

SHIRE OF SERPENTINE-JARRAHDALÉ
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	55

The Shire of Serpentine-Jarrahdale conducts the operations of a local government with the following community vision:

City living offering a rural lifestyle with abundant opportunities for a diverse community

Principal place of business:
 6 Paterson Street
 Mundijong WA 6123

**SHIRE OF SERPENTINE-JARRAHDALÉ
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

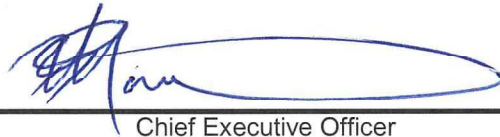
*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

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

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

Signed on the 21 day of NOVEMBER 2023



Chief Executive Officer

PAUL MARTIN

Name of Chief Executive Officer



SHIRE OF SERPENTINE-JARRAHDALÉ
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),28	27,564,289	27,463,063	25,429,868
Grants, subsidies and contributions	2(a)	5,062,209	3,536,247	4,362,487
Fees and charges	2(a)	8,556,015	8,274,694	7,713,240
Interest revenue	2	1,478,319	543,500	350,521
Other revenue	2(a)	719,308	463,111	638,081
		43,380,140	40,280,615	38,494,197
Expenses				
Employee costs	2(b)	(18,630,480)	(19,823,043)	(17,890,840)
Materials and contracts		(13,116,563)	(12,537,236)	(10,101,248)
Utility charges		(1,075,776)	(1,119,960)	(1,105,643)
Depreciation		(11,444,354)	(10,474,934)	(10,581,149)
Finance costs	2(b)	(112,712)	(87,148)	(116,351)
Insurance		(476,940)	(459,921)	(443,049)
Other expenditure	2(b)	(1,935,990)	(595,411)	(2,314,721)
		(46,792,815)	(45,097,653)	(42,553,001)
		(3,412,675)	(4,817,038)	(4,058,804)
Capital grants, subsidies and contributions	2	22,723,336	20,093,355	25,597,971
Profit on asset disposals		18,052	101,097	63,454
Loss on asset disposals		(110,417)	(24,512)	0
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,114	0	0
Fair value adjustments to investment property	12	(17,182)	0	0
Recognition of investment in associates	23(a)	32,476	0	0
		22,650,379	20,169,940	25,661,425
Net result for the period	27(b)	19,237,704	15,352,902	21,602,621
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	10,000,298	0	2,993,511
Total other comprehensive income for the period	18	10,000,298	0	2,993,511
Total comprehensive income for the period		29,238,002	15,352,902	24,596,132

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



SHIRE OF SERPENTINE-JARRAHDALÉ
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	9,136,290	5,412,029
Trade and other receivables	5	3,967,953	2,946,693
Other financial assets	4(a)	30,850,739	35,018,647
Inventories	6	4,779	18,317
Other assets	7	781,845	22,908
TOTAL CURRENT ASSETS		44,741,606	43,418,594
NON-CURRENT ASSETS			
Trade and other receivables	5	259,837	227,497
Other financial assets	4(b)	84,042	79,928
Investment in associate	23(a)	32,476	0
Property, plant and equipment	8	47,521,360	46,313,506
Infrastructure	9	434,190,939	410,972,783
Right-of-use assets	11(a)	90,707	57,877
Investment property	12	730,000	747,182
Intangible assets	13	2,213,730	2,527,250
TOTAL NON-CURRENT ASSETS		485,123,091	460,926,023
TOTAL ASSETS		529,864,697	504,344,617
CURRENT LIABILITIES			
Trade and other payables	14	8,896,140	7,600,876
Other liabilities	15	2,272,692	2,860,281
Lease liabilities	11(b)	44,097	31,856
Borrowings	16	820,455	1,253,756
Employee related provisions	17	2,276,514	2,353,572
TOTAL CURRENT LIABILITIES		14,309,898	14,100,341
NON-CURRENT LIABILITIES			
Other liabilities	15	3,045,000	6,200,000
Lease liabilities	11(b)	48,191	27,604
Borrowings	16	3,200,451	4,020,904
Employee related provisions	17	859,315	831,928
TOTAL NON-CURRENT LIABILITIES		7,152,957	11,080,436
TOTAL LIABILITIES		21,462,855	25,180,777
NET ASSETS		508,401,842	479,163,840
EQUITY			
Retained surplus		170,664,265	153,655,948
Reserve accounts	31	20,237,359	18,007,972
Revaluation surplus	18	317,500,218	307,499,920
TOTAL EQUITY		508,401,842	479,163,840

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



SHIRE OF SERPENTINE-JARRAHDALE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		134,299,435	15,761,864	304,506,409	454,567,708
Correction of error		0	0	0	0
Restated balance at the beginning of the financial year		134,299,435	15,761,864	304,506,409	454,567,708
Comprehensive income for the period					
Net result for the period		21,602,621	0	0	21,602,621
Other comprehensive income for the period	18	0	0	2,993,511	2,993,511
Total comprehensive income for the period		21,602,621	0	2,993,511	24,596,132
Transfers from reserve accounts	31	5,482,094	(5,482,094)	0	0
Transfers to reserve accounts	31	(7,728,202)	7,728,202	0	0
Balance as at 30 June 2022		153,655,948	18,007,972	307,499,920	479,163,840
Change in accounting policies		0	0	0	0
Correction of error		0	0	0	0
Restated balance at 1 July 2022		153,655,948	18,007,972	307,499,920	479,163,840
Comprehensive income for the period					
Net result for the period		19,237,704	0	0	19,237,704
Other comprehensive income for the period	18	0	0	9,370,298	9,370,298
Correction of double-counted assets	8,18	0	0	630,000	630,000
Total comprehensive income for the period		19,237,704	0	10,000,298	29,238,002
Transfers from reserve accounts	31	4,677,937	(4,677,937)	0	0
Transfers to reserve accounts	31	(6,907,324)	6,907,324	0	0
Balance as at 30 June 2023		170,664,265	20,237,359	317,500,218	508,401,842

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



**SHIRE OF SERPENTINE-JARRAHDALÉ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		27,576,334	25,813,216
Grants, subsidies and contributions		4,252,340	4,613,930
Fees and charges		8,556,015	7,749,054
Interest revenue		1,478,319	350,521
Goods and services tax received		474,653	949,161
Other revenue		719,308	638,081
		43,056,969	40,113,963
Payments			
Employee costs		(18,489,584)	(17,384,079)
Materials and contracts		(12,558,008)	(9,217,369)
Utility charges		(1,075,776)	(1,105,643)
Finance costs		(112,712)	(116,351)
Insurance paid		(476,940)	(443,052)
Goods and services tax paid		(720,612)	(931,071)
Other expenditure		(2,273,658)	(2,314,721)
		(35,707,290)	(31,512,286)
Net cash provided by (used in) operating activities	19(b)	7,349,679	8,601,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment		(3,652,862)	(5,118,402)
Payments for construction of infrastructure		(11,888,774)	(8,284,162)
Capital grants, subsidies and contributions		8,873,379	17,214,673
Proceeds for financial assets at amortised cost		4,167,908	(21,000,701)
Proceeds from financial assets at fair values through profit and loss		0	(3,268)
Proceeds from sale of property, plant & equipment		189,992	23,714
Net cash provided by (used in) investing activities		(2,310,357)	(17,168,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	30(a)	(1,253,754)	(967,091)
Payments for principal portion of lease liabilities	30(b)	(61,307)	(122,978)
Net cash provided by (used in) financing activities		(1,315,061)	(1,090,069)
Net increase (decrease) in cash held		3,724,261	(9,656,537)
Cash at beginning of year		5,412,029	15,068,565
Cash and cash equivalents at the end of the year	19(a)	9,136,290	5,412,029

