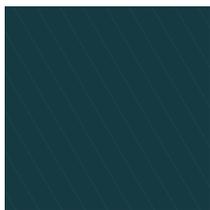




Shire of Jerramungup

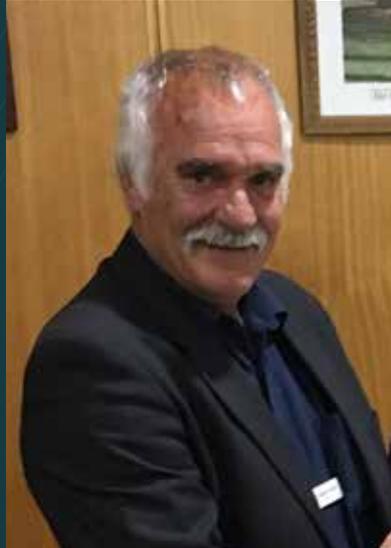
2016 / 2017 ANNUAL REPORT





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PRESIDENT'S REPORT

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

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

We have seen Stage 2 of the Bremer Bay Town Centre begin to take shape following the funding announcement in May 2016. Planning and administration components were finalised and the tender for roads, drainage and car parks awarded in December. This was followed closely by the highly anticipated funding announcement from Lotterywest for the Bremer Bay Skate Park.

On ground works for the roadworks and drainage components of Stage 2 were completed in June 2017 with tenders also invited for the construction of the Civic Square, Paperbarks Park & Skate Park that month.

To compliment these projects Lotterywest announced funding for a crushed limestone trail to open up further sections of the native bush land and spectacular view points across the coast of Bremer Bay. This is a partnership project between the FBG, Green Skills and the Shire to promote our natural environment and provide attractive recreational options to the local and visiting community. On ground works commenced in June 2017 with a completion date expected later in the year.



2016/2017 proved to be another busy year for our road construction team with \$1.8M put towards planned road upgrades and maintenance. In addition to a bumper schedule the works crew were faced with another severe flood event during February. While this did pose a challenge to the construction schedule the skill set within the works crew and local contractors allowed the program to be delivered largely on time and on budget.

Bushfire Mitigation remains a key focus within the Shire. 2017 saw a number of strategic burns take place along with the adoption of the Shire of Jerramungup's Bushfire Risk Management Plan.

The Bremer Bay Canyon continues to attract worldwide attention. We continue to lobby for protection of this area and await the Federal Government's decision on whether to declare the "marine hotspot" within the Marine Park Zone. The diversity and significance of this area gives us full confidence of a favourable outcome.

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

Once again I would like to acknowledge the great work of both Councillors and staff who have worked tirelessly to deliver outstanding results this year. It has been my privilege to attend various formal and informal functions on behalf of the Shire. We are fortunate to have such a dynamic group of residents willing to put so much back into our community.

I look forward to working alongside you all to continue these successes in year ahead.



Cr Robert Lester
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT



The Shire of Jerramungup has continued its progressive path of being a proactive and industry leading small rural local government. In 2016/2017 we have continued our focus on services that assists agricultural efficiency, maintains and improves emergency response and mitigation and overall, makes our community a better place to live.

FINANCIAL POSITION

The budget is derived from the information and consultation contained within our Community Plan and Corporate Business Plan highlighting the importance of these strategic documents. Under a backdrop of declining discretionary funding sources the community's annual rates contribution of approximately \$3.1M is used to deliver a wide variety of community services and infrastructure. To maximise these funds and deliver new infrastructure the Shire was able to gain external funding for a number of important projects including:

- \$550,000 in Main Roads WA Regional Road Group Projects,
- \$719,000 from Lotterywest towards the Skate Park and Paperbarks Park redevelopment,
- A fully funded staff member from DFES to complete the Shire's Bushfire Risk Management Plan, and
- \$518,000 in Roads to Recovery funding was allocated and spent on road improvements throughout the Shire.

The Shire's rates yield provides 34% of the Shire's overall official operating income for the year and represents an important step towards securing our financial position. Importantly the ratio is in line with the Department of Local Government and

Communities sustainability ratio in this area. The Shire has also continued its investment in reserve funds for future key asset replacement items such as the Sewerage System in Jerramungup and the Boat Launching Ramp in Bremer Bay.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

A comprehensive safety audit by Local Government Insurance Services (LGIS) during the year revealed that we are doing well in this important area of our operations, resulting in the Shire being awarded the Tier 2 Diligence in Safety Award. The Shire pursues ongoing and continuous improvement in Occupational Safety and Health through a wide variety of measures including:

- Sun safety and skin screening,
- Education and awareness workshops for employers to promote safety and health in the workplace and at home,
- On the job and external training in safe operation of plant, equipment and manual tasks,
- Regular safety committee meetings and reviews of workplace risks, and
- Participation in LGIS regional 'Risk and Governance' days.

2017 CUSTOMER SURVEY

During the 2017 survey period 97 valid responses were returned, providing a wealth of useful data about our community's perceptions of the Shire's work in a range of important areas. The survey revealed that the Shire performs well in the area of customer service, emergency services support and parks and gardens. The community also told us they would like to see further improvements

made in our rural road maintenance, drainage maintenance and waste management. The customer survey is a vital tool for us to gather feedback on the perception of our service delivery and this information is utilised for future resource allocation and strategic planning.

OPERATIONAL EFFICIENCY

The Shire of Jerramungup is a very lean and efficient rural local government. With a total Full Time Equivalent (FTE) count of only 23 staff members the Shire's internal efficiency needs to be high to ensure community services and infrastructure maintenance is delivered. Our staff work regular overtime and flexible hours to manage fluctuating service demands and needs of the community and asset base. In addition, during peak operational times such as summer holidays and harvest periods the Shire also engages local contractors to support our team.

I would personally like to thank our staff and valued contractors for their sustained efforts and countless behind-the-scenes activities that ensure the smooth operation of our service delivery process striving towards being a Progressive, Prosperous and Premium Place to Live and Visit.



Brent Bailey
Chief Executive Officer

COMMUNITY PLAN

The Shire of Jerramungup's direction during 2016/2017 was guided by the new 2016 - 2026 Community Plan. This Plan was developed through extensive consultation with community members and key stakeholders during March 2016. It identifies 11 Aspirations, for each of these aspirations the Shire has identified actions to work towards throughout the next 10+ years.

The Aspirations have been grouped into three main directions, as outlined below;

STRATEGIC DIRECTION 1: ENVIRONMENT

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

STRATEGIC DIRECTION 2: COMMUNITY

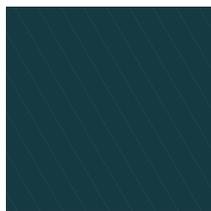
This group of aspirations refers to the capacity of society to provide for the wellbeing of all residents and to do so in a fair and equitable way. This includes good governance and civic leadership, provision of adequate income, feeling safe, good health, food and nutrition, adequate housing, employment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

STRATEGIC DIRECTION 3: ECONOMY

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

The Community Plan will be reviewed regularly with progress updates reported here, in the Shire's Annual Report. The following three sections of this document show how we have performed against our Community Plan during 2016/2017 by addressing and reporting on each of the 11 aspirations.





STRATEGIC DIRECTION 1: ENVIRONMENT

Aspiration 1.1 - Environmental Stewardship

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

- a.** The Shire engaged the Department of Environmental Regulation and Roadside Conservation Committee in early 2017 to deliver training on road verge maintenance to members of our local workforce along with members of the surrounding Shires’.
- b.** To safeguard the Bremer Bay Canyon the Shire continues to lobby federal government for recognition of this “hotspot” within the marine park zone. At the close of the 2016/2017 financial year the Department of Environment and Energy were in their final consultation phase to secure zoning and management plans for the area.
- c.** The Ravensthorpe Regional Waste Facility was completed late in the financial year and is set to be operational in early 2018 once final approvals are issued. This project was first funded in 2010 by Royalties for Regions under the Country Local Government Fund and received further funding for construction and delivery through the Southern Investment Initiative.
- d.** In unison with the regional project is an upgrade to our local waste transfer station in Jerramungup. With funding secured in 2016 the Shire engaged project management consultants to complete detailed designs for the upgrade. We look forward to seeing this facility fully functional by 2018.

Aspiration 1.2 - Environmental Planning and Restoration

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

- a.** The Shire was successful in securing a grant from the Department of Planning in July 2016 to undertake a major review of our 2005 Coastal Management Plan. Extensive consultation was carried out through various streams including on line and paper surveys, market stalls and one on one discussion with key stakeholders. This Plan, which is set to be complete in early 2018, will guide and prioritise actions for the Shire’s complex coastline throughout the next 10 years.
- b.** In December 2016 the Shire subscribed to WALGA’s Environmental Planning Tool (EPT). The EPT provides an extensive range of data relevant to land use, infrastructure and environmental planning, along with local data to efficiently inform land use planning at all levels.
- c.** The Shire continues to partner with local NRM groups and volunteers to improve our coastline, dune vegetation and manage declared weeds.

STRATEGIC DIRECTION 2: COMMUNITY

Aspiration 2.1 - Community Sport and Recreation

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

a. The Shire was able to assist the Jerramungup Districts Motorcycle Club in finalising their lease and lifting this exciting project off the ground. This facility, which operates on the former Needilup Golf Course, provides a much safer alternative for motorbike riders to engage with their hobby. It also offers an alternative recreational pursuit to the common team based sports currently on offer in our Shire.

