

**SHIRE OF JERRAMUNGUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	41

The Shire of Jerramungup conducts the operations of a local government with the following community vision:

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

Principal place of business:  
8 Vasey Street  
Jerramungup WA 6337

**SHIRE OF JERRAMUNGUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**STATEMENT BY CEO**

The accompanying financial report of the Shire of Jerramungup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the

4th day of

December 2023



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Chief Executive Officer

Martin Cuthbert

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Name of Chief Executive Officer



**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),24	3,693,547	3,684,456	3,515,613
Grants, subsidies and contributions	2(a)	3,080,074	1,835,585	2,395,438
Fees and charges	2(a)	936,969	823,057	831,360
Interest revenue	2(a)	88,928	28,158	27,906
Other revenue	2(a)	699,756	317,126	443,364
		8,499,274	6,688,382	7,213,681
<b>Expenses</b>				
Employee costs	2(b)	(1,860,795)	(2,363,553)	(1,962,115)
Materials and contracts		(2,724,862)	(3,979,764)	(2,337,754)
Utility charges		(221,213)	(211,815)	(199,003)
Depreciation		(2,431,123)	(2,233,887)	(2,130,749)
Finance costs	2(b)	(57,603)	(20,344)	(21,962)
Insurance		(290,051)	(308,836)	(263,645)
Other expenditure	2(b)	(508,073)	(385,087)	(369,370)
		(8,093,720)	(9,503,286)	(7,284,598)
		405,554	(2,814,904)	(70,917)
Capital grants, subsidies and contributions	2(a)	3,170,511	2,614,943	4,302,456
Profit on asset disposals		35,526	33,360	7,711
Loss on asset disposals		(37,561)	(7,225)	0
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	0	2,998
		3,171,240	2,641,078	4,313,165
<b>Net result for the period</b>		<b>3,576,794</b>	<b>(173,826)</b>	<b>4,242,248</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	(48,815,438)	0	1,535,133
<b>Total other comprehensive income for the period</b>	16	<b>(48,815,438)</b>	<b>0</b>	<b>1,535,133</b>
<b>Total comprehensive income for the period</b>		<b>(45,238,644)</b>	<b>(173,826)</b>	<b>5,777,381</b>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,357,240	3,488,896
Trade and other receivables	5	715,505	668,545
Inventories	6	36,995	32,315
<b>TOTAL CURRENT ASSETS</b>		<b>6,109,740</b>	<b>4,189,756</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4(b)	61,117	58,353
Property, plant and equipment	7	26,265,321	26,159,064
Infrastructure	8	178,169,544	224,479,039
Right-of-use assets	10(a)	15,377	15,912
<b>TOTAL NON-CURRENT ASSETS</b>		<b>204,511,359</b>	<b>250,712,368</b>
<b>TOTAL ASSETS</b>		<b>210,621,099</b>	<b>254,902,124</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	661,605	507,517
Other liabilities	12	90,516	326,216
Lease liabilities	10(b)	4,023	15,100
Borrowings	13	183,351	183,273
Employee related provisions	14	469,566	451,042
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,409,061</b>	<b>1,483,148</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10(b)	11,432	1,272
Borrowings	13	807,944	553,794
Employee related provisions	14	47,718	45,988
Other provisions	15	999,608	233,942
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,866,702</b>	<b>834,996</b>
<b>TOTAL LIABILITIES</b>		<b>3,275,763</b>	<b>2,318,144</b>
<b>NET ASSETS</b>		<b>207,345,336</b>	<b>252,583,980</b>
<b>EQUITY</b>			
Retained surplus		67,074,536	63,973,625
Reserve accounts	27	2,134,117	1,658,234
Revaluation surplus	16	138,136,683	186,952,121
<b>TOTAL EQUITY</b>		<b>207,345,336</b>	<b>252,583,980</b>

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



**SHIRE OF JERRAMUNGUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>59,729,775</b>	<b>1,659,836</b>	<b>185,416,988</b>	<b>246,806,599</b>
Comprehensive income for the period					
Net result for the period		4,242,248	0	0	4,242,248
Other comprehensive income for the period	16	0	0	1,535,133	1,535,133
Total comprehensive income for the period		4,242,248	0	1,535,133	5,777,381
Transfers from reserve accounts	27	251,648	(251,648)	0	0
Transfers to reserve accounts	27	(250,046)	250,046	0	0
<b>Balance as at 30 June 2022</b>		<b>63,973,625</b>	<b>1,658,234</b>	<b>186,952,121</b>	<b>252,583,980</b>
Comprehensive income for the period					
Net result for the period		3,576,794	0	0	3,576,794
Other comprehensive income for the period	16	0	0	(48,815,438)	(48,815,438)
Total comprehensive income for the period		3,576,794	0	(48,815,438)	(45,238,644)
Transfers from reserve accounts	27	16,271	(16,271)	0	0
Transfers to reserve accounts	27	(492,154)	492,154	0	0
<b>Balance as at 30 June 2023</b>		<b>67,074,536</b>	<b>2,134,117</b>	<b>138,136,683</b>	<b>207,345,336</b>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