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

SHIRE OF SERPENTINE-JARRAHDALE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$	
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	28	27,564,289	27,463,063	25,429,868
Grants, subsidies and contributions		5,062,209	3,536,247	4,362,487
Fees and charges		8,556,015	8,274,694	7,713,240
Interest revenue		1,478,319	543,500	350,521
Other revenue		719,308	463,111	638,081
Profit on asset disposals		18,052	101,097	63,454
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,114	0	0
Fair value adjustments to investment property	12	(17,182)	0	0
Recognition of investment in associates	23(e)	32,476	0	0
		<u>43,417,600</u>	<u>40,381,712</u>	<u>38,557,651</u>
Expenditure from operating activities				
Employee costs		(18,630,480)	(19,823,043)	(17,890,840)
Materials and contracts		(13,116,563)	(12,537,236)	(10,101,248)
Utility charges		(1,075,776)	(1,119,960)	(1,105,643)
Depreciation		(11,444,354)	(10,474,934)	(10,581,149)
Finance costs		(112,712)	(87,148)	(116,351)
Insurance		(476,940)	(459,921)	(443,049)
Other expenditure		(1,935,990)	(595,411)	(2,314,721)
Loss on asset disposals		(110,417)	(24,512)	0
		<u>(46,903,232)</u>	<u>(45,122,165)</u>	<u>(42,553,001)</u>
Non-cash amounts excluded from operating activities	29(a)	11,512,358	10,398,349	10,607,147
Amount attributable to operating activities		<u>8,026,726</u>	<u>5,657,896</u>	<u>6,611,797</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		22,723,336	20,093,355	25,597,971
Proceeds from disposal of assets		189,992	501,000	109,714
		<u>22,913,328</u>	<u>20,594,355</u>	<u>25,707,685</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(3,770,547)	(13,742,259)	(5,662,981)
Purchase and construction of infrastructure	9(a)	(22,007,050)	(22,448,795)	(22,436,090)
		<u>(25,777,597)</u>	<u>(36,191,054)</u>	<u>(28,099,071)</u>
Non-cash amounts excluded from investing activities	29(b)	0	0	86,000
Amount attributable to investing activities		<u>(2,864,269)</u>	<u>(15,596,699)</u>	<u>(2,305,386)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	30(a)	0	6,000,000	0
Transfers from reserve accounts	31	4,677,937	6,198,982	5,482,094
		<u>4,677,937</u>	<u>12,198,982</u>	<u>5,482,094</u>
Outflows from financing activities				
Repayment of borrowings	30(a)	(1,253,754)	(1,253,756)	(967,091)
Payments for principal portion of lease liabilities	30(b)	(61,307)	(31,856)	(122,978)
Transfers to reserve accounts	31	(6,907,324)	(2,249,662)	(7,728,202)
		<u>(8,222,385)</u>	<u>(3,535,274)</u>	<u>(8,818,271)</u>
Amount attributable to financing activities		<u>(3,544,448)</u>	<u>8,663,708</u>	<u>(3,336,177)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29(c)	6,395,892	1,265,601	5,425,658
Amount attributable to operating activities		8,026,726	5,657,896	6,611,797
Amount attributable to investing activities		(2,864,269)	(15,596,699)	(2,305,386)
Amount attributable to financing activities		(3,544,448)	8,663,708	(3,336,177)
Surplus or deficit after imposition of general rates	29(c)	<u>8,013,901</u>	<u>(9,494)</u>	<u>6,395,892</u>

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

**SHIRE OF SERPENTINE-JARRAHDALÉ
FOR THE YEAR ENDED 30 JUNE 2023
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	13
Note 4	Other Financial Assets	13
Note 5	Trade and other Receivables	14
Note 6	Inventories	15
Note 7	Other Assets	16
Note 8	Property, Plant and Equipment	17
Note 9	Infrastructure	19
Note 10	Fixed Assets	21
Note 11	Leases	23
Note 12	Investment Property	25
Note 13	Intangible Assets	26
Note 14	Trade and Other Payables	27
Note 15	Other Liabilities	28
Note 16	Borrowings	29
Note 17	Employee Related Provisions	30
Note 18	Revaluation Surplus	31
Note 19	Notes to the Statement of Cash Flows	32
Note 20	Contingent Liabilities	34
Note 21	Capital Commitments	34
Note 22	Related Party Transactions	35
Note 23	Investment in Associates	38
Note 24	Financial Risk Management	39
Note 25	Events Occuring after the End of the Reporting Period	43
Note 26	Other Significant Accounting Policies	44
Note 27	Function and Activity	45
Note 28	Rating Information	47
Note 29	Determination of Surplus or Deficit	48
Note 30	Borrowing and Lease Liabilities	49
Note 31	Reserve accounts	51
Note 32	Trust Funds	54

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

1. BASIS OF PREPARATION

The financial report of the Shire of Serpentine-Jarrahdale which is a Class 2 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 of the financial report.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

This standard will result in a terminology change for significant accounting policies

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Output method based on provision of service
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared, where obligations are sufficiently specific.
Grants or contributions with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Pool inspections	Compliance safety check	Single point in time	Equal proportion annually	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on provision of service
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

2 (a) REVENUE AND EXPENSES (Continued)

Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

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

2 (a) REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	27,564,289	0	27,564,289
Grants, subsidies and contributions	0	5,062,209	0	0	5,062,209
Fees and charges	275,797	0	7,998,581	281,637	8,556,015
Interest revenue	0	0	1,478,319	0	1,478,319
Other revenue	0	0	0	719,308	719,308
Capital grants, subsidies and contributions	0	22,723,336	0	0	22,723,336
Total	275,797	27,785,545	37,041,189	1,000,945	66,103,476

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	25,429,868	0	25,429,868
Grants, subsidies and contributions	0	4,362,487	0	0	4,362,487
Fees and charges	211,215	0	7,281,418	220,607	7,713,240
Interest revenue	0	0	350,521	0	350,521
Other revenue	0	0	0	638,081	638,081
Capital grants, subsidies and contributions	0	25,597,971	0	0	25,597,971
Total	211,215	29,960,458	33,061,807	858,688	64,092,168