The Club's open day was held on Sunday the 19th March and attracted an impressive crowd from across the South West.

b. The fundraising efforts of the local Bremer Bay community paid off in January 2017 when Lotterywest announced \$719,000 towards the construction of the Bremer Bay Skate Park and upgrades to Paperbarks Park. Further community consultation was held locally following the announcement to finalise the detailed plans. Skate Park concepts were adopted by Council in February 2017 with works set to commence in late 2017.

Aspiration 2.2 - Improved Livability

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

a. The 16/17 construction program saw a number of top priority footpaths take shape in both Jerramungup and Bremer Bay. The Coral Sea footpath was complete in May 2017 followed closely by the footpath ramp out the front of the Jerramungup VFES Unit.

The trails network in Bremer Bay also progressed with a section linking the town centre through to the Cemetery on While Trail Road completed. To compliment this stretch of the network Lotterywest announced funding for a 600m crushed limestone loop trail in November 2016. This section will be constructed off the main path and incorporates two prime lookouts, a number of seated resting points, interpretive signage and artwork at key sites to promote our natural environment and provide attractive recreational options to the local and visiting community. To promote this, a trails brochure will be published to showcase the network to a broad cross section of the community and stakeholders.

b. The Shire have a developed a fully functional seedling nursery at the Jerramungup Depot. This facility allows staff to cultivate native species from seeds collected in the field and use them throughout our parks and gardens. A number of rare and unique plants have been propagated by our Environmental Officer, Steve Elson.





Aspiration 2.3 - Healthy and Happy Community
To promote and deliver programs, initiatives and infrastructure that contribute to a healthier, happier community.

a. Since 2015 the Shire has co-invested with the Jerramungup Lions Club and District High School to fund an annual scholarship for a local high school student to participate in the Leeuwin Ocean Adventure Project. Each party contributes \$1,000 towards the cost of the project which covers registration, travel and in kind administrative support.

A number of positive outcomes are associated with this project including building values and aspirations in our local youth, providing unique opportunities to geographically disadvantaged individuals and supporting the enrolment numbers of the local high school.

The agreement has been entered into for a further 3 years, guaranteeing a long lasting impact on the local community. Dominic Morgan was lucky enough to receive the scholarship in 2016.

b. The Shire was pleased to recognise the volunteer work of another generous community member at the Australia Day awards ceremony. Mrs Corinne Hobbs was given the 2016 Citizen of the Year award for her various volunteer roles across a number of local committees. Her list of service includes 22 years on the Volunteer Marie Rescue Service committee, 10 years as a volunteer aged care support worker, and ongoing work with numerous community events and functions.

c. Jerramungup's Kokoda Op Shop received the 2016 Community Group award. The Op Shop was formed in 2012 by a small group of women from the local community. In the years since 2012 they have put over \$110,000 back into the community, recipients include the Nursing Post, St John Ambulance, Jerramungup District High School, the local CRC and the Lions Club. Smaller projects have also been funded such as public benches and upgrades to the cemetery signage.

The Op Shop roster currently consists of 34 volunteers, all of whom have played a big part in the growth and success of this operation. The shop is known far and wide for their pride and commitment, not only for giving funds back to the community but for providing a relaxed and welcoming place for a much needed coffee and chat.



Aspiration 2.4 - Emergency Management

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

a. The Shire was fortunate enough to have a Bushfire Risk Management Officer allocated for the entire 16/17 financial year. Melanie Haymont worked across multiple mitigation and preparedness projects including community education, strategic burns and of particular note were Melanie's efforts in putting together the Shire of Jerramungup Bushfire Risk Management Plan.

This strategic plan looks forward 5 years to document a coordinated and efficient approach toward the identification, assessment and treatment of assets exposed to bushfire risk within the Shire of Jerramungup.

Aspiration 2.5 - Civic Leadership

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

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

d. The Shire conducted its biennial Community Survey in 2017, the fourth of its kind. This survey is used as a tool to gather information, measure community attitudes and ascertain the Shire's overall performance from a service delivery and resource allocation perspective. Submissions closed on the 30th June with 97 responses received from the online and paper format.

STRATEGIC DIRECTION 3: ECONOMY

Aspiration 3.1 - Industry Development

To provide an attractive environment for industry development and expansion.

a. Planning documentation has been prepared to rezone an 8.8ha portion of Lot 501 South Coast Highway, Jerramungup to enable the development of a wide range of industries that require large land area in which to operate; this includes an agricultural machinery dealership.

The rezoning was considered and supported by Council in December 2016 and subsequently considered and approved by both the Environmental Protection Authority (EPA) and Department of Planning.

The processing of the rezoning is progressing well with completion, following a public advertising period, anticipated in mid 2018.

a. The Department of Transport funded a local project to prevent sand migration onto the Fishery Beach boat ramp facility. Preliminary works commenced in early 2017 to source the rock with groin construction complete in May. Further funding is being sourced to construct a new boat launching ramp and jetty at the popular marina.

Aspiration 3.2 - Economic Diversity

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

a. The Shire continues to work on its major Town Centre project in Bremer Bay. With \$1.7M of funding announced mid 2016 for Stage 2 of the project the on ground works begun in February 2017 to construct roads, footpaths, car parks and drainage on the site. The highly anticipated Skate Park received funding from Lotterywest in January 2017, a credit to the many community members who played a part in making this exciting project happen.

Construction of the Skate Park, Civic Square and Paperbarks Park was tendered in June 2017 with completion expected in early to mid 2018.

a. The Shire continues to resource share with the City of Albany, an agreement which has proved to be hugely beneficial on both sides. June 2016 saw a service agreement entered into allowing the City of Albany to carry out Environmental Health Services in the Shire. This agreement provides local business owners with higher service levels and better access to professional recourses.





Aspiration 3.3 - Tourism Promotion and Development
To assist local business and community groups
to expand a year round resilient tourism and
service industry.

a. Following a complex and lengthy renomination process the Fitzgerald Biosphere was approved by UNESCO as a biosphere reserve in June 2017. This recognition will ensure the area continues to be recognised for its natural diversity and delivers broader benefits to the community such as increased interaction, conservation and tourism.

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

Aspiration 3.4 - Service and Infrastructure Provision
To lobby, advocate for and deliver a first class
transport and telecommunications network.

a. The Shire continues to lobby the state government for much needed improvements to South Coast Highway. Concerns stem from the various pavement failures, road narrowing and overall conditions unsuitable for the volume and level of traffic utilising the highway. The Shire President and CEO continue to meet with the Transport Minister, Main Roads WA and the City of Albany to increase the priority of this road for funding. \$30M was announced by the new Labor Government to continue reconstruction works east of Cheyne Road.

b. The State Government made an announcement in December 2016 to allocate additional funds to improve mobile coverage standards across regional WA. Needilup was one of 78 sites identified in the Black Spot program with works set to commence during 2017/2018.

c. The local road network incurred considerable damage at the start of 2017 when the Shire experienced a severe storm and mass flooding. The Director General of the Department of the Premier and Cabinet activated the Western Australia Natural Disaster and Relief Recovery Arrangements for the event 'Flooding in Western Australia (January and February 2017)'. These damages came just 12 months after a similar event in February 2016, of which works were still being completed. The cost estimate for the 2017 event was just under \$3.4M.

d. Following the adoption of the Bremer Bay Airfield Master Plan in December 2015 planning has continued for the ongoing improvement of the Bremer Bay airfield. A bore, water tanks, toilet and an amenities room have been constructed at a site identified for the development of a centrally located water bomber turnaround. The Shire and Bremer Bay Volunteer Marine Rescue Service were successful in attracting grants to construct the water bomber turnaround area and design a new cross runway for the airfield. Planning for both works are well underway with construction of the water bomber turnaround expected to be completed by the end of 2017

ORGANISATION MEASUREMENTS

Service Levels - Roads

Table 1	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY / OPERATIONAL LEVELS OF SERVICE				
Quality	Well maintained and suitable road network	User satisfaction measurement survey	Customer requests < 25 per annum	25 customer requests
	Ride-ability and visibility			
	Adequate road width for traffic demands			
Function	Road network meets user requirements	Assessment of suitability for purpose	Reports of inaccessibility due to lack of maintenance < 10 per annum	1 report
	Provide a fully accessible network			
Safety	Provide a safe network	Number of injury / accidents	Nil per annum	Not currently measured
TECHNICAL LEVELS OF SERVICE				
Legislative / Statutory	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
Operations	Road network meets user requirements	Assessment of suitability for purpose	Reports of inaccessibility due to lack of maintenance < 10 per annum	0 reports
Maintenance	Manage the road network at the agreed standards for the lowest life cycle cost	User satisfaction measurement survey	70% of customers believe the road network provided is good value for money	79% customer satisfaction
		Cost effectiveness of maintenance		
Upgrade	Road network meets user requirements	Assessment of suitability for purpose	Reports assets not meeting requirements < 10 per annum	0 reports
Renewal	Roads are suitable for purpose	Useful life of asset	Assets have useful life of 30 years	Not currently measured
Cost Effectiveness	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	The 2016/2017 construction schedule was \$253K in surplus, largely due to inclement weather and 4 major projects being delivered under budget.
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

