds	22,000	12,000	10,000	24,000
Housing bonds	640	2,120	2,320	440
Subdivision bonds	57,368	490	2,200	55,658
Other bonds	1,170	560	480	1,250
CLGF Regional Grant funding	3,038,646	47,113	273,758	2,812,001
BB Community fundraising funds	20,813	377	21,190	0
	<u>3,141,207</u>			<u>2,893,998</u>

The Shire was the administrator for a Waste Management Alliance involving five Shires. The grant funds received from CLGF were held in the Trust bank account and any payments paid out of trust. The BB Community funds were local fundraising funds that the Shire held until the Skate park was built.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

**25 NEW STANDARDS**

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 (1)	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 2019	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 on 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 into the 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 when 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.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**25 NEW STANDARDS (continued)**

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

**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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- |      |   |                |
|------|---|----------------|
| (i)  | AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) | AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities  | 1 January 2017 |

## 26 OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### i) Impairment of assets

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**27 ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services 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.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer an environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Food quality and pest control, maintenance and contribution to health services and facilities.
<b>EDUCATION AND WELFARE</b>	To meet the needs of the community in these areas.	Operation and provision of retirement units in Jerramungup and Bremer Bay, pre-school facility, childcare centres and local primary and high schools and other voluntary services.
<b>HOUSING</b>	Help ensure adequate housing for key community personnel such as police.	Maintenance of staff and rental housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	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.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	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.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	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.
<b>ECONOMIC SERVICES</b>	To help promote the Shire and its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control and water supply, including stand pipes.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control Shire's overheads and operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

28 FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.56	1.24	0.56
Asset consumption ratio	0.88	0.74	0.98
Asset renewal funding ratio	2.10	2.52	0.73
Asset sustainability ratio	1.06	1.07	1.05
Debt service cover ratio	8.27	7.85	6.12
Operating surplus ratio	(0.01)	(0.12)	(0.55)
Own source revenue coverage ratio	0.47	0.52	0.51

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
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:**

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	669,435	646,770	0
Amount of Financial Assistance Grant received in prior year relating to current year.	646,770	0	611,413
Amount of reimbursement for flood damage received	2,866,880	1,223,070	0
Expenditure on flood damage re-instatement	2,745,082	1,466,403	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.54	0.44	1.20
Debt service cover ratio	8.18	4.59	9.69
Operating surplus ratio	(0.01)	(0.28)	(0.40)
Own source revenue coverage ratio	0.70	0.62	N/A



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Jerramungup

Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Jerramungup which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Jerramungup:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

#### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSC) standard for the past three years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 28 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Jerramungup for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

  
SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
// February 2019

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