<b>NOTE</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Rates	3,701,306	3,509,811
Grants, subsidies and contributions	2,726,902	2,680,976
Fees and charges	936,969	834,484
Interest revenue	88,928	27,906
Goods and services tax received	513,569	697,876
Other revenue	388,769	443,364
	<b>8,356,443</b>	<b>8,194,417</b>
<b>Payments</b>		
Employee costs	(1,859,499)	(1,873,347)
Materials and contracts	(2,548,508)	(2,375,927)
Utility charges	(221,213)	(199,003)
Finance costs	(26,564)	(21,962)
Insurance paid	(290,051)	(263,645)
Goods and services tax paid	(446,351)	(758,718)
Other expenditure	(197,242)	(367,573)
	<b>(5,589,428)</b>	<b>(5,860,175)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>2,767,015</b>	<b>2,334,242</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant & equipment	7(a) (1,521,682)	(85,183)
Payments for construction of infrastructure	8(a) (4,681,917)	(6,658,545)
Capital grants, subsidies and contributions	4,676,852	2,995,229
Proceeds from sale of property, plant & equipment	382,670	29,574
<b>Net cash provided by (used in) investing activities</b>	<b>(1,144,077)</b>	<b>(3,718,925)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	26(a) (183,272)	(177,355)
Payments for principal portion of lease liabilities	26(c) (8,822)	(14,789)
Proceeds from new borrowings	26(a) 437,500	0
<b>Net cash provided by (used In) financing activities</b>	<b>245,406</b>	<b>(192,144)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,868,344</b>	<b>(1,576,827)</b>
Cash at beginning of year	3,488,896	5,065,723
<b>Cash and cash equivalents at the end of the year</b>	<b>3 5,357,240</b>	<b>3,488,896</b>

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	24	3,636,490	3,627,399	3,462,141
Rates excluding general rates	24	57,057	57,057	53,472
Grants, subsidies and contributions		3,080,074	1,835,585	2,395,438
Fees and charges		936,969	823,057	831,360
Interest revenue		88,928	28,158	27,906
Other revenue		699,756	317,126	443,364
Profit on asset disposals		35,526	33,360	7,711
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	0	2,998
		<b>8,537,564</b>	<b>6,721,742</b>	<b>7,224,390</b>
<b>Expenditure from operating activities</b>				
Employee costs		(1,860,795)	(2,363,553)	(1,962,115)
Materials and contracts		(2,724,862)	(3,979,764)	(2,337,754)
Utility charges		(221,213)	(211,815)	(199,003)
Depreciation		(2,431,123)	(2,233,887)	(2,130,749)
Finance costs		(57,603)	(20,344)	(21,962)
Insurance		(290,051)	(308,836)	(263,645)
Other expenditure		(508,073)	(385,087)	(369,370)
Loss on asset disposals		(37,561)	(7,225)	0
		<b>(8,131,281)</b>	<b>(9,510,511)</b>	<b>(7,284,598)</b>
Non-cash amounts excluded from operating activities	25(a)	3,204,297	2,207,752	2,343,627
<b>Amount attributable to operating activities</b>		<b>3,610,580</b>	<b>(581,017)</b>	<b>2,283,419</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		3,170,511	2,614,943	4,302,456
Proceeds from disposal of assets		382,670	394,400	29,574
		<b>3,553,181</b>	<b>3,009,343</b>	<b>4,332,030</b>
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	7(a)	(1,521,682)	(1,021,941)	(85,183)
Purchase and construction of infrastructure	8(a)	(3,897,750)	(3,236,821)	(6,658,545)
		<b>(5,419,432)</b>	<b>(4,258,762)</b>	<b>(6,743,728)</b>
<b>Amount attributable to investing activities</b>		<b>(1,866,251)</b>	<b>(1,249,419)</b>	<b>(2,411,698)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	26(a)	437,500	437,500	0
Transfers from reserve accounts	27	16,271	275,894	251,648
		<b>453,771</b>	<b>713,394</b>	<b>251,648</b>
<b>Outflows from financing activities</b>				
Repayment of borrowings	26(a)	(183,272)	(223,271)	(177,355)
Payments for principal portion of lease liabilities	26(c)	(8,822)	(14,789)	(14,789)
Transfers to reserve accounts	27	(492,154)	(297,828)	(250,046)
		<b>(684,248)</b>	<b>(535,888)</b>	<b>(442,190)</b>
<b>Amount attributable to financing activities</b>		<b>(230,477)</b>	<b>177,506</b>	<b>(190,542)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	25(b)	1,312,925	1,652,930	1,631,746
Amount attributable to operating activities		3,610,580	(581,017)	2,283,419
Amount attributable to investing activities		(1,866,251)	(1,249,419)	(2,411,698)
Amount attributable to financing activities		(230,477)	177,506	(190,542)
<b>Surplus or deficit after imposition of general rates</b>	25(b)	<b>2,826,777</b>	<b>0</b>	<b>1,312,925</b>

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

**SHIRE OF JERRAMUNGUP  
FOR THE YEAR ENDED 30 JUNE 2023  
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Property, Plant and Equipment	15
Note 8	Infrastructure	17
Note 9	Fixed Assets	19
Note 10	Leases	21
Note 11	Trade and Other Payables	23
Note 12	Other Liabilities	24
Note 13	Borrowings	25
Note 14	Employee Related Provisions	26
Note 15	Other Provisions	27
Note 16	Revaluation Surplus	28
Note 17	Restrictions Over Financial Assets	29
Note 18	Undrawn Borrowing Facilities and Credit Standby Arrangements	29
Note 19	Contingent Liabilities	30
Note 20	Capital Commitments	30
Note 21	Related Party Transactions	31
Note 22	Joint Arrangements	33
Note 23	Other Significant Accounting Policies	34
<b>Information required by legislation</b>		
Note 24	Rating Information	35
Note 25	Determination of Surplus or Deficit	36
Note 26	Borrowing and Lease Liabilities	37
Note 27	Reserve accounts	39



# SHIRE OF JERRAMUNGUP

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

### 1. BASIS OF PREPARATION

The financial report of Shire of Jerramungup which is Class 4 comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

#### Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

#### The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements.

#### Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

#### Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

#### New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates  
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - pool entry, property hire, cemetery, camping, water and rent	Permission to use facilities and services	Single point in time	Monthly in arrears	None	At point of sale or service
Fees and charges - sale of stock	Gravel, mulch and scrap metal	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

**Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

**For the year ended 30 June 2023**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	3,636,490	57,057	3,693,547
Grants, subsidies and contributions	716,807	0	0	2,363,267	3,080,074
Fees and charges	841,168	0	80,048	15,753	936,969
Interest revenue	0	0	26,301	62,627	88,928
Other revenue	639,612	0	0	60,144	699,756
Capital grants, subsidies and contributions	0	3,170,511	0	0	3,170,511
<b>Total</b>	<b>2,197,587</b>	<b>3,170,511</b>	<b>3,742,839</b>	<b>2,558,848</b>	<b>11,669,785</b>

**For the year ended 30 June 2022**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	3,462,141	53,472	3,515,613
Grants, subsidies and contributions	344,283	0	0	2,051,155	2,395,438
Fees and charges	751,614	0	62,897	16,849	831,360
Interest revenue	0	0	23,048	4,858	27,906
Other revenue	401,776	0	0	41,588	443,364
Capital grants, subsidies and contributions	0	4,302,456	0	0	4,302,456
<b>Total</b>	<b>1,497,673</b>	<b>4,302,456</b>	<b>3,548,086</b>	<b>2,167,922</b>	<b>11,516,137</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

**Interest revenue**

Interest on reserve account funds	46,530	2,614
Rates instalment and penalty interest	26,301	23,048
Other interest revenue	16,097	2,244
	<u>88,928</u>	<u>27,906</u>

The 2023 original budget estimate in relation to:  
Rates instalment and penalty interest was \$23,000.

**Fees and charges relating to rates receivable**

Charges on instalment plan	4,584	4,408
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The 2023 original budget estimate in relation to:  
Charges on instalment plan was \$6,000.

**Other Revenue**

Waste alliance grant (funds paid to other Shires)	310,987	166,872
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**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	33,100	30,600
- Other services – grant acquittals	6,500	8,250
	<u>39,600</u>	<u>38,850</u>

**Employee Costs**

Employee benefit costs	1,636,215	1,723,329
Other employee costs	224,580	238,786
	<u>1,860,795</u>	<u>1,962,115</u>

**Finance costs**

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	19,157	21,962
Provisions: unwinding of discount	38,446	0
	<u>57,603</u>	<u>21,962</u>

**Other expenditure**

Impairment losses on rates and statutory receivables	0	1,327
Impairment losses on trade receivables	0	1,797
Waste alliance grant (payment to other Shires)	310,987	166,872
Sundry expenses	197,086	199,374
	<u>508,073</u>	<u>369,370</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

Note	2023	2022
	\$	\$
Cash at bank and on hand	5,357,240	3,488,896
<b>Total cash and cash equivalents</b>	<b>5,357,240</b>	<b>3,488,896</b>
Held as		
- Unrestricted cash and cash equivalents	3,175,175	1,795,194
- Restricted cash and cash equivalents	2,182,065	1,693,702
17	<u>5,357,240</u>	<u>3,488,896</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

**Restricted financial assets**

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

**4. OTHER FINANCIAL ASSETS**

**(b) Non-current assets**

Financial assets at fair value through profit or loss

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

Units in Local Government House Trust - opening balance

Financial assets at fair value through profit and loss

Units in Local Government House Trust - closing balance

2023	2022
\$	\$
61,117	58,353
<u>61,117</u>	<u>58,353</u>
58,353	55,355
2,764	2,998
<u>61,117</u>	<u>58,353</u>

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**5. TRADE AND OTHER RECEIVABLES**

	2023	2022
	\$	\$
<b>Current</b>		
Rates and statutory receivables	88,944	104,689
Trade receivables	305,581	451,324
GST receivable	49,733	116,951
Allowance for credit losses of rates and statutory receivables	(1,327)	(1,327)
Allowance for credit losses of trade receivables	(3,259)	(3,259)
Accrued income	275,833	167
	715,505	668,545

**Disclosure of opening and closing balances related to contracts with customers**

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	297,853	446,774	967,964
Allowance for credit losses of trade receivables	(3,259)	(3,259)	(1,462)
Total trade and other receivables from contracts with customers	294,594	443,515	966,502

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

**Other receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**6. INVENTORIES**

	<b>2023</b>	<b>2022</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Fuel and materials	36,995	32,315
	<u>36,995</u>	<u>32,315</u>
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	32,315	14,666
Inventories expensed during the year	(251,879)	(254,550)
Additions to inventory	256,559	272,199
<b>Balance at end of year</b>	<u>36,995</u>	<u>32,315</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.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
<b>Balance at 1 July 2021</b>	737,213	9,821,722	11,833,529	22,392,464	39,521	3,046,618	25,478,603
Additions	0	11,053	24,300	35,353	0	49,830	85,183
Disposals	0	0	0	0	0	(21,863)	(21,863)
Revaluation increments / (decrements) transferred to revaluation surplus	(94,213)	96,280	1,533,066	1,535,133	0	0	1,535,133
Depreciation	0	(264,653)	(372,113)	(636,766)	(4,019)	(277,207)	(917,992)
<b>Balance at 30 June 2022</b>	643,000	9,664,402	13,018,782	23,326,184	35,502	2,797,378	26,159,064
<b>Comprises:</b>							
Gross balance amount at 30 June 2022	643,000	9,664,402	13,018,782	23,326,184	44,195	3,644,458	27,014,837
Accumulated depreciation at 30 June 2022	0	0	0	0	(8,693)	(847,080)	(855,773)
<b>Balance at 30 June 2022</b>	643,000	9,664,402	13,018,782	23,326,184	35,502	2,797,378	26,159,064
Additions	0	32,338	14,294	46,632	0	1,475,050	1,521,682
Disposals	0	0	0	0	0	(384,892)	(384,892)
Depreciation		(295,871)	(423,382)	(719,253)	(4,018)	(307,262)	(1,030,533)
<b>Balance at 30 June 2023</b>	643,000	9,400,869	12,609,694	22,653,563	31,484	3,580,274	26,265,321
<b>Comprises:</b>							
Gross balance amount at 30 June 2023	643,000	9,696,740	13,033,076	23,372,816	44,195	4,542,547	27,959,558
Accumulated depreciation at 30 June 2023	0	(295,871)	(423,382)	(719,253)	(12,711)	(962,273)	(1,694,237)
<b>Balance at 30 June 2023</b>	643,000	9,400,869	12,609,694	22,653,563	31,484	3,580,274	26,265,321