Service Levels - Paths

Table 2	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY / OPERATIONAL LEVELS OF SERVICE				
Quality	Well maintained and suitable footpath network	User satisfaction measurement survey	Customer requests < 10 per annum	0 customer requests
Function	Network is functionally fit for purpose	Assessment of suitability for purpose	Customer requests < 5 per annum	0 customer requests
Safety	Provide a safe network	User satisfaction measurement survey	70% customer satisfaction	85% customer satisfaction
		Number of injury / accidents	Nil per annum	1 report



Service Levels - Paths

Table 2	Level of Service	Performance Measure Process	Performance Target	Current Performance
TECHNICAL LEVELS OF SERVICE				
Legislative / Statutory	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
Operations	Footpath assets will be maintained in a reasonably usable condition	User satisfaction measurement survey	Repairs completed within 14 day time frame	85% customer satisfaction 2 defects were reported;
	Defects found or reported that are outside Shire's service standard will be repaired		70% customer satisfaction	A footpath / pram ramp was requested out the front of the Jerramungup VFES unit, works were completed in May.
	Shire inspects all footpath assets intermittently and prioritises and repairs defects in accordance with its inspection schedule to ensure they are safe			Signage or a cross walk was requested on Memorial Rd. The Shire are investigating options to coincide with a reseal in 2018
Maintenance	Provide a fully accessible network	User satisfaction measurement survey	70% customer satisfaction	85% customer satisfaction
Upgrade	Footpath network meets user requirements	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	2 reports
Renewal	Footpaths are suitable for purpose	Assess useful life of asset	Assets have useful life of 50 years	85% customer satisfaction
		Measure condition of assets	70% customer satisfaction	
Cost Effectiveness	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	A \$34K surplus on the Bremer Bay trails project ensured the overall footpath budget was under the annual forecast. Other projects completed during 2016/2017 included the replacement of a footbridge in Bremer Bay and construction of the footpath along Coral Sea Rd.
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

Service Levels - Buildings

Table 3	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY / OPERATIONAL LEVELS OF SERVICE				
Quality	Well maintained and suitable buildings	User satisfaction measurement survey	Customer requests < 10 per year	8 customer requests
	To ensure the ongoing provision of well-kept community facilities			
Function	Functionally fit for purpose	Assessment of suitability for purpose	70% customer satisfaction	88% customer satisfaction
	Sufficient facilities to meet user demand / needs			
Safety	Relates to the health and safety risks created by provision of the service and the degree to which these are mitigated	User satisfaction measurement survey	70% customer satisfaction	Not currently measured
		Number of injury / accidents	Nil injury / accidents per annum	0 reports

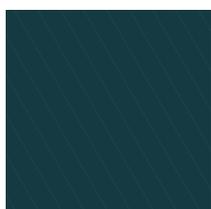


Service Levels - Buildings

Table 3	Level of Service	Performance Measure Process	Performance Target	Current Performance
TECHNICAL LEVELS OF SERVICE				
Legislative / Statutory	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
	Disability access			
Operations	Defects found or reported that are outside Shire's service standard will be repaired	Measurement of time frame for undertaking repairs	Repairs completed within 14 day time frame	Service standards have not yet been established. There were 8 reports of building operations items which required addressing.
	Adequate transport provision (walking distance, cycle racks, and/or parking facilities)	User satisfaction measurement survey	70% customer satisfaction	Not currently measured
Maintenance	Maintain the facilities at a good condition or better	User satisfaction measurement survey	70% customer satisfaction	88% customer satisfaction
		Annual condition appraisal	Average condition is better than good	Not currently measured
Upgrade	Buildings are refurbished or replaced when scheduled to meet the level of service and functionality requirements of the Shire	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	5 reports
Renewal	Efficient use of Shire resources	Assess useful life of asset	Assets have useful life of 60 years	Not currently measured
		Measure, condition of assets	70% customer satisfaction	
Cost Effectiveness	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	House Beach and Millers Point had new facilities constructed during 2016/2017. Overall actuals for Buildings were down, largely due to the deferral of the Paperbarks Park ablutions.
	Efficient use of Shires resources			
	Affordability – acknowledging that we can only deliver what we can afford			

Service Levels - Parks & Gardens

Table 4	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY / OPERATIONAL LEVELS OF SERVICE				
Quality	Well maintained parks. Amenity is protected	User satisfaction measurement survey	Customer requests < 10 per annum	13 customer requests
	Quality town centres for businesses and users			
Function	Functionally fit for purpose	Assessment of Suitability for Purpose	70% customer satisfaction	89% customer satisfaction
Safety	Safe design and management of facilities and parks	User satisfaction measurement survey	70% customer satisfaction	89% customer satisfaction
	People feel safe in parks			
	Passive security, site lines, reduced graffiti	Number of injury / accidents	Nil	Nil reported injuries / accidents
Safe working environments				



Service Levels - Parks & Gardens

Table 4	Level of Service	Performance Measure Process	Performance Target	Current Performance
TECHNICAL LEVELS OF SERVICE				
Legislative / Statutory	Meet criteria detailed in License, Acts or Regulations	Compliance with Legislative / Statutory requirements	100% compliant	100% compliant
Operations	Well maintained and suitable	User satisfaction measurement survey	Repairs completed within 14 day time frame	13 customer requests were received which related to the quality of our parks and gardens, 4 relating to safety.
	Historic sites are protected			
	Natural areas are protected			
	Easy to find and use			
	Adequate transport provision (walking distance, cycle racks, and / or parking facilities)			
Maintenance	Sufficient facilities to meet user demand / needs	User satisfaction measurement survey	70% customer satisfaction	89% customer satisfaction
Upgrade	Efficient use of Shire resources	Assessment of suitability for purpose	Reports of assets not meeting requirements < 10 per annum	0 reports
Renewal	Assets are suitable for purpose	Assess useful life of asset	Assets have useful life of 10 years	Not currently measured
		Measure, condition of assets	70% customer satisfaction	
Cost Effectiveness	Undertake proactive maintenance	Qualitative measure, based on a cost-benefit analysis	Measure of budget expenditure	Budget actuals for 2016/2017 were down by \$1.7M. This is largely due to carryover of the major Civic Square, Skate Park & Paperbarks projects which will now be completed in 2017/2018. Projects completed during 2016/2017 include the Bremer Bay Bowling Green and improvements to the Gairdner Hall.
	Efficient use of Shire resources			
	Affordability – acknowledging that we can only deliver what we can afford			

Service Levels - Sewerage Collection

Table 5	Level of Service	Performance Measure Process	Performance Target	Current Performance
Safety	To be determined	To be determined	To be determined	Not currently measured
Quality	System design complies with the "Sewerage Code of Australia" (WSA 02-1999)	Condition appraisal	System design is compliant with the code	The system is currently approved by the ERA
Legislative / Statutory	Minimise sewerage blockages and spills to the environment	Maintenance records	Blockages per 100km of pipe > 40 per annum Properties affected by sewerage spills divided by the total number of connected properties subtracted from 100 > 90 per annum	0 reports
Efficiency	Minimised maintenance and operational expenditures	Annual maintenance budget	Annual expenditure is within Budget	The operation of the Jerramungup Sewerage scheme was delivered under budget in 2016/2017

Service Levels - Wastewater Treatment

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

STATUTORY STATEMENTS

Record Keeping Policy

The Shire of Jerramungup and all of its employees are committed to efficient and compliant record keeping practices. Internal review and training strategies have been developed and implemented to ensure that all are aware of their compliance responsibilities and that the Information Management System is operating in accordance with the Shire's 2016 Record Keeping Plan. The amended Record Keeping Plan was approved by the State Records Office on the 12th August 2016.

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

Annual Salaries

The Local Government Act requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000.

At 30th June 2017 the Shire of Jerramungup had the following;

Annual Salary	No of Employees
\$100,000 - \$109,999	1
\$110,000 - \$119,999	1
\$130,000 - \$139,999	1
\$160,000 - \$169,999	1

Register of Financial Interests for Elected Members & Senior Staff

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

National Competition Policy

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

Competitive Neutrality Policy and Principles, Principle CN5;
The Shire of Jerramungup has not identified any part of its business as "Significant Business Activity" in 2016/2017.

Structural Reform of Public Monopolies, Principles SR2, SR3 and SR4;
The Shire of Jerramungup acknowledges the principles of structural reform under the National Competition Policy.

Disability Access and Inclusion Plan

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



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

Public Interest Disclosure

In accordance with the requirements of the Public Interest Disclosure Act 2003, the Shire of Jerramungup has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. No disclosures relating to improper conduct were made to the Shire during the 2016/2017 financial year, therefore no disclosures were referred to the ombudsman.

Freedom of Information Act 1992

The Shire of Jerramungup is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received no requests for information during 2016/2017.

Sewerage Scheme and Customer Service Charter

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

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

Report on Complaints Made Against Councillors

In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007 the complaints made against councillors for 2016/2017 were:

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

Significance of Federal Government Financial Assistance Grants

The Shire received \$1,201,793 in Financial Assistance Grants in 2016/2017. These grants contribute to annual maintenance of the communities infrastructure and general operations of the local government.

AUDIT REPORT AND FINANCIAL STATEMENTS

The following pages contain the Shire of Jerramungup's annual audit report and financial report. The Statements have been prepared in accordance with the Local Government Act 1995 and Local Government Financial Management Regulations 1996 for the 2016/2017 financial year.