Note	2023 Actual	2022 Actual
	\$	\$
Assets and services acquired below fair value		
Contributed assets	10,235,961	14,616,379
	10,235,961	14,616,379
Interest revenue		
Other interest revenue	1,478,319	350,521
	1,478,319	350,521
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	53,200	58,806
- Other services	5,800	5,612
	59,000	64,418
Employee Costs		
Other employee costs	18,630,480	17,890,840
	18,630,480	17,890,840
Finance costs		
Borrowings	110,479	112,911
Lease liabilities	2,233	3,440
	112,712	116,351
Other expenditure		
Sundry expenses	523,445	512,157
Refund	1,412,545	1,802,564
	1,935,990	2,314,721

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

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	9,136,290	5,412,029
Total cash and cash equivalents	9,136,290	5,412,029
Held as		
- Unrestricted cash and cash equivalents	3,475,931	2,551,748
- Restricted cash and cash equivalents	5,660,359	2,860,281
	9,136,290	5,412,029

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2023	2022
\$	\$
30,850,739	35,018,647
30,850,739	35,018,647

Other financial assets at amortised cost

Term deposits

30,850,739	35,018,647
30,850,739	35,018,647

Held as

- Unrestricted other financial assets at amortised cost
- Restricted other financial assets at amortised cost

8,340,688	17,010,675
22,510,051	18,007,972
30,850,739	35,018,647

(b) Non-current assets

Financial assets at fair value through profit or loss

84,042	79,928
84,042	79,928

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance
Listed Shares
Unlisted Shares
Financial assets at fair value through profit and loss
Non-Current Financial Assets- closing balance

57,003	58,353
12,900	11,550
10,025	10,025
4,114	0
84,042	79,928

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 30(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 26 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	2,757,054	2,630,689
Trade receivables	803,216	154,280
GST receivable	447,683	201,724
Allowance for credit losses of trade receivables	(40,000)	(40,000)
	3,967,953	2,946,693
Non-current		
Pensioner's rates and ESL deferred	259,837	227,497
	259,837	227,497

Disclosure of opening and closing balances related to contracts with customers

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

Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Allowance for credit losses of trade receivables	(40,000)	(40,000)	(40,000)
Total trade and other receivables from contracts with customers	(40,000)	(40,000)	(40,000)

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

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

6. INVENTORIES

Note	2023	2022
Current	\$	\$
Fuel and materials	4,779	9,817
History Books	0	2,321
Inventory	0	6,179
	<u>4,779</u>	<u>18,317</u>
Balance at beginning of year	18,317	37,199
Inventories expensed during the year	(351,205)	(258,847)
Reversal of write down of inventories to net realisable value	337,668	239,965
Balance at end of year	<u>4,779</u>	<u>18,317</u>

The following movements in inventories occurred during the year:

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Prepayments	49,033	22,908
Accrued income	732,812	0
	781,845	22,908

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and motor vehicles	Computer equipment	Capital Works in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	7,684,081	28,000,016	35,684,097	16,352	3,958,477	1,041,127	492,322	41,346,769
Additions*	0	601,934	601,934	0	988,953	588,501	3,407,628	5,662,981
Revaluation increments / (decrements) transferred to revaluation surplus	688,419	2,305,092	2,993,511	0	0	0	0	2,993,511
Depreciation	0	(1,122,312)	(1,122,312)	(3,270)	(432,814)	(103,245)	(105,176)	(1,766,817)
Transfers	0	(1,922,938)	(1,922,938)	0	(165,203)	165,203	0	(1,922,938)
Balance at 30 June 2022	8,372,500	27,861,792	36,234,292	13,082	4,349,413	1,691,586	463,111	46,313,506
Comprises:								
Gross balance amount at 30 June 2022	8,372,500	46,200,000	54,572,500	40,876	6,577,528	2,568,256	3,562,022	57,924,230
Accumulated depreciation at 30 June 2022	0	(18,338,208)	(18,338,208)	(27,794)	(2,228,115)	(876,570)	(139,937)	(21,610,724)
Accumulated impairment loss at 30 June 2022	0	0	0	0	0	0	0	0
Balance at 30 June 2022	8,372,500	27,861,792	36,234,292	13,082	4,349,413	1,691,586	463,111	46,313,506
Additions*	0	3,016,069	3,016,069	0	467,794	643,397	55,171	3,770,547
Disposals	0	(114,117)	(114,117)	0	0	(168,240)	0	(282,357)
Depreciation	0	(1,190,938)	(1,190,938)	(3,270)	(452,264)	(183,785)	(120,370)	(1,990,627)
Transfers to Infrastructure	0	340,291	340,291	0	0	0	0	340,291
Correction of double-counted assets ^[1]	(510,000)	(120,000)	(630,000)	0	0	0	0	(630,000)
Balance at 30 June 2023	7,862,500	29,793,097	37,655,597	9,812	4,324,343	1,982,968	397,912	47,521,360
Comprises:								
Gross balance amount at 30 June 2023	7,862,500	49,391,913	57,254,413	40,876	7,045,322	2,928,111	658,219	71,077,079
Accumulated depreciation at 30 June 2023	0	(19,598,816)	(19,598,816)	(31,064)	(2,720,379)	(945,153)	(260,307)	(23,555,719)
Accumulated impairment loss at 30 June 2023	0	0	0	0	0	0	0	0
Balance at 30 June 2023	7,862,500	29,793,097	37,655,597	9,812	4,324,343	1,982,968	397,912	47,521,360

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	0	0	0	0	0	464,451	0	464,451
During the year ended 30 June 2023	0	0	0	0	0	117,685	0	117,685

[1] A land and building was incorrectly included within Property Plant and Equipment as part of the revaluation test year (as well as in investment properties, refer to Note 12). As this error was assessed to be not material, the correction in the current year has been accounted for prospectively through the revaluation surplus, refer to the Statement of Change in Equity.

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land		2	Market approach using recent observable market for similar properties	Independent Valuers	June 2022	An independent asset management consultant reviewed the land valuation and have conducted a sample of land condition assessments. They have also reviewed the valuation inputs of previous valuations and have updated the unit rates. Assessment inputs used was construction costs, residual values and remaining useful life inputs.
Buildings - specialised		3	Cost approach using current replacement cost	Independent Valuers	June 2022	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacts significantly on the final determination of fair value.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.						
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.						
(ii) Cost						
Furniture and equipment	Cost		Cost	N/A	N/A	N/A
Motor vehicles	Cost		Cost	N/A	N/A	N/A
Computer equipment	Cost		Cost	N/A	N/A	N/A
Other property, plant and equipment	Cost		Cost	N/A	N/A	N/A