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent valuation	June 2022	Using market value
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent valuation	June 2022	Using market value
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2022	Using cost value
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.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>	2	Cost	Cost	June 2019	Cost
<b>Plant and equipment</b>	2	Cost	Cost	June 2019	Cost



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Other infrastructure - Footpaths	Other infrastructure - Parks and ovals	Other infrastructure - Drainage	Other infrastructure - Sewerage	Other infrastructure - Aerodromes	Other infrastructure - Other	Landfill - Asset	Leasenoia Improvements - Jerramungup swimming pool	Pool - Decommission costs	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	173,740,790	2,018,251	5,233,407	33,638,699	1,450,974	718,818	2,217,646	0	0	0	219,018,585
Additions	1,507,600	0	104,549	0	0	0	1,300,751	216,126	3,529,519	0	6,658,545
Depreciation	(575,279)	(37,100)	(129,857)	(339,827)	(26,315)	(22,909)	(37,987)	(28,817)	0	0	(1,198,091)
Transfers	0	0	0	0	0	0	(701,025)	0	701,025	0	0
<b>Balance at 30 June 2022</b>	174,673,111	1,981,151	5,208,099	33,298,872	1,424,659	695,909	2,779,385	187,309	4,230,544	0	224,479,039
<b>Comprises:</b>											
Gross balance at 30 June 2022	177,050,413	2,129,552	5,712,576	34,657,982	1,529,918	787,546	2,901,731	216,126	4,230,544	0	229,216,388
Accumulated depreciation at 30 June 2022	(2,377,302)	(148,401)	(504,477)	(1,359,110)	(105,259)	(91,637)	(122,346)	(28,817)	0	0	(4,737,349)
<b>Balance at 30 June 2022</b>	174,673,111	1,981,151	5,208,099	33,298,872	1,424,659	695,909	2,779,385	187,309	4,230,544	0	224,479,039
Additions	1,614,332	0	0	8,427	0	0	1,311,764	127,795	236,008	599,424	3,897,750
Revaluation increments / (decrements) transferred to revaluation surplus	(67,239,653)	(453,160)	(680,401)	20,636,103	(877,765)	155,501	(526,717)	0	170,654	0	(48,815,438)
Depreciation	(575,278)	(37,101)	(132,098)	(339,827)	(26,314)	(22,910)	(79,732)	(13,227)	(145,339)	(19,981)	(1,391,807)
<b>Balance at 30 June 2023</b>	108,472,512	1,490,890	4,395,600	53,603,575	520,580	828,500	3,484,700	301,877	4,491,867	579,443	178,169,544
<b>Comprises:</b>											
Gross balance at 30 June 2023	108,472,512	1,490,890	4,395,600	53,603,575	520,580	828,500	3,484,700	343,921	4,491,867	599,424	178,231,569
Accumulated depreciation at 30 June 2023	0	0	0	0	0	0	0	(42,044)	0	(19,981)	(62,025)
<b>Balance at 30 June 2023</b>	108,472,512	1,490,890	4,395,600	53,603,575	520,580	828,500	3,484,700	301,877	4,491,867	579,443	178,169,544

The 30 June 2023 valuation decrement to infrastructure assets, apart from drainage, is largely due to applying unit rates that are more relevant to the Shire based on new and current information than previously applied in the prior valuation performed for the year ended 30 June 2018.

SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Parks and ovals	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Sewerage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Aerodromes	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Landfill - Asset	3	Cost approach	Valuation of landfill - asset is performed as and when adjustments are made to the provision account	June 2023	Construction costs.
Leasehold Improvements - Jerramungup swimming pool	3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
Pool - Decommission costs	3	Cost approach	Management Valuation	June 2023	Construction costs.

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**9. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings - non-specialised	15 to 75 years
Buildings - specialised	15 to 75 years
Furniture and equipment	3 to 20 years
Plant and equipment	2 to 25 years
Infrastructure - Roads	15 to 120 years
Infrastructure - Roads(formation)	not depreciated
Other infrastructure - Footpaths	30 to 80 years
Other infrastructure - Parks and ovals	5 to 50 years
Other infrastructure - Drainage	20 to 80 years
Other infrastructure - Sewerage	60 to 70 years
Other infrastructure - Aerodromes	20 to 40 years
Other infrastructure - Other	5 to 70 years
Landfill - Asset	30 years
Leasehold Improvements - Jerramungup swimming pool	30 years
Right of use (furniture and equipment)	Based on the remaining lease

**Revision of useful lives of plant and equipment**

Management reviewed useful lives of plant and equipment and used same depreciation rates from 21/22. Useful lives are based on adopted policies and the Long Term Financial Plan and are adjusted to reflect the current condition of plant.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**9. FIXED ASSETS (Continued)**

**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 any accumulated depreciation and impairment losses.

**Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, 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 revaluation consistent with *Financial Management Regulation 17A(4)*.