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

SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
8 Vasey Street
Jerramungup WA 6337

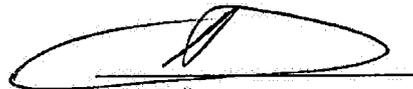
**SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 31ST day of JANUARY 2018



Brent Bailey
Chief Executive Officer

SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	3,131,203	3,124,811	3,026,408
Operating grants, subsidies and contributions	30	3,713,322	2,168,709	1,128,105
Fees and charges	29	883,248	744,143	765,454
Interest earnings	2(a)	82,989	61,755	63,621
Other revenue	2(a)	377,900	482,000	612,004
		<u>8,188,662</u>	<u>6,581,418</u>	<u>5,595,592</u>
Expenses				
Employee costs		(1,692,683)	(1,872,687)	(1,455,043)
Materials and contracts		(3,185,260)	(2,691,434)	(2,134,895)
Utility charges		(165,910)	(159,763)	(158,169)
Depreciation on non-current assets	2(a)	(2,033,384)	(1,638,717)	(3,181,809)
Interest expenses	2(a)	(41,900)	(42,194)	(44,297)
Insurance expenses		(224,882)	(233,928)	(226,968)
Other expenditure		(572,165)	56,352	(511,692)
		<u>(7,916,184)</u>	<u>(6,582,371)</u>	<u>(7,712,873)</u>
		272,478	(953)	(2,117,281)
Non-operating grants, subsidies and contributions	30	1,104,317	1,886,784	3,613,673
Profit on asset disposals	21	46,443	66,654	31,848
(Loss) on asset disposals	21	(41,060)	(36,074)	(92,413)
Fair value adjustments to financial assets at fair value through profit or loss	4	(84,826)	0	0
(Loss) on revaluation of land and buildings	7(b)	(711,625)	0	0
Net result		<u>585,727</u>	<u>1,916,411</u>	<u>1,435,827</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	119,873	0	203,229
Total other comprehensive income		<u>119,873</u>	<u>0</u>	<u>203,229</u>
Total comprehensive income		<u>705,600</u>	<u>1,916,411</u>	<u>1,639,056</u>

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

SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		3,102	0	43,198
General purpose funding		5,132,850	4,454,816	3,477,276
Law, order, public safety		185,504	158,004	233,017
Health		5,463	0	3,670
Education and welfare		2,142	1,093	2,500
Housing		87,257	132,673	88,462
Community amenities		425,987	396,511	389,602
Recreation and culture		124,156	56,567	105,145
Transport		1,381,115	654,645	527,260
Economic services		92,086	91,068	31,187
Other property and services		749,002	636,041	694,275
		<u>8,188,664</u>	<u>6,581,418</u>	<u>5,595,592</u>
Expenses	2(a)			
Governance		(215,377)	(241,458)	(264,084)
General purpose funding		(98,474)	(86,150)	(84,623)
Law, order, public safety		(633,621)	(643,924)	(503,114)
Health		(287,273)	(285,311)	(259,040)
Education and welfare		(73,228)	(83,264)	(93,734)
Housing		(1,908)	(126,274)	(24,544)
Community amenities		(951,565)	(948,810)	(1,060,264)
Recreation and culture		(866,948)	(638,233)	(946,141)
Transport		(3,786,055)	(2,756,756)	(3,779,793)
Economic services		(250,359)	(156,476)	(226,297)
Other property and services		(709,478)	(573,522)	(426,942)
		<u>(7,874,286)</u>	<u>(6,540,178)</u>	<u>(7,668,576)</u>
Finance costs	2(a)			
Housing		(23,670)	(24,865)	(15,163)
Community amenities		0	0	(13,158)
Recreation and culture		(1,523)	0	0
Transport		(16,707)	(17,329)	(15,976)
		<u>(41,900)</u>	<u>(42,194)</u>	<u>(44,297)</u>
		272,478	(954)	(2,117,281)
Non-operating grants, subsidies and contributions	30	1,104,317	1,886,784	3,613,673
Profit on disposal of assets	21	46,443	66,654	31,848
(Loss) on disposal of assets	21	(41,060)	(36,074)	(92,413)
Fair value adjustments to financial assets at fair value through profit or loss	4	(84,826)	0	0
(Loss) on revaluation of land and buildings	7(b)	(711,625)	0	0
Net result		<u>585,727</u>	<u>1,916,411</u>	<u>1,435,827</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	119,873	0	203,229
Total other comprehensive income		<u>119,873</u>	<u>0</u>	<u>203,229</u>
Total comprehensive income		<u><u>705,600</u></u>	<u><u>1,916,411</u></u>	<u><u>1,639,056</u></u>

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

SHIRE OF JERRAMUNGUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,426,721	3,346,695
Trade and other receivables	5	1,030,595	158,661
Inventories	6	52,664	31,982
TOTAL CURRENT ASSETS		<u>3,509,980</u>	<u>3,537,338</u>
NON-CURRENT ASSETS			
Investments	4	46,400	131,226
Property, plant and equipment	7	26,276,625	27,183,592
Infrastructure	8	175,312,595	173,585,119
TOTAL NON-CURRENT ASSETS		<u>201,635,620</u>	<u>200,899,937</u>
TOTAL ASSETS		<u>205,145,600</u>	<u>204,437,275</u>
CURRENT LIABILITIES			
Trade and other payables	9	329,191	545,029
Current portion of long term borrowings	10	194,239	156,493
Provisions	11	319,202	287,428
TOTAL CURRENT LIABILITIES		<u>842,632</u>	<u>988,950</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	992,328	836,567
Provisions	11	43,811	50,527
TOTAL NON-CURRENT LIABILITIES		<u>1,036,139</u>	<u>887,094</u>
TOTAL LIABILITIES		<u>1,878,771</u>	<u>1,876,044</u>
NET ASSETS		<u>203,266,829</u>	<u>202,561,230</u>
EQUITY			
Retained surplus		51,770,270	51,382,852
Reserves - cash backed	12	1,376,694	1,178,385
Revaluation surplus	13	150,119,865	149,999,992
TOTAL EQUITY		<u>203,266,829</u>	<u>202,561,230</u>

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

**SHIRE OF JERRAMUNGUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		49,985,980	1,139,431	149,796,763	200,922,175
Comprehensive income					
Net result		1,435,827	0	0	1,435,827
Changes on revaluation of assets	13	0	0	203,229	203,229
Total comprehensive income		<u>1,435,827</u>	<u>0</u>	<u>203,229</u>	<u>1,639,056</u>
Transfers from/(to) reserves		(38,955)	38,955	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		51,382,852	1,178,385	149,999,992	202,561,230
Comprehensive income					
Net result		585,727	0	0	585,727
Changes on revaluation of assets	13	0	0	119,873	119,873
Total comprehensive income		<u>585,727</u>	<u>0</u>	<u>119,873</u>	<u>705,600</u>
Transfers from/(to) reserves rounding		(198,309)	198,309	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2017		<u>51,770,270</u>	<u>1,376,694</u>	<u>150,119,865</u>	<u>203,266,829</u>

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

SHIRE OF JERRAMUNGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,064,762	3,124,811	3,037,181
Operating grants, subsidies and contributions		2,972,765	2,168,709	1,161,757
Fees and charges		883,249	744,143	785,690
Interest earnings		82,989	61,755	63,621
Goods and services tax		(64,936)	0	(4,092)
Other revenue		377,900	482,000	621,413
		<u>7,316,729</u>	<u>6,581,418</u>	<u>5,665,570</u>
Payments				
Employee costs		(1,803,472)	(1,872,687)	(1,304,313)
Materials and contracts		(3,285,638)	(2,691,434)	(1,951,019)
Utility charges		(165,910)	(159,763)	(154,500)
Interest expenses		(42,195)	(42,194)	(46,154)
Insurance expenses		(224,882)	(233,928)	(226,554)
Other expenditure		(572,168)	56,352	(511,693)
		<u>(6,094,265)</u>	<u>(4,943,654)</u>	<u>(4,194,233)</u>
Net cash provided by (used in)				
operating activities	14(b)	1,222,464	1,637,764	1,471,337
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(566,253)	(606,024)	(1,524,357)
Payments for construction of infrastructure		(3,083,026)	(5,077,244)	(2,254,159)
Non-operating grants, subsidies and contributions		1,104,317	1,886,784	3,613,673
Proceeds from sale of fixed assets		209,017	295,000	391,741
Net cash provided by (used in)				
investment activities		<u>(2,335,945)</u>	<u>(3,501,484)</u>	<u>226,898</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(156,493)	(156,493)	(127,004)
Proceeds from new debentures		350,000	350,000	120,000
Net cash provided by (used in)				
financing activities		<u>193,507</u>	<u>193,507</u>	<u>(7,004)</u>
Net increase (decrease) in cash held		(919,974)	(1,670,213)	1,691,231
Cash at beginning of year		3,346,695	3,346,695	1,655,460
Cash and cash equivalents at the end of the year	14(a)	<u><u>2,426,721</u></u>	<u><u>1,676,482</u></u>	<u><u>3,346,695</u></u>