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Capital Works in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	256,224,546	20,072,782	80,917,229	36,785,670	1,034,130	395,034,357
Additions*	8,852,983	51,700	7,619,289	2,378,968	3,533,150	22,436,090
Depreciation	(5,185,324)	(348,795)	(1,645,127)	(1,241,356)	0	(8,420,602)
Transfers	0	0	0	1,922,938	0	1,922,938
Balance at 30 June 2022	259,892,205	19,775,687	86,891,391	39,846,220	4,567,280	410,972,783
Comprises:						
Gross balance at 30 June 2022	339,916,549	26,736,915	118,111,317	56,148,314	4,567,280	545,480,375
Accumulated depreciation at 30 June 2022	(80,024,344)	(6,961,228)	(31,219,926)	(16,302,094)	0	(134,507,592)
Accumulated impairment loss at 30 June 2022	0	0	0	0	0	0
Balance at 30 June 2022	259,892,205	19,775,687	86,891,391	39,846,220	4,567,280	410,972,783
Additions*	6,836,057	1,058,227	4,631,177	596,145	8,885,444	22,007,050
Revaluation increments / (decrements) transferred to revaluation surplus	(19,692,830)	3,965,595	39,669,705	(13,332,172)	0	10,630,298
Depreciation	(5,485,223)	(349,618)	(1,793,887)	(1,450,173)	0	(9,078,901)
Transfers from Property Plant and Equipment:				(340,291)	0	(340,291)
Balance at 30 June 2023	241,550,209	24,449,891	129,418,386	25,319,729	13,452,724	434,190,939
Comprises:						
Gross balance at 30 June 2023	424,520,428	28,339,663	154,206,152	41,457,394	13,452,724	661,976,361
Accumulated depreciation at 30 June 2023	(182,970,219)	(3,889,772)	(24,787,766)	(16,137,665)	0	(227,785,422)
Accumulated impairment loss at 30 June 2023	0	0	0	0	0	0
Balance at 30 June 2023	241,550,209	24,449,891	129,418,386	25,319,729	13,452,724	434,190,939

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	5,119,263	0	6,660,698	2,371,967	0	14,151,928
During the year ended 30 June 2023	4,111,030	1,058,227	4,601,880	347,139	0	10,118,276

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2023	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacts significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2023	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacts significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2023	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacts significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2023	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacts significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.

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.

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

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	
Structural	50 years
Internal Fit-Out	15 – 25 years
Mechanical Services	25 – 35 years
Security	15 years
Fire systems	15 years
Other Building Structures	15 – 25 years
Plant and Equipment	5 – 15 years
Motor Vehicles	2 – 5 years
Furniture and Equipment	4 – 10 years
Computer Equipment	2 – 5 years
Roads	
Subgrade	Not depreciated
Pavement	
Unsealed	10 years
Urban and Regional	60 - 100 years
Surface	5 – 20 years
Surface Water Channel	
Kerbing	40 years
Drains	8 – 15 years
Drainage	
Culvert	50 - 80 years
Stormwater Drainage	50 years
Footpaths	40 – 80 years
Parks and Reserves	
Land	Not depreciated
Softscapes	50 years
Hardscapes	40 – 80 years
Reticulation	20 years
Parks Furniture	10 – 20 years
Lighting	15 – 25 years
Other Structures	10 – 40 years
Right of Use (Plant)	Based on the remaining lease
Right of Use (Furniture)	Based on the remaining lease
Intangibles	
Computer Software	18 years

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

Impairment

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

Gains or losses on disposal

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

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

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - Furniture & Equipment \$	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2021		53,574	128,864	182,438
Depreciation		(38,474)	(86,087)	(124,561)
Balance at 30 June 2022		15,100	42,777	57,877
Additions		0	94,136	94,136
Depreciation		(30,031)	(31,275)	(61,306)
Balance at 30 June 2023		(14,931)	105,638	90,707

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(61,306)	(124,561)
Finance charge on lease liabilities	(2,303)	(3,440)
Total amount recognised in the statement of comprehensive income	(63,609)	(128,001)
Total cash outflow from leases	(63,610)	(126,418)

(b) Lease Liabilities

Current	44,097	31,856
Non-current	48,191	27,604
	30(b) 92,288	59,460

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 30(b).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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

11. LEASES (Continued)

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

	2023 Actual	2022 Actual
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	5,200	5,245

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

Refer to note 12 for details of leased investment property.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

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

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

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

12. INVESTMENT PROPERTY

Non-current assets - at fair value

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Carrying balance at 1 July	747,182	0	747,182
Acquisitions			
Capitalised subsequent expenditure			
Classified as held for sale or disposal			
Net gain/(loss) from fair value adjustment	(17,182)	0	0
Closing balance at 30 June	730,000		747,182

Amounts recognised in profit or loss for investment properties

Rental income	5,200	0	5,245
Direct operating expenses from property that generated rental income	0	0	(224)

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Less than 1 year	5,200	0	5,245
	5,200	0	5,245

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Shire is a lessor is recognised in income on a straightline basis over the lease term.

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

Refer to Note 11 for details of leased property, plant and equipment not classified as investment property

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the Shire. Investment properties are carried at fair value in accordance with the significant accounting policies disclosed at Note 10.

Fair value of investment properties

A desktop valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

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

13. INTANGIBLE ASSETS

	2023 Actual	2022 Actual
	\$	\$
Intangible assets		
Non-current		
Computer software development	3,135,203	3,135,203
Less: Accumulated amortisation	(921,473)	(607,953)
	<u>2,213,730</u>	<u>2,527,250</u>
 Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July	2,527,250	2,796,419
Amortisation	(313,520)	(269,169)
Balance at 30 June	<u>2,213,730</u>	<u>2,527,250</u>
 TOTAL INTANGIBLE ASSETS	<u>2,213,730</u>	<u>2,527,250</u>

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the Shire are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Information on useful life, amortisation rates and amortisation methods can be found in Note 10.

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

14. TRADE AND OTHER PAYABLES

Current

	2023 \$	2022 \$
Sundry creditors	23,745	56,536
Prepaid rates	2,552,364	2,413,954
Accrued payroll liabilities	454,959	351,106
ATO liabilities	86,714	0
Bonds and deposits held	3,185,128	2,507,825
Accrued Interest on Long Term Borrowings	25,905	20,577
Accrued Expenses	2,567,325	2,250,878
	8,896,140	7,600,876

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

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

15. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	235,457	364,050
Capital grant/contributions liabilities	2,037,235	2,496,231
	2,272,692	2,860,281
Non-current		
Capital grant/contributions liabilities	3,045,000	6,200,000
	3,045,000	6,200,000
Reconciliation of changes in contract liabilities		
Opening balance	364,050	112,607
Additions	592,528	364,050
Revenue from contracts with customers included as a contract liability at the start of the period	(721,121)	(112,607)
	235,457	364,050
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	8,696,231	2,549,150
Additions	(6,110,227)	3,597,931
Revenue from capital grant/contributions held as a liability at the start of the period	2,496,231	2,549,150
	5,082,235	8,696,231
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	2,037,235	3,149,231
1 to 2 years	3,045,000	3,666,500
2 to 3 years	0	1,880,500
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	0	0
	5,082,235	8,696,231

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

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

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

16. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Long Term Borrowings		820,455	3,200,451	4,020,906	1,253,756	4,020,904	5,274,660
Total secured borrowings	30(a)	820,455	3,200,451	4,020,906	1,253,756	4,020,904	5,274,660

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Serpentine-Jarrahdale. Other loans relate to transferred receivables. Refer to Note 5.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

Risk

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

Details of individual borrowings required by regulations are provided at Note 30(a).