**Revaluation**

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

**Depreciation on revaluation**

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated as follows:

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

**Amortisation**

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

**Impairment**

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 or losses on disposal**

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.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Right-of-use assets - Furniture & equipment	Right-of-use assets Total
Note	\$	\$
<b>Balance at 1 July 2021</b>	30,578	30,578
Depreciation	(14,666)	(14,666)
<b>Balance at 30 June 2022</b>	15,912	15,912
Gross balance amount at 30 June 2022	58,665	58,665
Accumulated depreciation at 30 June 2022	(42,753)	(42,753)
<b>Balance at 30 June 2022</b>	15,912	15,912
Additions	16,767	16,767
Gains/(losses) from sale	(8,519)	(8,519)
Depreciation	(8,783)	(8,783)
<b>Balance at 30 June 2023</b>	15,377	15,377
Gross balance amount at 30 June 2023	16,767	16,767
Accumulated depreciation at 30 June 2023	(1,390)	(1,390)
<b>Balance at 30 June 2023</b>	15,377	15,377

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(8,783)	(14,666)
Finance charge on lease liabilities	(324)	(508)
Short-term lease payments recognised as expense	(22,876)	(27,957)
Gains/(losses) from sale	(8,519)	0
<b>Total amount recognised in the statement of comprehensive income</b>	(40,502)	(43,131)
Total cash outflow from leases	(9,146)	(15,297)
<b>(b) Lease Liabilities</b>		
Current	4,023	15,100
Non-current	11,432	1,272
	26(c) 15,455	16,372

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 26(c).

**Right-of-use assets - measurement**

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**10. LEASES (Continued)**

**(c) Lessor - Property, Plant and Equipment Subject to Lease**

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year  
1 to 2 years  
2 to 3 years  
3 to 4 years  
4 to 5 years

	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
	220,673	179,518
	214,887	188,276
	217,898	191,075
	221,071	194,986
	225,492	198,324
	1,100,021	952,179
<b>Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease</b>		
Rental income	181,210	155,722

Lease income is based on actual lease agreements and for the term of each lease. Where a lease agreement states a yearly increase by the CPI the Shire has estimated the future CPI rate.

The Shire leases houses/units to staff, GROW and Advance housing with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff and police houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is the provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases.

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Prepaid rates  
Accrued payroll liabilities  
ATO liabilities  
Bonds and deposits held  
Retentions  
Payroll creditors  
Accrued expenses

	2023	2022
	\$	\$
	360,531	255,808
	17,288	25,274
	40,613	41,936
	28,333	45,968
	47,948	35,468
	141,531	28,741
	15,837	33,203
	9,524	41,119
	661,605	507,517

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**12. OTHER LIABILITIES**

**Current**

Contract liabilities	90,516	313,765
Capital grant/contributions liabilities	0	12,451
	90,516	326,216

**Reconciliation of changes in contract liabilities**

Opening balance	313,765	527,757
Additions	90,516	239
Revenue from contracts with customers included as a contract liability at the start of the period	(313,765)	(214,231)
	90,516	313,765

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$90,516 (2022: \$313,765)

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance	12,451	1,531,575
Additions	0	12,451
Revenue from capital grant/contributions held as a liability at the start of the period	(12,451)	(1,531,575)
	0	12,451

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**13. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		183,351	807,944	991,295	183,273	553,794	737,067
<b>Total secured borrowings</b>	26(a)	183,351	807,944	991,295	183,273	553,794	737,067

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Jerramungup.

The Shire of Jerramungup has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 26(a).

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	200,443	217,357
Long service leave	269,123	233,685
	<b>469,566</b>	<b>451,042</b>
<b>Total current employee related provisions</b>	<b>469,566</b>	<b>451,042</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	47,718	45,988
	<b>47,718</b>	<b>45,988</b>
<b>Total non-current employee related provisions</b>	<b>47,718</b>	<b>45,988</b>
<b>Total employee related provisions</b>	<b>517,284</b>	<b>497,030</b>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**15. OTHER PROVISIONS**

	<b>Make good provisions - Shire of Ravensthorpe Regional Landfill facility</b>	<b>Make good provisions - Jerramungup Swimming pool</b>	<b>Total</b>
	\$	\$	\$
<b>Opening balance at 1 July 2022</b>			
Non-current provisions	233,942	0	233,942
	233,942	0	233,942
Additional provision	127,796	599,424	727,220
Charged to profit or loss			
- unwinding of discount	14,469	23,977	38,446
<b>Balance at 30 June 2023</b>	376,207	623,401	999,608
<b>Comprises</b>			
Non-current	376,207	623,401	999,608
	376,207	623,401	999,608

**Other provisions**

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

**Make good provisions - Shire of Ravensthorpe Regional Landfill facility**

A Waste Management agreement exists between the Shire of Jerramungup and the Shire of Ravensthorpe for a Regional Landfill Facility located on Reserve 7380. The agreement allows each party to agree on a percentage share of capital costs for the purpose of future rehabilitation costs. The current cost estimate of rehabilitation is \$551,122 to be shared by each local government. The current cells are expected to have a 30 year cell life. On 4 June 2021 both parties agreed to a cost share of 60% Ravensthorpe and 40% Jerramungup. The cost share agreement is to be reviewed by both parties.

**Make good provision - Jerramungup Swimming Pool**

A heads of agreement exists between the Shire of Jerramungup and Department of Education for a swimming pool located on Reserve 24772 being Lot 500 on Deposited Plan 64935. Under the agreement the Shire of Jerramungup is responsible for 50% of the decommissioning costs.

**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.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**16. REVALUATION SURPLUS**