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

**SHIRE OF JERRAMUNGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		1,813,921	1,840,009	538,953
		<u>1,813,921</u>	<u>1,840,009</u>	<u>538,953</u>
Revenue from operating activities (excluding rates)				
Governance		3,102	0	43,198
General purpose funding		2,001,647	1,330,005	450,868
Law, order, public safety		185,504	158,004	233,017
Health		5,463	0	3,670
Education and welfare		2,142	1,093	2,500
Housing		87,257	132,673	88,462
Community amenities		425,987	396,511	389,602
Recreation and culture		124,156	56,567	105,145
Transport		1,427,558	721,299	559,108
Economic services		92,086	91,068	31,187
Other property and services		749,002	636,041	694,275
		<u>5,103,904</u>	<u>3,523,261</u>	<u>2,601,032</u>
Expenditure from operating activities				
Governance		(215,377)	(241,458)	(279,193)
General purpose funding		(98,474)	(86,150)	(84,623)
Law, order, public safety		(651,667)	(643,924)	(515,930)
Health		(287,273)	(285,311)	(265,026)
Education and welfare		(73,228)	(83,264)	(93,734)
Housing		(25,578)	(151,139)	(58,897)
Community amenities		(951,565)	(948,810)	(1,081,733)
Recreation and culture		(868,471)	(638,233)	(946,141)
Transport		(3,818,231)	(2,801,159)	(3,826,770)
Economic services		(250,359)	(156,476)	(226,297)
Other property and services		(717,023)	(582,522)	(426,942)
		<u>(7,957,246)</u>	<u>(6,618,446)</u>	<u>(7,805,286)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(46,443)	(66,654)	(31,848)
Loss on disposal of assets	21	41,060	36,074	92,413
Movement in deferred pensioner rates (non-current)		0	0	146
Movement in employee benefit provisions (non-current)		25,059	0	29,355
Depreciation and amortisation on assets	2(a)	2,033,384	1,638,717	3,181,809
Amount attributable to operating activities		<u>1,013,639</u>	<u>352,961</u>	<u>(1,393,426)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,104,317	1,886,784	3,613,673
Proceeds from disposal of assets	21	209,017	295,000	391,741
Purchase of property, plant and equipment	7(b)	(566,253)	(606,024)	(1,524,357)
Purchase and construction of infrastructure	8(b)	(3,083,026)	(5,077,244)	(2,254,159)
Amount attributable to investing activities		<u>(2,335,945)</u>	<u>(3,501,484)</u>	<u>226,898</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(156,493)	(156,493)	(127,004)
Proceeds from new debentures	22(a)	350,000	350,000	120,000
Transfers to reserves (restricted assets)	12	(331,921)	(305,519)	(136,703)
Transfers from reserves (restricted assets)	12	133,612	141,670	97,748
Amount attributable to financing activities		<u>(4,802)</u>	<u>29,658</u>	<u>(45,959)</u>
Surplus(deficiency) before general rates		<u>(1,327,108)</u>	<u>(3,118,864)</u>	<u>(1,212,487)</u>
Total amount raised from general rates	23	<u>3,131,203</u>	<u>3,124,811</u>	<u>3,026,408</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>1,804,095</u></u>	<u><u>5,946</u></u>	<u><u>1,813,921</u></u>

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(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) Cash and Cash Equivalents

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land under roads

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

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

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	3 to 10 years
Plant and equipment	7 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	20 years
- bituminous seals	
- asphalt surfaces	
Gravel roads formation	not depreciated
pavement	30 years
Formed roads (unsealed) formation	not depreciated
pavement	
Footpaths - slab	50 to 55 years
Sewerage piping	50 years
Water supply piping and drainage systems	

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

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

(l) 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.

(m) Leases

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

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

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) 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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and those that have been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to provide a consistent approach for classification and measurement of financial assets and liabilities compared with the requirements of the current standards. The adoption of the financial assets of the Shire will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for the recognition, measurement, presentation and disclosure of revenue arising from contracts with customers. It provides useful information to users of financial statements about the amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will be to change the way the Shire recognises transactions the Shire has with customers. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will recognise a right-to-use asset and lease liability in their balance sheet in their financial position for all leases. Effectively, all leases will be classified as operating leases as defined by the Standard. Currently, operating leases do not impact the statement of financial position and are not required to be capitalised on the balance sheet. When AASB 16 is adopted, operating leases will be capitalised. Currently, operating lease payments are recognised as an expense. This will cease and will be replaced by depreciation and interest charges. Based on the current operating leases held by the Shire, the impact is not significant.

Notes:

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to income recognition for NFP's.

- Assets received below fair value
- Transfers received to acquire
- Grants received;
- Prepaid rates;
- Leases entered into at below
- Volunteer services.

Whilst it is not possible to quantify the impact (if material) of these key areas upon the financial statements, if known, they will all have a

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard is to amend AASB 124 *Related Party Disclosures* to apply to not-for-profit public sector entities.

The Standard has had a significant impact on the financial report of the Shire. The Board and Senior Management are aware of the impact and Personnel and resultant disclosures have been necessary.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the Annual Financial Report	18,450	15,700	
- Other Services (grant acquittals)	2,190	2,530	
Depreciation			
Buildings - non-specialised	161,416	269,821	
Buildings - specialised	285,533	302,437	
Furniture and equipment	5,137	6,544	
Plant and equipment	198,246	309,692	
Infrastructure - Roads	904,030	1,247,021	
Infrastructure - Footpaths	10,317	67,778	
Infrastructure - Drainage	293,971	776,576	
Infrastructure - Parks and Ovals	120,845	111,617	
Infrastructure - Other	20,315	30,663	
Infrastructure - Sewerage	9,575	35,667	
Infrastructure - Aerodromes	23,999	23,993	
	<u>2,033,384</u>	<u>3,181,809</u>	
Interest expenses (finance costs)			
Debentures (refer Note 22 (a))	41,900	44,297	
	<u>41,900</u>	<u>44,297</u>	
Rental charges			
- Operating leases	14,245	9,405	
	<u>14,245</u>	<u>9,405</u>	
(ii) Crediting as revenue:			
Other revenue			
Reimbursements and recoveries	19,723	66,830	
Other	358,177	545,174	
	<u>377,900</u>	<u>612,004</u>	
	<u>2,033,384</u>	<u>3,181,809</u>	
	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	17,760	22,000	23,480
- Other funds	36,971	12,000	12,030
Other interest revenue (refer note 28)	28,258	27,755	28,111
	<u>82,989</u>	<u>61,755</u>	<u>63,621</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire of Jerramugup will provide leadership to maintain our identity by promoting social and economic development whilst embracing our unique natural environment.

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

GOVERNANCE

Objective:

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

Activities:

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

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To meet the needs of the community in these areas.

Activities:

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

HOUSING

Objective:

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

Activities:

Maintenance of staff and rental housing.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening			Closing			Closing
	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Balance
	1/07/15	2015/16	2015/16	30/06/16	2016/17	2016/17	30/06/17
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Bushfire Risk Planning	0	154,748	(64,752)	89,996	64,013	(149,406)	4,603
Community amenities							
Upgrade Transer Station	12,283	0	0	12,283	0	(12,283)	0
Recreation and culture							
Kidsport	10,000	6,000	(12,245)	3,755	0	(2,236)	1,519
Campsite Development Grant	0	72,000	(60,957)	11,043	0	(11,043)	0
Transport							
BB Town Centre and Trail Project	0	1,696,383	0	1,696,383	22,832	(652,026)	1,067,189
Walk Trail BB (GSDC)	0	0	0	0	45,000	0	45,000
Total	22,283	1,929,131	(137,954)	1,813,460	131,845	(826,994)	1,118,311

Notes:

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		(83,066)	340,071
Restricted		2,509,787	3,006,624
		2,426,721	3,346,695
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave	12	33,228	32,804
Reserves cash backed - Plant	12	41,774	41,241
Reserves cash backed - Community Recreation	12	148,922	111,648
Reserves cash backed - Bremer Bay Youth Camp	12	51,734	51,075
Reserves cash backed - Building	12	178,247	31,428
Reserves cash backed - Bremer Bay Retirement Units	12	95,686	94,468
Reserves cash backed - JMP Entertainment Centre	12	8,435	8,328
Reserves cash backed - Effluent	12	508,262	471,618
Reserves cash backed - Point Henry Fire Levy	12	26,494	25,954
Reserves cash backed - Jerramungup Retirement Uni	12	93,216	92,029
Reserves cash backed - Fishery Beach Boat Ramp	12	113,152	111,710
Reserves cash backed - Capital Works	12	38,751	77,756
Reserves cash backed - Swimming Pool	12	8,054	7,951
Reserves cash backed - Roe Park	12	30,741	20,374
Restricted Cash	12	14,780	14,780
Unspent grants	2(c)	1,118,311	1,813,460
		2,509,787	3,006,624

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

4. INVESTMENTS

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	116,585	50,144
Sundry debtors	795,895	57,649
GST receivable	114,436	49,500
Accrued Income	3,679	1,368
	<u>1,030,595</u>	<u>158,661</u>

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

Rates outstanding	<u>116,585</u>	<u>50,144</u>
Includes:		
Past due and not impaired	116,585	50,144
Impaired	<u>0</u>	<u>0</u>
 Sundry debtors	 <u>795,895</u>	 <u>57,649</u>
Includes:		
Past due and not impaired	794,585	56,339
Impaired	<u>1,310</u>	<u>1,310</u>