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

17. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	1,563,089	1,621,427
Long service leave	653,247	667,852
Other employee leave provisions	60,178	64,293
Total current employee related provisions	2,276,514	2,353,572
Non-current provisions		
Employee benefit provisions		
Long service leave	859,315	828,838
Other employee provisions	0	3,090
Total non-current employee related provisions	859,315	831,928
Total employee related provisions	3,135,829	3,185,500

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2023	2022
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		2,316,165	2,687,345
More than 12 months from reporting date		819,664	498,155
		3,135,829	3,185,500

Timing of the payment of current leave liabilities is difficult to determine as it is depended on future decision of employees.

Expected settlement timing are based on information obtained from employees and historical leave trends and assume no events will occur to impact on these historical trends

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

18. REVALUATION SURPLUS

	2023	Total	2023	2022	Total	2022
	Opening	Movement on	Closing	Opening	Movement on	Closing
	Balance	Revaluation	Balance	Balance	Revaluation	Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,309,633	0	5,309,633	4,621,214	688,419	5,309,633
Revaluation surplus - Buildings - non-specialised ^[1]	13,479,109	(630,000)	12,849,109	11,174,017	2,305,092	13,479,109
Revaluation surplus - Furniture and equipment	45,243	0	45,243	45,243	0	45,243
Revaluation surplus - Plant and equipment	17,648	0	17,648	17,648	0	17,648
Revaluation surplus - Computer equipment	6,246	0	6,246	6,246	0	6,246
Revaluation surplus - Infrastructure - Roads	176,540,880	(19,692,830)	156,848,050	176,540,880	0	176,540,880
Revaluation surplus - Infrastructure - Footpaths	16,746,136	3,965,595	20,711,731	16,746,136	0	16,746,136
Revaluation surplus - Infrastructure - Drainage	67,928,039	39,689,705	107,617,744	67,928,039	0	67,928,039
Revaluation surplus - Infrastructure - Parks & Ovals	27,426,986	(13,332,172)	14,094,814	27,426,986	0	27,426,986
	307,499,920	10,000,298	317,500,218	304,506,409	2,993,511	307,499,920

[1] A land and building was incorrectly included within Property Plant and Equipment as part of the revaluation last year (as well as in investment properties, refer to Note 12). As this error was assessed to be not material, the correction in the current year has been accounted for prospectively through the revaluation surplus, refer to the Statement of Change in Equity.

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

19. 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:

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	9,136,290	5,412,029
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	5,660,359	2,860,281
- Financial assets at amortised cost	4	16,849,692	18,007,972
		22,510,051	20,868,253
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	20,237,359	18,007,972
Contract liabilities	15	235,457	364,050
Capital grant liabilities	15	2,037,235	2,496,231
Total restricted financial assets		22,510,051	20,868,253
(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities			
Net result		19,237,704	21,602,621
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(4,114)	0
Adjustments to fair value of investment property		17,182	0
Depreciation/amortisation		11,444,354	10,581,149
(Profit)/loss on sale of asset		92,365	(63,454)
Share of profits of associates		(32,476)	0
Assets received for substantially less than fair value		(10,235,961)	(14,616,379)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(1,053,600)	70,361
(Increase)/decrease in other assets		(758,937)	(5,778)
(Increase)/decrease in inventories		13,538	18,882
Increase/(decrease) in trade and other payables		1,295,263	1,362,639
Increase/(decrease) in employee related provisions		(49,671)	467,785
Increase/(decrease) in other liabilities		(3,742,589)	251,443
Increase/(decrease) in grant liabilities		0	6,147,081
Non-Cash Proceeds of Sale		0	(86,000)
Capital grants, subsidies and contributions		(8,873,379)	(17,128,673)
Net cash provided by/(used in) operating activities		7,349,679	8,601,677
Loan facilities			
Loan facilities - current		820,455	1,253,756
Loan facilities - non-current		3,200,451	4,020,904
Total facilities in use at balance date		4,020,906	5,274,660

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

19. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

Note	2023 Actual \$	2022 Actual \$
(c) Credit Standby Arrangements		
Credit card limit	10,000	10,000
Credit card balance at balance date	(7,358)	(1,830)
Total amount of credit unused	2,642	8,170
Loan facilities		
Loan facilities - current	820,455	1,253,756
Loan facilities - non-current	3,200,451	4,020,904
Total facilities in use at balance date	4,020,906	5,274,660

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

20. CONTINGENT LIABILITIES

The Shire of Serpentine-Jarrahdale has not identified any contingent liabilities for the year ended 30 June 2023

21. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	3,045,329	864,362
- plant & equipment purchases	1,137,447	257,470
	4,182,776	1,121,832
Payable:		
- not later than one year	4,182,776	1,121,832

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

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Elected member M Rich			
President's annual allowance	47,045	47,045	47,045
President's meeting attendance fees	23,131	23,131	23,131
President's ICT expenses	3,500	3,500	3,500
President's travel and accommodation expenses	0	250	0
President's training expenses	0	1,500	0
	73,676	75,426	73,676
Elected member D Atwell			
Deputy President's annual allowance	11,761	11,761	11,761
Deputy President's meeting attendance fees	17,250	17,250	17,250
Deputy President's ICT expenses	3,500	3,500	3,500
Deputy President's travel and accommodation expenses	0	250	0
Deputy President's training expenses	0	1,500	0
	32,511	34,261	32,511
Elected member M Dagoitno			
Meeting attendance fees	17,250	17,250	17,250
ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	20,750	22,500	20,750
Elected member K McConkey			
Meeting attendance fees	0	0	5,069
ICT expenses	0	0	1,028
Travel and accommodation expenses	0	0	0
Training	0	0	0
	0	0	6,097
Elected member M Byas			
Meeting attendance fees	17,250	17,250	17,250
ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	20,750	22,500	20,750
Elected member D Strautins			
Meeting attendance fees	17,250	17,250	17,250
ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	20,750	22,500	20,750
Elected member L Strange			
Meeting attendance fees	17,250	17,250	17,250
ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	20,750	22,500	20,750
Elected member R Coales			
Meeting attendance fees	10,492	15,237	14,865
ICT expenses	2,154	3,128	3,500
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	12,646	20,115	18,365
Elected member W Denholm			
Meeting attendance fees	0	0	5,069
ICT expenses	0	0	1,028
Travel and accommodation expenses	0	0	0
Training	0	0	0
	0	0	6,097

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

	2023 Actual	2023 Budget	2022 Actual
Elected member G Singh			
Meeting attendance fees	0	0	12,209
ICT expenses	0	0	2,477
Travel and accommodation expenses	0	0	0
Training	0	0	0
	0	0	14,686
Elected member T Duggin			
Meeting attendance fees	17,250	17,250	12,209
ICT expenses	3,500	3,500	2,477
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	20,750	22,500	14,686
Elected member S Mack			
Meeting attendance fees	11,878	17,250	0
ICT expenses	2,410	3,500	0
Travel and accommodation expenses	0	250	0
Training	0	1,500	0
	14,288	22,500	0
22(b)	236,871	264,802	249,118

(b) Key Management Personnel (KMP) Compensation

	2023 Actual	2022 Actual
The total of compensation paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,147,419	1,114,951
Post-employment benefits	141,298	133,779
Employee - other long-term benefits	12,117	25,313
Council member costs	236,871	249,118
22(a)	1,537,705	1,523,161

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

22. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual \$	2022 Actual \$
Sale of goods and services	0	1,978

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 22(a) and 22(b)

ii. Entities subject to significant influence by the Shire

The shire has an interest in the Rivers Regional Council which is accounted for in these financial statements for the first time using the equity method.