	<b>2023</b>	<b>Total</b>	<b>2023</b>	<b>2022</b>	<b>Total</b>	<b>2022</b>
	<b>Opening</b>	<b>Movement on</b>	<b>Closing</b>	<b>Opening</b>	<b>Movement on</b>	<b>Closing</b>
	<b>Balance</b>	<b>Revaluation</b>	<b>Balance</b>	<b>Balance</b>	<b>Revaluation</b>	<b>Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Land - freehold land	1,222,168	0	1,222,168	1,316,381	(94,213)	1,222,168
Revaluation surplus - Buildings - non-specialised	3,686,805	0	3,686,805	3,590,525	96,280	3,686,805
Revaluation surplus - Buildings - specialised	12,968,595	0	12,968,595	11,435,529	1,533,066	12,968,595
Revaluation surplus - Furniture and equipment	13,273	0	13,273	13,273	0	13,273
Revaluation surplus - Plant and equipment	294,332	0	294,332	294,332	0	294,332
Revaluation surplus - Infrastructure - Roads	128,201,851	(67,239,653)	60,962,198	128,201,851	0	128,201,851
Revaluation surplus - Other infrastructure - Footpaths	857,666	(453,160)	404,506	857,666	0	857,666
Revaluation surplus - Other infrastructure - Parks and ovals	1,717,609	(680,401)	1,037,208	1,717,609	0	1,717,609
Revaluation surplus - Other infrastructure - Drainage	35,445,152	20,636,103	56,081,255	35,445,152	0	35,445,152
Revaluation surplus - Other infrastructure - Sewerage	1,376,855	(877,765)	499,090	1,376,855	0	1,376,855
Revaluation surplus - Other infrastructure - Aerodromes	628,790	155,501	784,291	628,790	0	628,790
Revaluation surplus - Other infrastructure - Other	539,025	(526,717)	12,308	539,025	0	539,025
Revaluation surplus - Leasehold Improvements - Jerramungup swimming pool	0	170,654	170,654	0	0	0
	<b>186,952,121</b>	<b>(48,815,438)</b>	<b>138,136,683</b>	<b>185,416,988</b>	<b>1,535,133</b>	<b>186,952,121</b>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**17. RESTRICTIONS OVER FINANCIAL ASSETS**

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

- Cash and cash equivalents

Note	2023 Actual \$	2022 Actual \$
3	2,182,065	1,693,702
	2,182,065	1,693,702
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
27	2,134,117	1,658,234
11	47,948	35,468
	2,182,065	1,693,702

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

Restricted reserve accounts

Bonds

**Total restricted financial assets**

**18. UNDRAWN BORROWING FACILITIES AND 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**

**Loan facilities**

Loan facilities - current

Loan facilities - non-current

**Total facilities in use at balance date**

**Unused loan facilities at balance date**

0	0
0	0
15,000	15,000
343	0
15,343	15,000
183,351	183,273
807,944	553,794
991,295	737,067
0	0

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**19. CONTINGENT LIABILITIES**

The Shire of Jerramungup has identified the following sites, after year end, in relation to land owned vested or leased, that is known to be, or suspected of being contaminated.

Site 3560, Parcel 18895, Lot 1548 on Plan 194377, Bremer Bay, 6338. DAFWA, Crown Reserve 24521 Bremer Bay Air Strip, Airstrip-Gairdner Road. Pesticides.

Site 3562, Parcel 18897, Lot 2116 on Plan 217510, Needilup, 6336. DAFWA, Crown Reserve 41532 North Road, Jerramungup Air Strip. Pesticides.

Site 5436, Parcel 31866, Unallocated Crown Land, Needilup, 6336. Illegal Landfill, Unallocated Crown Land, Needilup Town Site.

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

**20. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	0	1,164,528
- plant & equipment purchases	0	565,251
	0	1,729,779
Payable:		
- not later than one year	0	1,588,248
- later than one year	0	141,531

As at June 2022 a commitment existed to finalise construction of the swimming pool facility in Jerramungup. The construction was completed in August 2022.

As at June 2022 a commitment existed to finalise construction of the Bremer Bay boat ramp and jetty. The construction was completed in October 2022.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	12,000	12,000	12,000
President's meeting attendance fees	14,000	14,000	14,000
President's telecommunications allowance	1,000	1,000	1,000
President's travel and accommodation expenses	514	2,500	770
	27,514	29,500	27,770
Deputy President's annual allowance	3,000	3,000	3,000
Deputy President's meeting attendance fees	7,000	7,000	7,000
Deputy President's telecommunications allowance	1,000	1,000	1,000
Deputy President's travel and accommodation expenses	514	1,500	718
	11,514	12,500	11,718
All other council member's meeting attendance fees	35,000	35,000	35,000
All other council member's telecommunications allowance	5,000	5,000	5,000
All other council member's travel and accommodation expenses	0	7,500	1,511
	40,000	47,500	41,511
21(b)	79,028	89,500	80,999

**(b) Key Management Personnel (KMP) Compensation**

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	686,455	631,694
Post-employment benefits	74,518	64,314
Employee - other long-term benefits	62,232	10,860
Employee - termination benefits	0	27,692
Council member costs	79,028	80,999
21(a)	902,233	815,559

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements 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).

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**21. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	<b>2023</b> <b>Actual</b> \$	<b>2022</b> <b>Actual</b> \$
Sale of goods and services	51,405	53,986
Purchase of goods and services	127,852	105,346
Short term employee benefits - other related parties	199,446	202,194
Payment of council member costs (Refer to Note 20(a))	79,028	80,999
Trade receivables	1,463	0

**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 council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

*ii. Other Related Parties*

Short-term employee benefits related to associated person of the DCEO who was employed by the Shire under normal employment terms and conditions.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

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

There were no such entities requiring disclosure during the current or previous year.



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**22. JOINT ARRANGEMENTS**

**i) Share of joint operations - Retirement Units**

The Shire together with the Department of Communities 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 of which Jerramungup Shire owns a 17% share of the Jerramungup units and 14.64% of Bremer Bay units.

The units are leased by Advance Housing Limited for a 10 year term with rent being \$7,650 per annum.

<b>Statement of Financial Position</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>
Land and buildings	190,702	190,702
Less accumulated depreciation	(6,687)	0
<b>Total assets</b>	<b>184,015</b>	<b>190,702</b>
Equity	184,015	190,702
<b>Total equity</b>	<b>184,015</b>	<b>190,702</b>
<b>Statement of Comprehensive Income</b>		
Other revenue	7,650	12,070
Depreciation	(6,687)	0
Other expense	(7,650)	0
<b>Profit/(loss) for the period</b>	<b>(6,687)</b>	<b>12,070</b>
<b>Total comprehensive income for the period</b>	<b>(6,687)</b>	<b>12,070</b>
<b>Statement of Cash Flows</b>		
Other revenue	7,650	0
Other expense	(7,650)	0
<b>Net cash provided by (used in) operating activities</b>	<b>0</b>	<b>0</b>

**ii) Share of joint operations - Waste Facility**

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 and 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 descisions in relation to the operating costs and future capital costs of the facility are to be agreed by both Shires.