6. INVENTORIES

Current		
Fuel and materials	52,664	31,982
	<u>52,664</u>	<u>31,982</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Land - Freehold		
- Independent valuation 2014 - level 2	0	1,957,211
- Independent valuation 2017 - level 2	1,513,450	0
- Sale of Land	0	(20,380)
	1,513,450	1,936,831
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	0	1,406,625
- Independent valuation 2017 - level 3	695,000	0
	695,000	1,406,625
	2,208,450	3,343,456
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	0	8,791,500
- Independent valuation 2017 - level 3	8,424,926	0
- Additions after valuation - cost	0	542,230
- Sale of Buildings	0	(48,512)
Buildings - non-specialised - Less: accumulated depreciation	0	(530,928)
	8,424,926	8,754,290
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	13,599,668
- Independent valuation 2017 - level 3	12,526,223	0
- Additions after valuation - cost	0	497,887
- Transfer between classes	0	(1,444,695)
Buildings - specialised - Less: accumulated depreciation	0	(608,318)
	12,526,223	12,044,542
	20,951,149	20,798,832
Total land and buildings	23,159,599	24,142,288

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7 (a). PROPERTY, PLANT AND EQUIPMENT

Furniture and equipment at:

- Management valuation 2016 - level 3	31,770	31,770
- Additions after valuation - cost	6,498	0
Furniture and equipment - Less: accumulated depreciation	<u>(5,137)</u>	<u>0</u>
	33,131	31,770

Plant and equipment at:

- Independent valuation 2016 - level 2	3,009,534	3,009,534
- Additions after valuation - cost	271,609	0
Plant and equipment - Less: accumulated depreciation	<u>(197,248)</u>	<u>0</u>
	3,083,895	3,009,534
	<u>26,276,625</u>	<u>27,183,592</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

ant and equipment between the beginning and the end of the current financial year.

Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Losses)/ Reversals Through to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
\$	\$	\$	\$	\$	\$	\$	\$
0	(18,030)	(405,352)	0	0	0	0	1,513,450
<u>0</u>	<u>0</u>	<u>0</u>	<u>(711,625)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>695,000</u>
0	(18,030)	(405,352)	(711,625)	0	0	0	2,208,450
118,301	(82,557)	114,182	0	0	(161,416)	(317,873)	8,424,926
65,801	0	411,043	0	0	(285,533)	290,370	12,526,223
<u>184,102</u>	<u>(82,557)</u>	<u>525,225</u>	<u>0</u>	<u>0</u>	<u>(446,949)</u>	<u>(27,503)</u>	<u>20,951,149</u>
184,102	(100,587)	119,873	(711,625)	0	(446,949)	(27,503)	23,159,599
6,497	0	0	0	0	(5,137)	0	33,131
375,654	(103,048)	0	0	0	(198,246)	0	3,083,895
<u>566,253</u>	<u>(203,635)</u>	<u>119,873</u>	<u>(711,625)</u>	<u>0</u>	<u>(650,332)</u>	<u>(27,503)</u>	<u>26,276,625</u>
566,253	(203,635)	119,873	(711,625)	0	(650,332)	(27,503)	26,276,625

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation
Land and Buildings				
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016
Plant and equipment				
- Management valuation 2013	2	Market Approach using recent observable market data for similar items or cost approach using depreciated replacement cost	Management Valuation	June 2013
- Independent valuation 2016	2	Market Approach using recent observable market data for similar items or cost approach using depreciated replacement cost	Independent Valuation	June 2016

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these 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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Independent valuation 2015 - level 3	148,133,897	148,133,897
- Additions after valuation - cost	4,551,653	1,889,288
Infrastructure - Roads - Less: accumulated depreciation	<u>(2,151,051)</u>	<u>(1,247,021)</u>
	150,534,499	148,776,164
Infrastructure - Footpaths		
- Independent valuation 2015 - level 3	1,335,861	1,335,861
- Additions after valuation - cost	604,857	319,084
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(78,095)</u>	<u>(67,777)</u>
	1,862,623	1,587,168
Infrastructure - Drainage		
- Independent valuation 2015 - level 3	19,598,105	19,598,105
Infrastructure - Drainage - Less: accumulated depreciation	<u>(1,070,547)</u>	<u>(776,575)</u>
	18,527,558	18,821,530
Infrastructure - Parks and Ovals		
- Independent valuation 2015 - level 3	2,460,345	2,460,345
- Additions after valuation - cost	124,808	0
Infrastructure - Parks & Ovals - Less: accumulated depreciation	<u>(232,462)</u>	<u>(111,617)</u>
	2,352,691	2,348,728
Infrastructure - Other		
- Independent valuation 2015 - level 3	792,493	792,493
- Additions after valuation - cost	8,582	6,829
- Transfer between classes	105,837	77,771
Infrastructure - Other - Less: accumulated depreciation	<u>(129,311)</u>	<u>(108,435)</u>
	777,601	768,658
Infrastructure - Sewerage		
- Independent valuation 2015 - level 3	823,710	823,710
- Additions after valuation - cost	38,956	38,957
Infrastructure - Sewerage - Less: accumulated depreciation	<u>(45,242)</u>	<u>(35,667)</u>
	817,424	827,000
Infrastructure - Aerodromes		
- Independent valuation 2015 - level 3	479,864	479,864
- Additions after valuation - cost	8,327	0
Infrastructure - Aerodromes - Less: accumulated depreciation	<u>(47,992)</u>	<u>(23,993)</u>
	440,199	455,871
	<u>175,312,595</u>	<u>173,585,119</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	148,776,164	2,662,365	0	0	0	0	(904,030)	0	150,534,499
Infrastructure - Footpaths	1,587,168	285,773	0	0	0	0	(10,317)	0	1,862,623
Infrastructure - Drainage	18,821,530	0	0	0	0	0	(293,971)	0	18,527,558
Infrastructure - Parks and Ovals	2,348,728	124,808	0	0	0	0	(120,845)	0	2,352,691
Infrastructure - Other	768,658	1,753	0	0	0	0	(20,315)	27,503	777,601
Infrastructure - Sewerage	827,000	0	0	0	0	0	(9,575)	0	817,424
Infrastructure - Aerodromes	455,871	8,327	0	0	0	0	(23,999)	0	440,199
Total infrastructure	<u>173,585,119</u>	<u>3,083,026</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,383,052)</u>	<u>27,503</u>	<u>175,312,595</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.
Infrastructure - Aerodromes	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments.

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	222,574	301,782
Accrued interest on debentures	10,848	11,143
Accrued salaries and wages	4,473	2,471
ATO liabilities	87,895	225,744
Accrued expenses	3,401	3,889
	<u>329,191</u>	<u>545,029</u>

10. LONG-TERM BORROWINGS

Current

Debentures	194,239	156,493
	<u>194,239</u>	<u>156,493</u>

Non-current

Debentures	992,328	836,567
	<u>992,328</u>	<u>836,567</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	156,865	130,563	287,428
Non-current provisions	0	50,527	50,527
	<u>156,865</u>	<u>181,090</u>	<u>337,955</u>
Additional provision	25,637	(579)	25,058
Balance at 30 June 2017	<u>182,502</u>	<u>180,511</u>	<u>363,013</u>
Comprises			
Current	182,502	136,700	319,202
Non-current	0	43,811	43,811
	<u>182,502</u>	<u>180,511</u>	<u>363,013</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12 RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave	32,804	424	0	33,228	32,804	623	0	33,427	32,132	672	0	32,804
Reserves cash backed - Plant	41,242	532	0	41,774	41,242	784	0	42,026	40,396	846	0	41,242
Reserves cash backed - Community Recreation	111,647	82,442	(45,167)	148,922	111,647	82,743	(80,000)	114,390	103,855	75,540	(67,748)	111,647
Reserves cash backed - Bremer Bay Youth Camp	51,075	659	0	51,734	51,075	970	0	52,045	50,028	1,047	0	51,075
Reserves cash backed - Building	31,428	146,819	0	178,247	31,428	145,597	0	177,025	30,784	644	0	31,428
Reserves cash backed - Bremer Bay Retirement	94,468	1,218	0	95,686	94,468	1,795	0	96,263	92,531	1,937	0	94,468
Reserves cash backed - JMP Entertainment Cent	8,328	107	0	8,435	8,328	158	0	8,486	8,157	171	0	8,328
Reserves cash backed - Effluent	471,618	63,419	(26,775)	508,262	471,618	35,188	0	506,806	444,959	26,659	0	471,618
Reserves cash backed - Point Henry Fire Levy	25,955	22,208	(21,670)	26,493	14,066	21,937	(21,670)	14,333	43,378	12,577	(30,000)	25,955
Reserves cash backed - Jerramungup Retirement	92,029	1,187	0	93,216	92,029	1,749	0	93,778	89,750	2,279	0	92,029
Reserves cash backed - Fishery Beach Boat Ramp	111,710	1,442	0	113,152	111,710	2,122	0	113,832	109,420	2,290	0	111,710
Reserves cash backed - Capital Works	77,756	994	(40,000)	38,750	77,756	1,314	(40,000)	39,070	76,162	1,594	0	77,756
Reserves cash backed - Swimming Pool	7,951	103	0	8,054	7,951	151	0	8,102	7,788	163	0	7,951
Reserves cash backed - Roe Park	20,374	10,367	0	30,741	20,374	10,387	0	30,761	10,090	10,284	0	20,374
	<u>1,178,385</u>	<u>331,921</u>	<u>(133,612)</u>	<u>1,376,694</u>	<u>1,166,496</u>	<u>305,519</u>	<u>(141,670)</u>	<u>1,330,344</u>	<u>1,139,430</u>	<u>136,703</u>	<u>(97,748)</u>	<u>1,178,385</u>