For the details of interest held in associates refer to Note 23

The Shire's interest in Rivers Regional Council is based on the tonnes of waste delivered during the previous financial year.

The percentage interest for year on year tonnage contributions (from the Cities of Armadale, Gosnells, Mandurah, South Perth and Shires of Serpentine Jarrahdale and Murray) was 9%, representing an interest of \$32,476. The total contribution paid to Rivers Regional Council during the year was \$25,231.

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

23. INVESTMENT IN ASSOCIATES

(a) Investment in associates

Set out in the table below are the associates of the Shire. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2023	2022
	2023	2022	Actual	Actual
Rivers Regional Council	9.00%	9.00%	\$	\$
Initial recognition of investment (9% Share of net equity of \$360,843)			32,476	0
Adjustment for current period			0	0
Balance as at 30 June 2023 (9% of net equity of \$360,843)			32,476	0

The Shire is accounting for its interest in Rivers Regional Council using the equity method for the first time in 2022-2023 and has bought in the initial recognition of investment as at 30th June 2023.

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Shire has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is 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.

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

24. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	1.99%	9,136,290	0	9,136,290	0
Financial assets at amortised cost - term deposits	8.07%	30,850,739	30,850,739	0	0
2022					
Cash and cash equivalents	0.35%	5,412,029	0	5,412,029	0
Financial assets at amortised cost - term deposits	1.60%	35,018,647	35,018,647	0	0

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	91,363	54,120

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 30(a).

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Trade receivables					
Expected credit loss	0.04%	0.09%	0.09%	0.09%	
Gross carrying amount	672,170	2,010	4,101	124,935	803,216
Loss allowance	28,580	175	357	10,888	40,000
30 June 2022					
Trade receivables					
Expected credit loss	1.69%	1.24%	1.90%	1.11%	
Gross carrying amount	70,431	19,916	11,458	52,475	154,280
Loss allowance	8,418	5,869	5,953	19,760	40,000

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables	
	2023 Actual	2022 Actual
	\$	\$
Opening loss allowance as at 1 July	40,000	40,000
Closing loss allowance at 30 June	40,000	40,000

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates, statutory receivables and trade receivables are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 19(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2023					
Trade and other payables	8,896,140	0	0	8,896,140	8,896,136
Borrowings	820,455	3,200,451	0	4,020,906	3,826,858
Lease liabilities	44,097	48,191	0	92,288	92,289
	9,760,692	3,248,642	0	13,009,334	12,815,283
2022					
Trade and other payables	7,600,876	0	0	7,600,876	7,600,876
Borrowings	1,176,960	4,027,638	324,921	5,529,519	5,274,660
Lease liabilities	35,295	30,557	0	65,852	59,460
	8,813,131	4,058,195	324,921	13,196,247	12,934,996

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

25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Serpentine-Jarrahdale has not identified any material subsequent events after the balance date requiring disclosure in this annual report.

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

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

27. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
<p>Governance</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Members of Council and Chief Executive Office</p>
<p>General purpose funding</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rate revenue, late payment penalty, general purpose grants, untied road grants, commissions, interest on investments, reimbursements and banking costs.</p>
<p>Law, order, public safety</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Volunteer bushfire brigades, fire prevention, animal control, emergency management and public safety.</p>
<p>Health</p> <p>To provide an operational framework for environmental and community health.</p>	<p>Health services including food and water quality, inspection of premises, public health protection and promotion.</p>
<p>Education and welfare</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Youth services and program, and facilities for community based services such as family centres, early education providers.</p>
<p>Community amenities</p> <p>To provide services required by the community.</p>	<p>Waste management including household refuse and recycling, waste transfer station, environmental and sustainability , town planning, public conveniences and cemeteries.</p>
<p>Recreation and culture</p> <p>To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p>	<p>Provision of facilities and support of organisations with leisure activities and sport including halls, sports grounds, parks and gardens, community development and the Shire's Library.</p>
<p>Transport</p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, bridges, footpaths, Shire depot, purchases of plant and equipment and engineering design.</p>
<p>Economic services</p> <p>To help promote the shire and its economic wellbeing.</p>	<p>Rural services such as weed control of reserves, tourism and area promotion, management of building applications and economic development.</p>
<p>Other property and services</p> <p>To monitor and control overhead operating accounts.</p>	<p>Private works, public works overheads, plant operation, finance and administration costs.</p>

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

27. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2023	2022
	Actual	Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	0	1,055
General purpose funding	29,500,664	26,134,929
Law, order, public safety	326,228	286,382
Health	250,421	239,668
Education and welfare	238	0
Community amenities	6,774,357	5,925,614
Recreation and culture	275,925	298,911
Transport	255,323	274,476
Economic services	834,797	954,116
Other property and services	137,439	80,014
	38,355,392	34,195,165
Grants, subsidies and contributions and capital grants, subsidies and contributions		
General purpose funding	3,688,996	3,319,668
Law, order, public safety	677,010	568,994
Health	0	11,364
Education and welfare	90,403	105,048
Community amenities	10,335,575	6,675,346
Recreation and culture	3,345,401	10,165,861
Transport	9,594,806	9,110,040
Economic services	53,353	4,136
Other property and services	0	0
	27,785,544	29,960,457
Total Income	66,140,936	64,155,622
Expenses		
Governance	(1,247,569)	(1,511,450)
General purpose funding	(1,197,772)	(867,996)
Law, order, public safety	(3,657,203)	(3,784,332)
Health	(975,518)	(951,285)
Education and welfare	(451,512)	(420,526)
Community amenities	(12,054,506)	(11,278,259)
Recreation and culture	(10,101,323)	(8,994,490)
Transport	(13,140,821)	(12,223,723)
Economic services	(2,127,437)	(1,848,840)
Other property and services	(1,949,571)	(672,100)
Total expenses	(46,903,232)	(42,553,001)
Net result for the period	19,237,704	21,602,621
(c) Total Assets		
Governance	7,142,946	5,111,441
General purpose funding	46,487,593	45,458,862
Law, order, public safety	2,768,865	3,705,548
Health	747,000	523,188
Community amenities	628,154	617,269
Recreation and culture	47,762,924	65,122,747
Transport	420,527,014	376,296,792
Economic services	650,049	649,950
Other property and services	2,066,594	6,220,395
Unallocated	1,083,558	638,425
	529,864,697	504,344,617