The regional waste facility commenced its operations in February 2018. The apportionment of annual facility operating costs between the Shire of Ravensthorpe and Jerramungup is determined by the percentage of total waste tonnage (measured in cubic metres) delivered to the Facility by each Shire in the preceding year. This is estimated to be 25.1%. The Shire of Jerramungup's share of the operating costs for 2022/2023 was \$85,745.

A provision has been raised for the future rehabilitation costs with the current cost estimate being \$551,122. The cells are expected to have a 30 year cell life.

**iii) Share of joint operations - Jerramungup Pool**

The Jerramungup swimming pool was constructed by the Shire of Jerramungup and as the land is held by Department of Education the pool is shown as a leasehold improvement, refer to note 8. The Minister of Education and Shire of Jerramungup entered into an agreement for the shared used of the pool located at Lot 500 on Deposited Plan 64935, Jerramungup. The agreement sets out the cost sharing arrangement and the terms of the agreement are 10 years with the option of a further 10 years with further terms available up to 30 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**23. 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 report 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) Interest revenue**

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

**i) 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.

**j) Impairment of assets**

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

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

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

SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

24. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
GRV Properties	Gross rental valuation	0.10475	557	6,979,185	731,070	5,830	736,900	731,070	0	731,070	708,148
UV Properties	Unimproved valuation	0.00737	319	356,519,000	2,627,545	2,645	2,630,190	2,627,545	(67)	2,627,478	2,509,311
<b>Total general rates</b>			876	363,498,185	3,358,615	8,475	3,367,090	3,358,615	(67)	3,358,548	3,217,459
<b>Minimum payment</b>											
<b>Minimum payment</b>											
GRV Properties	Gross rental valuation	729	302	1,223,397	220,158	365	220,523	220,158	0	220,158	209,257
UV Properties	Unimproved valuation	729	44	2,199,000	32,076	0	32,076	32,076	0	32,076	25,020
UV Mining	Unimproved valuation	729	23	292,535	16,767	352	17,119	16,767	0	16,767	10,649
<b>Total minimum payments</b>			369	3,714,932	269,001	717	269,718	269,001	0	269,001	244,926
<b>Total general rates and minimum payments</b>			1,245	367,213,117	3,627,616	9,192	3,636,808	3,627,616	(67)	3,627,549	3,462,385
<b>Ex-gratia Rates</b>											
CBH		0.10475	0	0	57,057	0	57,057	57,057		57,057	53,472
<b>Total amount raised from rates (excluding general rates)</b>			0	0	57,057	0	57,057	57,057	0	57,057	53,472
Rates written off							(318)			(150)	(244)
<b>Total Rates</b>							3,693,547			3,684,456	3,515,613
Rate instalment interest							16,471			14,000	14,159
Rate overdue interest							9,830			9,000	8,889

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

\*Rateable Value at time of raising of rate.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. DETERMINATION OF SURPLUS OR DEFICIT**

		2022/23	2022/23	2021/22
	Note	2022/23 (30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(30 June 2022 Carried Forward)
		\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(35,526)	(33,360)	(7,711)
Less: Movement in liabilities associated with restricted cash		6,663	0	(9,885)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(2,764)	0	(2,998)
Add: Loss on disposal of assets		37,561	7,225	0
Add: Depreciation	9(a)	2,431,123	2,233,887	2,130,749
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		1,730	0	21,575
Other Provisions		765,666	0	211,897
Lease liabilities		(156)	0	0
<b>Non-cash amounts excluded from operating activities</b>		<b>3,204,297</b>	<b>2,207,752</b>	<b>2,343,627</b>
<b>(b) Surplus or deficit after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	27	(2,134,117)	(1,680,168)	(1,658,234)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13	183,351	397,502	183,273
- Current portion of lease liabilities	10(b)	4,023	1,583	15,100
- Employee benefit provisions		72,841	451,041	66,178
<b>Total adjustments to net current assets</b>		<b>(1,873,902)</b>	<b>(830,042)</b>	<b>(1,393,683)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets		6,109,740	2,360,345	4,189,756
Less: Total current liabilities		(1,409,061)	(1,530,303)	(1,483,148)
Less: Total adjustments to net current assets		(1,873,902)	(830,042)	(1,393,683)
<b>Surplus or deficit after imposition of general rates</b>		<b>2,826,777</b>	<b>0</b>	<b>1,312,925</b>

SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2021	During 2021-22	Repayments During 2021-22	June 2022	During 2022-23	Repayments During 2022-23	30 June 2023	July 2022	During 2022-23	Repayments During 2022-23	30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff housing and seniors independent living		453,616	0	(47,153)	406,463	0	(47,934)	358,529	406,463	0	(47,934)	358,529
Housing Bremer Bay		121,026	0	(38,639)	82,387	0	(40,317)	42,070	82,388	0	(40,318)	42,070
Bremer Bay Townsite		116,855	0	(57,242)	59,613	0	(59,613)	0	59,612	0	(59,612)	0
Bremer Bay Townsite		222,925	0	(34,321)	188,604	0	(35,408)	153,196	188,603	0	(35,407)	153,196
Grader		0	0	0	0	437,500	0	437,500	0	437,500	(40,000)	397,500
<b>Total</b>	13	914,422	0	(177,355)	737,067	437,500	(183,272)	991,295	737,066	437,500	(223,271)	951,295
<b>Borrowing Finance Cost Payments</b>												
Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022				
						\$	\$	\$				
Staff housing and seniors independent living		264	WATC	1.65%	13.02.2030	6,208	(6,510)	(6,995)				
Housing Bremer Bay		261	WATC	4.30%	08.04.2024	2,716	(3,114)	(4,412)				
Bremer Bay Townsite		260	WATC	4.10%	06.03.2023	1,062	(1,839)	(3,464)				
Bremer Bay Townsite		263	WATC	3.14%	13.05.2027	5,493	(5,646)	(6,583)				
Grader		265	WATC	3.57%	14.04.2030	3,354	(2,422)	0				
<b>Total</b>						18,833	(19,531)	(21,454)				
<b>Total Finance Cost Payments</b>						18,833	(19,531)	(21,454)				