All of the reserve accounts are supported by money held in a financial institution. As per budget Council utilised the Funds held in reserve to cover cash flow requirements associated with WANNDRA event AGRN 696 and 743 as per section 6.11 of the Local Government Act 1995. The direct benefit to Council being reduced financing costs.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12 RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave	ongoing	To be used to fund annual and long service leave requirements
Reserves cash backed - Plant	ongoing	To be used to for the purchase of major plant
Reserves cash backed - Community Recreation	ongoing	To be used to assist local sporting groups to upgrade their facilities
Reserves cash backed - Bremer Bay Youth Camp	ongoing	For the ongoing management and future upgrade of the reserve land on Lot 70 Borden Bremer Bay Road, Bremer Bay
Reserves cash backed - Building	ongoing	To be used for the construction of new Council buildings
Reserves cash backed - Bremer Bay Retirement Units	ongoing	To be used for the provision required at the units
Reserves cash backed - JMP Entertainment Centre	ongoing	To be used for capital building improvements
Reserves cash backed - Effluent	30.6.2018	To be used to maintain the efficient running of the facility
Reserves cash backed - Point Henry Fire Levy	30.6.2018	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
Reserves cash backed - Jerramungup Retirement Units	ongoing	To be used for the provisions required at the units
Reserves cash backed - Fishery Beach Boat Ramp	ongoing	To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
Reserves cash backed - Capital Works	30.6.2018	To be used to supplement future capital works programs
Reserves cash backed - Swimming Pool	ongoing	To preserve any surplus funds from the Jerramungup Swimming Pool's operations for future requirements of the Jerramungup Swimming Pool
Reserves cash backed - Roe Park	ongoing	To provide funding for the replacement of assets within Roe Park, Jerramungup

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017	2017	2017	2017	2016	2016	2016	2016	2016	
	Opening	Revaluation	Revaluation	Total	Opening	Revaluation	Revaluation	Total	Opening	
	Balance	Increment	(Decrement)	Movement on	Balance	Increment	(Decrement)	Movement on	Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revaluation surplus - Land - freehold	2,559,158	0	(405,352)	(405,352)	2,153,806	2,559,158	0	0	2,559,158	
Revaluation surplus - Buildings - non-specialised	4,525,296	114,182	0	114,182	4,639,478	4,525,296	0	0	4,525,296	
Revaluation surplus - Buildings - specialised	11,024,486	411,043	0	411,043	11,435,529	11,024,486	0	0	11,024,486	
Revaluation surplus - Furniture and equipment	14,754	0	0	0	14,754	0	14,754	0	14,754	
Revaluation surplus - Plant and equipment	362,434	0	0	0	362,434	173,959	188,475	0	188,475	
Revaluation surplus - Infrastructure - Roads	110,513,874	0	0	0	110,513,874	110,513,874	0	0	110,513,874	
Revaluation surplus - Infrastructure - Footpaths	800,210	0	0	0	800,210	800,210	0	0	800,210	
Revaluation surplus - Infrastructure - Drainage	18,979,601	0	0	0	18,979,601	18,979,601	0	0	18,979,601	
Revaluation surplus - Infrastructure - Parks and Ovals	144,300	0	0	0	144,300	144,300	0	0	144,300	
Revaluation surplus - Infrastructure - Other	157,091	0	0	0	157,091	157,091	0	0	157,091	
Revaluation surplus - Infrastructure - Sewerage	647,109	0	0	0	647,109	647,109	0	0	647,109	
Revaluation surplus - Infrastructure - Aerodromes	271,680	0	0	0	271,680	271,680	0	0	271,680	
	149,999,993	525,225	(405,352)	119,873	150,119,865	149,796,764	203,229	0	203,229	149,999,992

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>2,426,721</u>	<u>1,676,482</u>	<u>3,346,695</u>

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

Net result	585,727	1,916,411	1,435,827
Non-cash flows in Net result:			
Depreciation	2,033,384	1,638,717	3,181,809
(Profit)/Loss on sale of asset	(5,383)	(30,580)	60,565
Fair value adjustments to fixed assets			
at fair value through profit or loss	84,826	0	0
Loss on revaluation of fixed assets	711,625	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(871,934)	0	69,978
(Increase)/Decrease in inventories	(20,682)	0	4,416
Increase/(Decrease) in payables	(215,838)	0	303,061
Increase/(Decrease) in provisions	25,058	0	29,355
Grants contributions for			
the development of assets	(1,104,317)	(1,886,784)	(3,613,673)
Net cash from operating activities	<u>1,222,466</u>	<u>1,637,764</u>	<u>1,471,337</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
Total amount of credit unused	<u>15,000</u>	<u>15,000</u>
Loan facilities		
Loan facilities - current	194,239	156,493
Loan facilities - non-current	992,328	836,567
Total facilities in use at balance date	<u>1,186,567</u>	<u>993,060</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

The Shire had no contingent liabilities.

	2017	2016
	\$	\$
16. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	5,072	13,738
- later than one year but not later than five years	7,608	12,680
- later than five years	0	0
	12,680	26,418

(b) Capital Expenditure Commitments

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

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

	2017	2016
	\$	\$
Non-current assets		
Land and buildings	1,446,000	1,518,823
Less: accumulated depreciation	0	(51,781)
	<u>1,446,000</u>	<u>1,467,042</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	0	1,649,681
General purpose funding	116,585	32,804
Law, order, public safety	1,249,736	1,639,630
Health	103,750	93,196
Education and welfare	1,739,963	1,540,121
Housing	2,607,015	2,728,780
Community amenities	2,737,768	2,382,268
Recreation and culture	15,861,128	14,616,078
Transport	172,760,150	74,433,704
Economic services	2,007,095	1,976,618
Other property and services	3,738,951	834,166
Unallocated	2,223,459	102,510,229
	<u>205,145,600</u>	<u>204,437,275</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	1.24	0.56	1.27
Asset sustainability ratio	1.07	1.05	1.47
Debt service cover ratio	7.85	6.12	9.73
Operating surplus ratio	(0.12)	(0.55)	(0.03)
Own source revenue coverage ratio	0.52	0.51	0.58

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

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

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$646,770.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$611,413.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	0.44	1.20	0.23
Debt service cover ratio	4.59	9.69	6.38
Operating surplus ratio	(0.28)	(0.40)	(0.19)

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Key Bonds	530	140	(100)	570
Building Bonds	24,000	8,000	(10,000)	22,000
Housing Bonds	640	480	(480)	640
Subdivision Bonds	56,228	1,140	0	57,368
Other Bonds	1,170	0	0	1,170
CLGF Regional Grant funding	1,772,397	19,666	(1,792,063)	0
Upgrade Transfer Station grant funds	9,951	61,479	(71,430)	0
CLGR Regional Grant funding	3,176,097	47,757	(185,208)	3,038,646
BB Community funds	5,327	15,486	0	20,813
	<u>5,046,340</u>			<u>3,141,207</u>

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

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant, Equipment, Land and Buildings								
<i>Law, order, public safety</i>								
1997 Needilup Fire Truck	18,045	0	0	(18,045)	0	0	0	0
<i>Transport</i>								
Terex Positrac Skid Steer Lo:	0	0	0	0	60,074	33,000	0	(27,074)
Excavator	29,002	17,364	0	(11,638)	30,000	35,000	5,000	0
Ariens Zoom Mower	3,000	1,199	0	(1,801)	0	0	0	0
Old Shire Depot buildings	82,557	129,000	46,443	0	83,346	145,000	61,654	0
Old Shire Depot land	18,030	16,000	0	(2,030)	0	0	0	0
<i>Other property and services</i>								
JP00- Toyota Prado	53,000	45,454	0	(7,546)	53,000	50,000	0	(3,000)
JP0036 -Toyota Kluger	0	0	0	0	38,000	32,000	0	(6,000)
	<u>203,634</u>	<u>209,017</u>	<u>46,443</u>	<u>(41,060)</u>	<u>264,420</u>	<u>295,000</u>	<u>66,654</u>	<u>(36,074)</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2017	Repayments	Repayments
	2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 259 - Key Personnel Housing	211,009	0	55,605	55,605	155,404	207,603	11,781	12,197
Loan 261 - Housing Bremer Bay	291,379	0	31,235	31,235	260,144	290,078	11,889	12,668
Recreation and culture								
Loan 263 - Bremer Bay Town Centre - Town Square	0	350,000	0	0	350,000	350,000	1,523	0
Transport								
Loan 260 - Bremer Bay Town Centre	370,672	0	46,729	46,729	323,943	323,943	14,114	14,723
Loan 262 - Grader	120,000	0	22,924	22,924	97,076	97,076	2,593	2,606
	993,060	350,000	156,493	156,493	1,186,567	1,268,700	41,900	42,194

Loan 259 is associated with the Police Housing Project - Council received \$78346 in rent for these properties for the year. All other loan repayments were financed by general purpose revenue.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget				Interest & Charges		Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Bremer Bay Town Centre - Town Square	350,000	350,000	WATC	Debenture	10	152,744	3.14%	350,000	350,000	0
	<u>350,000</u>	<u>350,000</u>				<u>152,744</u>		<u>350,000</u>	<u>350,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