\* WA Treasury Corporation

SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
					\$	\$	\$	\$		
Grader	WATC	Fixed	7	3.57%	437,500	437,500	437,500	437,500	59,010	0
					437,500	437,500	437,500	437,500	59,010	0

\* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal			Principal at 30 June 2022	Principal			Principal			
		Principal at 1 July 2021	New Leases During 2021-22	Repayments During 2021-22		New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
Photocopier - Konica minolta		31,161	0	(14,789)	16,372	0	(7,510)	0	16,372	0	(14,789)	1,583
Photocopier - Konica Bizz		0	0	0	0	16,767	(1,312)	15,455	0	0	0	0
<b>Total Lease Liabilities</b>	10(b)	31,161	0	(14,789)	16,372	16,767	(8,822)	15,455	16,372	0	(14,789)	1,583

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Photocopier - Konica minolta	M0466400	Classic Funding	2.10%	31.12.2022	(139)	(813)	(508)	48
Photocopier - Konica Bizz		3E Advantage	3.49%	01.03.2027	(185)	0	0	48
<b>Total Finance Cost Payments</b>					(324)	(813)	(508)	

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**27. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Developers contribution	7,187	169	0	7,356	7,187	7	0	7,194	7,177	10	0	7,187
	7,187	169	0	7,356	7,187	7	0	7,194	7,177	10	0	7,187
<b>Restricted by council</b>												
(b) Leave	66,178	6,663	0	72,841	66,178	5,066	0	71,244	76,063	10,115	(20,000)	66,178
(c) Plant	68,516	11,829	0	80,345	68,516	10,068	0	78,584	58,426	10,090	0	68,516
(d) Community recreation	55,744	94,014	0	149,758	55,744	90,744	(50,000)	96,488	25,696	86,561	(56,513)	55,744
(e) Bremer Bay Youth camp	54,185	1,271	0	55,456	54,185	54	0	54,239	54,113	72	0	54,185
(f) Building	238,196	5,580	0	243,776	238,196	238	(175,894)	62,540	237,876	320	0	238,196
(g) Bremer Bay retirement units	20,065	470	0	20,535	20,065	20	0	20,085	20,038	27	0	20,065
(h) Jerramungup retirement units	97,633	2,289	0	99,922	97,633	98	0	97,731	97,503	130	0	97,633
(i) Jerramungup Entertainment Centre	28,867	10,899	0	39,766	28,867	10,029	0	38,896	18,829	10,038	0	28,867
(j) Effluent	863,852	93,917	(3,126)	954,643	863,852	72,934	(25,000)	911,786	806,887	73,245	(16,280)	863,852
(k) Point Henry Fire Levy	13,717	22,424	(13,145)	22,996	13,717	21,684	(25,000)	10,401	27,838	21,734	(35,855)	13,717
(l) Bremer Bay boat ramp	3,513	81	0	3,594	3,513	4	0	3,517	118,354	159	(115,000)	3,513
(m) Capital works	29,564	151,272	0	180,836	29,564	30	0	29,594	19,526	10,038	0	29,564
(n) Swimming pool	562	30,681	0	31,243	562	30,001	0	30,563	8,549	13	(8,000)	562
(o) Roe Park	83,066	12,171	0	95,237	83,066	10,083	0	93,149	72,955	10,111	0	83,066
(p) Skate Park	20,032	10,692	0	30,724	20,032	10,020	0	30,052	10,006	10,026	0	20,032
(q) Regional landfill facility	7,357	37,732	0	45,089	7,357	36,748	0	44,105	0	7,357	0	7,357
	1,651,047	491,985	(16,271)	2,126,761	1,651,047	297,821	(275,894)	1,672,974	1,652,659	250,036	(251,648)	1,651,047
	1,658,234	492,154	(16,271)	2,134,117	1,658,234	297,828	(275,894)	1,680,168	1,659,836	250,046	(251,648)	1,658,234

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**27. RESERVE ACCOUNTS (continued)**

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

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(a) Developers contribution	To be used to hold developer contributions until expenditure is complete
<b>Restricted by council</b>	
(b) Leave	To be used to fund annual and long service leave requirements
(c) Plant	To be used for the purchase of major plant
(d) Community recreation	To be used to assist local sporting groups to upgrade their facilities
(e) Bremer Bay Youth camp	For the ongoing management and future upgrade of the reserve land on Lot 70 Bremer Bay Road
(f) Building	To fund capital construction of new council buildings and to fund capital renewal of buildings
(g) Bremer Bay retirement units	To be used for the provisions required at the units
(h) Jerramungup retirement units	To be used for the provisions required at the units
(i) Jerramungup Entertainment Centre	To be used for the capital building requirements
(j) Effluent	To be used to maintain the efficient running of the facility
(k) Point Henry Fire Levy	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsular
(l) Bremer Bay boat ramp	To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
(m) Capital works	To be used to supplement future capital works programme
(n) Swimming pool	To preserve any surplus funds from the Jerramungup Swimming pool operations for future financial requirements for the pool and associated facilities
(o) Roe Park	To provide funding for the replacement of assets within Roe Park, Jerramungup
(p) Skate Park	To be used to maintain and upgrade the Skate park
(q) Regional landfill facility	To be used for capital and rehabilitation costs associated with the landfill facility