As per the note 7(d) in the Budget the Shire utilised the Reserve funds for the purpose of not extending Council's municipal overdraft facilities, and therefore reduced financing costs. Council utilised the Effluent Reserve Funds to cover cash flow requirements associated with WANDRRA event AGRN 696 and 743 as per section 6.11 of the Local Government Act 1995.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV Properties	0.111475	529	6,191,558	690,204	4,843	0	695,047	690,204	0	0	690,204
Unimproved value valuations											
UV Properties	0.011618	324	185,507,500	2,155,226	2,385	0	2,157,611	2,155,226	0	0	2,155,226
Sub-Total		853	191,699,058	2,845,430	7,228	0	2,852,658	2,845,430	0	0	2,845,430
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV Properties	783	316	1,560,266	247,428	0	0	247,428	247,428	0	0	247,428
Unimproved value valuations											
UV Properties	783	41	1,160,899	32,103	0	0	32,103	32,103	0	0	32,103
Sub-Total		357	2,721,165	279,531	0	0	279,531	279,531	0	0	279,531
		1,210	194,420,223	3,124,961	7,228	0	3,132,189	3,124,961	0	0	3,124,961
Discounts/concessions (refer note 27)							(986)				(150)
Total amount raised from general rate							3,131,203				3,124,811
Totals							3,131,203				3,124,811

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>1,804,095</u>	<u>1,813,921</u>	<u>1,813,921</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	(83,066)	340,071	340,071
Restricted	2,509,787	3,006,624	3,006,624
Receivables			
Rates outstanding	116,585	50,144	50,144
Sundry debtors	795,895	57,649	57,649
GST receivable	114,436	49,500	49,500
Accrued Income	3,679	1,368	1,368
Inventories			
Fuel and materials	52,664	31,982	31,982
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(222,574)	(301,782)	(301,782)
Accrued interest on debentures	(10,848)	(11,143)	(11,143)
Accrued salaries and wages	(4,473)	(2,471)	(2,471)
ATO liabilities	(87,895)	(225,744)	(225,744)
Accrued expenses	(3,401)	(3,893)	(3,893)
Current portion of long term borrowings			
Debentures	(194,239)	(156,493)	(156,493)
Unadjusted net current assets	<u>2,986,550</u>	<u>2,835,812</u>	<u>2,835,812</u>
Adjustments			
Less: Reserves - restricted cash	(1,376,694)	(1,178,384)	(1,178,384)
Add: Debentures	194,239	156,493	156,493
Adjusted net current assets - surplus/(deficit)	<u><u>1,804,095</u></u>	<u><u>1,813,921</u></u>	<u><u>1,813,921</u></u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. JERRAMUNGUP EFFLUENT CHARGE - 2016/17 FINANCIAL YEAR

Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Jerramungup Effluent Charges	0.04495	920,244	41,369	4,203	0	45,572	56,743	0	0
	294.0000	213,200	11,172	0	0	0	0	0	0
			<u>52,541</u>	<u>4,203</u>	<u>0</u>	<u>45,572</u>	<u>56,743</u>	<u>0</u>	<u>0</u>

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

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Small interest write-offs			986	150	Write off small balances under the CEO's delegated authority
			<u>986</u>	<u>150</u>	

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	27.09.2017	0	0.00%	11.00%
Option Two				
First Instalment	27.09.2017	8	5.50%	11.00%
Second Instalment	31.01.2018			
Option Three				
First Instalment	27.09.2017	24	5.50%	11.00%
Second Instalment	29.11.2017			
Third Instalment	31.01.2018			
Fourth Instalment	04.04.2018			

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	12,337	11,129
Interest on instalment plan	15,921	16,626
Charges on instalment plan	6,680	6,840
	34,938	34,595

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. FEES & CHARGES	2017	2016
	\$	\$
Governance	0	5,544
General purpose funding	13,236	17,530
Law, order, public safety	38,762	27,213
Health	3,374	1,215
Education and welfare	153	400
Housing	124,278	87,774
Community amenities	385,919	374,875
Recreation and culture	15,179	35,296
Transport	5,635	63,225
Economic services	40,764	24,493
Other property and services	255,948	127,889
	<u>883,248</u>	<u>765,454</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	320	17,045
General purpose funding	1,895,315	358,321
Law, order, public safety	138,440	204,554
Health	148	2,278
Education and welfare	843	1,671
Community amenities	31,424	11,536
Recreation and culture	104,424	41,000
Transport	1,368,992	463,229
Economic services	48,000	0
Other property and services	125,416	28,471
	<u>3,713,322</u>	<u>1,128,105</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	391,116
Education and welfare	0	9,494
Community amenities	1,048	42,600
Transport	1,103,269	3,098,463
Economic services	0	72,000
	<u>1,104,317</u>	<u>3,613,673</u>
	<u>4,817,639</u>	<u>4,741,778</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>25</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	56,000	63,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	1,294	1,500	1,449
Telecommunications allowance	7,000	7,000	7,000
	<u>79,294</u>	<u>86,500</u>	<u>79,449</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	612,315
Post-employment benefits	50,776
Other long-term benefits	12,398
	675,489

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 17.

Transactions with related parties

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

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	
Purchase of goods and services	17,040

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,426,721	3,346,695	2,426,721	3,346,695
Receivables	1,030,595	158,661	1,030,595	158,661
	<u>3,457,316</u>	<u>3,505,356</u>	<u>3,457,316</u>	<u>3,505,356</u>
Financial liabilities				
Payables	329,191	545,029	329,191	545,029
Borrowings	1,186,567	993,060	1,022,061	875,983
	<u>1,515,758</u>	<u>1,538,089</u>	<u>1,351,252</u>	<u>1,421,012</u>

Fair value is determined as follows:

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	24,267	33,467
- Statement of Comprehensive Income	24,267	33,467

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	38%	19%
- Overdue	62%	81%
Percentage of other receivables		
- Current	99.50%	89%
- Overdue	0.50%	11%

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	329,191	0	0	329,191	329,191
Borrowings	240,528	765,120	354,257	1,359,905	1,186,567
	<u>569,719</u>	<u>765,120</u>	<u>354,257</u>	<u>1,689,096</u>	<u>1,515,758</u>
<u>2016</u>					
Payables	545,029	0	0	545,029	545,029
Borrowings	199,474	695,019	254,347	1,148,840	993,060
	<u>744,503</u>	<u>695,019</u>	<u>254,347</u>	<u>1,693,869</u>	<u>1,538,089</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	0	0	155403	97076	0	934088	1186567	4.02%
Weighted average Effective interest rate	0.00%	0.00%	6.42%	2.28%	0.00%	3.80%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	211008	120000	662050	993058	4.43%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	6.42%	2.28%	4.19%		

SHIRE OF JERRAMUNGUP
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.74	0.98	0.99
Asset renewal funding ratio	2.52	0.73	0.50

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
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Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF JERRAMUNGUP



Opinion

We have audited the accompanying financial report of the Shire of Jerramungup, which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Basis for Opinion

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

Report on Other Legal and Regulatory Requirements

During the Course of our audit we became aware of the following instance where the Shire did not comply with the Local Government Act 1995.

Reserve Accounts

Council's use of Reserve Funds to prevent the requirement of using a bank overdraft did not comply with the Local Government Act 1995 Section 6.11 (2) in that the Council did not pass a resolution with absolute majority before using a specific amount from a specified Reserve Account for a purpose other than disclosed.

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

- (a) We refer to our management letter in relation to financial ratios. Other than as disclosed, there are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were noted during the course of our audit.

70-74 Frederick Street · PO Box 494, ALBANY WA 6351
e info@lincolns.com.au w lincolns.com.au
t (08) 9841 1200 f (08) 9842 1034

- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at <http://www.ausb.gov.au/auditors/files/ar3.pdf>. This description forms part of our audit report.

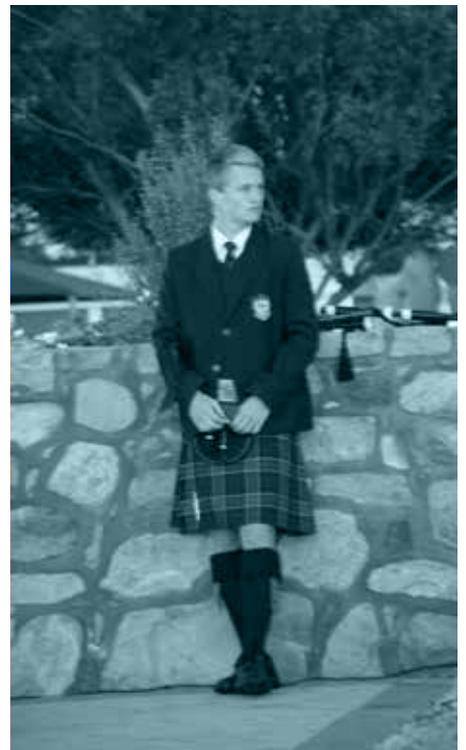
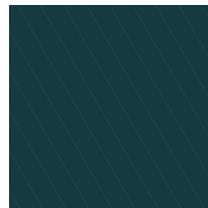


Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this...^{7th} day of February 2018.



Shire of Jerramungup

8 Vasey Street
Jerramungup WA 6337

P: (08) 9835 1022

E: council@jerramungup.wa.gov.au

www: www.jerramungup.wa.gov.au