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

28. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23		2022/23		2022/23		2022/23		2021/22	
				Actual Rateable Value*	Actual Rate Revenue	Actual Reassessed Rates	Actual Rate Revenue	Budget Reassessed Rate	Budget Total Revenue	Budget Total Revenue	Actual Total Revenue		
GRV Residential	Gross rental valuation	10.735	7,879	129,674,299	13,920,536	62,433	13,982,969	400,000	14,320,537	400,000	14,320,537	13,067,709	
GRV Vacant	Gross rental valuation	19.857	588	5,987,011	1,188,841	185,450	1,374,291	0	1,188,841	0	1,188,841	1,307,274	
GRV Commercial/Industrial	Gross rental valuation	12.3533	138	18,011,804	2,225,052	352,926	2,577,978	87,000	2,312,052	87,000	2,312,052	2,123,372	
UV General	Unimproved valuation	0.412	823	794,380,000	3,272,846	2,571	3,275,417	0	3,272,846	0	3,272,846	3,275,922	
UV Rural Residential	Unimproved valuation	0.4519	1,298	663,785,446	2,999,646	(15,153)	2,984,493	0	2,999,646	0	2,999,646	2,675,828	
UV Commercial/Industrial	Unimproved valuation	0.6895	85	57,845,008	398,841	398,841	398,841	0	398,841	0	398,841	377,653	
UV Intensive Farming	Unimproved valuation	0.824	16	12,645,000	104,195	104,195	104,195	0	104,195	0	104,195	97,048	
Total general rates			10,827	1,682,328,568	24,109,957	588,227	24,698,184	487,000	24,596,958	487,000	24,596,958	22,925,806	
Minimum payment		\$											
GRV Residential	Gross rental valuation	1.325	338	3,815,955	447,850	0	447,850	0	447,850	0	447,850	430,012	
GRV Vacant	Gross rental valuation	1.019	536	2,303,609	546,184	0	546,184	0	546,184	0	546,184	449,064	
GRV Commercial/Industrial	Gross rental valuation	1.504	14	139,157	21,056	0	21,056	0	21,056	0	21,056	18,642	
UV General	Unimproved valuation	1.450	26	3,070,168	37,700	0	37,700	0	37,700	0	37,700	174,258	
UV Rural Residential	Unimproved valuation	1.912	1,063	1,223,992	2,032,456	0	2,032,456	0	2,032,456	0	2,032,456	1,638,000	
UV Commercial/Industrial	Unimproved valuation	2.013	5	355,038,554	10,065	0	10,065	0	10,065	0	10,065	8,750	
Total minimum payments			1,982	365,591,435	3,095,311	0	3,095,311	0	3,095,311	0	3,095,311	2,718,726	
Total general rates and minimum payments			12,809	2,047,920,003	27,205,268	588,227	27,793,495	487,000	27,692,269	487,000	27,692,269	25,645,532	
Discounts												0	
Concessions												(215,654)	
Total Rates												25,429,868	

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

*Rateable Value at time of raising of rate.

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

29. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2022/23	2021/22
	Note	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)	(30 June 2022 Carried Forward)
		\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals		(18,052)	(101,097)	(63,454)	(63,454)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(4,114)	0	0	0
Add: Loss on disposal of assets		110,417	24,512	0	0
Add: Depreciation	10(a)	11,444,351	10,474,931	10,581,149	10,581,149
Investment property	12	17,182	0	0	0
Pensioner deferred rates		(32,340)	0	(23,513)	(23,513)
Employee benefit provisions		27,387	0	112,965	112,965
Non-cash amounts excluded from operating activities		11,512,358	10,398,349	10,607,147	10,607,147
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to investing activities					
Property, plant and equipment received for substantially less than fair value	8(a)	(117,685)	0	464,451	464,451
Infrastructure received for substantially less than fair value	9(a)	10,118,276	0	14,151,928	14,151,928
Non cash Capital grants, subsidies and contributions		(10,000,591)	0	(14,616,379)	(14,616,379)
Non Cash Proceeds of Sale of Asset		0	0	86,000	86,000
Non-cash amounts excluded from investing activities		0	0	86,000	86,000
(c) Surplus or deficit after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserve accounts	31	(20,237,359)	(12,252,786)	(18,007,972)	(18,007,972)
Less: Current assets not expected to be received at end of year					
- Unspent Grants held in non-current liabilities		(3,045,000)	242,956	(6,200,000)	(6,200,000)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	16	820,455	6,000,000	1,253,756	1,253,756
- Current portion of lease liabilities	11(b)	44,097	31,856	31,856	31,856
Total adjustments to net current assets		(22,417,807)	(5,977,974)	(22,922,360)	(22,922,360)
Net current assets used in the Statement of Financial Activity					
Total current assets		44,741,606	17,393,292	43,418,594	43,418,594
Less: Total current liabilities		(14,309,898)	(11,424,812)	(14,100,341)	(14,100,341)
Less: Total adjustments to net current assets		(22,417,807)	(5,977,974)	(22,922,360)	(22,922,360)
Surplus or deficit after imposition of general rates		8,013,901	(9,494)	6,395,892	6,395,892

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

30. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget			
		New Loans		Principal		Principal		Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		During 2021-22	During 2021-22	During 2021-22	During 2021-22	During 2022-23	During 2022-23				
Council Chamber Refurbishment		\$ 273,227	\$ 0	\$ (133,658)	\$ 139,559	\$ 0	\$ 139,559	\$ 0	\$ (139,559)	\$ 0	
Abermethyl Road		2,023,307	0	(262,257)	1,761,050	0	(270,716)	0	(270,716)	1,490,334	
Webb Road		1,230,217	0	(304,073)	926,144	0	(306,382)	0	(306,382)	619,761	
Briggs Park Upgrade		1,117,404	0	(109,927)	1,007,477	0	(221,052)	0	(221,052)	786,426	
Abermethyl Road		1,597,596	0	(157,156)	1,440,430	0	(316,045)	0	(316,047)	1,124,383	
Civic Centre Upgrade		0	0	0	0	0	0	0	0	0	
Total		6,241,751	0	(967,091)	5,274,660	0	(1,253,754)	0	(1,253,756)	10,020,905	
Total Borrowings	16	6,241,751	0	(967,091)	5,274,660	0	(1,253,754)	0	(1,253,756)	10,020,905	

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Insitution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2022	Budget for year ending 30 June 2023
Council Chamber Refurbishment		117	WATC*	4.36%	26/03/2023	\$ (11,413)	\$ (7,622)
Briggs Park Upgrade		123	WATC*	0.73%	24/09/2026	(7,728)	(6,917)
Abermethyl Road		121	WATC*	3.20%	17/05/2028	(69,122)	(54,205)
Webb Road		122	WATC*	0.76%	30/05/2025	(13,599)	(7,031)
Abermethyl Road		124	WATC*	0.73%	24/09/2026	(11,049)	(9,889)
Civic Centre Upgrade		LTI	WATC*	3.00%	TBA	0	(1,192,000)
Total						(112,911)	(1,277,664)
Total Finance Cost Payments						(112,911)	(1,277,664)

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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

30. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual					Budget				
		Principal at 1 July 2021	New Leases During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
Photocopiers - Admin		\$ 26,765	\$ 0	\$ (22,941)	\$ 3,824	\$ (17,206)	\$ 0	\$ 3,824	\$ 0	\$ (3,824)	\$ 0
Photocopiers - Emerg. Services		20,296	0	(9,020)	11,276	(9,020)	2,256	11,276	0	(9,020)	2,256
Ford Ranger - CESM		61,788	0	(17,428)	44,360	(19,012)	25,348	42,776	0	(19,012)	23,764
Gymnasium Equip (2)		12,875	0	(12,875)	0	0	0	0	0	0	0
Patching Truck		11,657	0	(11,657)	0	0	0	0	0	0	0
Scania Tip Truck with Crane		49,057	0	(49,057)	0	(12,264)	0	0	0	0	0
Photocopiers		0	0	0	0	(3,805)	64,684	0	0	0	0
Total Lease Liabilities	11(b)	182,438	0	(122,978)	59,460	(61,307)	92,288	57,876	0	(31,856)	26,020
Lease Finance Cost Payments											
Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term - (Months)		
Photocopiers - Admin		IW85510127001	Canon	2.10%	31/03/202	\$ (585)	\$ (130)	\$ (783)	60		
Photocopiers - Emerg. Services		IW85510204001	Canon	2.10%	30/09/2023	(508)	(508)	(508)	60		
Ford Ranger - CESM		FMOLT_Q21451	Fleetcare	2.00%	30/09/2024	(846)	(846)	(846)	48		
Gymnasium Equip (1)		E6N0158736	MAIA	2.00%	N/A	0	0	(64)	60		
Patching Truck		E6R0162595	MAIA	2.00%	N/A	0	0	(96)	24		
Scania Tip Truck with Crane		E6R0162897	MAIA	2.00%	31/07/2022	(286)	0	(1,143)	24		
Photocopiers		L36761	Fuji	2.00%	30/04/2026	(78)	0	0	0		
Total Finance Cost Payments						(2,303)	(1,484)	(3,440)			

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

31. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
(a) Administration Building	1,337,664	15,259	(709,460)	643,453	1,346,051	6,958	(1,350,500)	2,509	1,596,355	2,961	(261,662)	1,337,664
(b) Briggs Park	95,529	1,323	0	96,852	95,982	563	0	96,545	95,337	192	0	95,529
(c) Buildings Asset Management	1,078,994	31,467	(221,960)	888,501	1,117,350	5,933	(899,923)	223,360	1,216,366	2,308	(139,680)	1,078,994
(d) Byford BMX Track	203,547	2,819	0	206,366	113,369	665	0	114,034	270,961	332	(67,746)	203,547
(e) Byford Developer Contribution Fund	4,404,203	1,471,464	(1,557,020)	4,318,647	2,983,646	17,431	(138,117)	2,862,960	4,554,140	2,594,593	(2,744,530)	4,404,203
(f) Car Parking	91,309	10,113	0	101,422	91,743	538	0	92,281	91,125	184	0	91,309
(g) Community Facilities	150,832	1,842	0	152,674	151,524	785	(150,000)	2,309	528	150,304	0	150,832
(h) Community Grants	211,642	97,445	(91,733)	217,354	186,307	94,306	(226,155)	54,458	158,020	90,465	(36,843)	211,642
(i) Community Infrastructure	3,059,478	1,119,091	(220,787)	3,957,782	2,888,478	560,904	(346,446)	3,102,936	1,588,320	1,854,068	(392,910)	3,059,478
(j) Drainage Asset Management	161,622	2,238	0	163,860	162,376	952	0	163,328	161,297	325	0	161,622
(k) Emergency Management	240,206	3,327	0	243,533	241,118	1,415	0	242,533	239,723	483	0	240,206
(l) Fire Asset Management	6,647	251,557	0	258,204	6,684	1,439	0	8,123	6,634	13	0	6,647
(m) Footpaths Asset Management	243,494	92	0	243,586	244,606	38	0	244,644	243,004	490	0	243,494
(n) Investment	694,874	9,624	0	704,498	698,152	4,101	0	702,253	693,476	1,398	0	694,874
(o) Jarrahdale Communications Tower	264,736	10,003	(22,354)	252,385	262,748	46,283	(21,971)	287,060	214,787	70,201	(20,252)	264,736
(p) Jarrahdale Community Infrastructure	52,312	725	0	53,037	52,559	312	0	52,871	52,207	105	0	52,312
(q) Light Fleet & Plant Acquisition	1,305,573	818,922	(807,421)	1,317,074	1,316,347	807,183	(1,748,200)	375,330	944,045	976,846	(615,318)	1,305,573
(r) Local Government Election	1,073	83,010	0	84,083	1,236	42,250	0	43,486	45,045	41,028	(85,000)	1,073
(s) Miscellaneous Developer Contribution	550,980	7,631	0	558,611	553,501	3,253	0	556,754	549,871	1,109	0	550,980
(t) Multi Use Trails	18,586	257	0	18,843	18,672	112	0	18,784	18,549	37	0	18,586
(u) Mundijong Whitby Shire Contribution	209,011	2,895	(54,203)	157,703	210,020	1,204	(46,335)	164,889	208,590	421	0	209,011
(v) Parks & Gardens Asset Management	154,874	2,145	0	157,019	155,614	914	0	156,528	154,562	312	0	154,874
(w) Public Art	119,351	143,218	0	262,569	119,642	5,681	(35,000)	90,323	119,124	240	(13)	119,351
(x) Rates Revaluation	53,126	25,484	(75,000)	3,610	53,371	25,340	(75,000)	3,711	29,019	24,107	0	53,126
(y) Renewable Energy	34,683	480	0	35,163	34,845	201	0	35,046	34,613	70	0	34,683
(z) Road and Bridge Asset Management	310,289	1,015,379	(144,009)	1,181,659	310,342	605,349	0	915,691	150,009	983,789	(823,509)	310,289
(aa) Serpentine Jarrahdale Locality Funding	28,659	397	0	29,056	28,796	174	0	28,970	28,601	58	0	28,659
(bb) Serpentine Jarrahdale Sporting Precinct:	328,417	4,548	0	332,965	329,981	1,940	0	331,921	327,756	661	0	328,417
(cc) Tourism	13,038	181	0	13,219	13,098	75	0	13,173	13,012	26	0	13,038

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

31. RESERVE ACCOUNTS (Continued)

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
(dd) Unspent Grants & Contributions	38	0	0	38	0	0	0	0	38	0	0	38
(ee) Waste	1,648,369	134,311	(66,410)	1,716,270	1,713,701	9,684	(540,000)	1,183,385	1,747,367	3,443	(102,441)	1,648,369
(ff) W. Mundijong Industrial DCP	983	851,200	(132,580)	719,603	68,768	368	(46,335)	22,801	149,383	36,600	(185,000)	983
(gg) Oakford Fire Station	343,443	4,180	(45,000)	302,623	101,479	568	(45,000)	57,047	50,000	300,643	(7,200)	343,443
(hh) ICT Reserve	530,878	783,873	(530,000)	784,751	530,000	2,743	(530,000)	2,743	0	530,878	0	530,878
(ii) Public Open Space	59,512	824	0	60,336	0	0	0	0	0	59,512	0	59,512
	18,007,972	6,907,324	(4,677,937)	20,237,359	16,202,106	2,249,662	(6,198,982)	12,252,786	15,761,864	7,728,202	(5,482,094)	18,007,972

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

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

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

Name of reserve account Restricted by legislation/agreement	Purpose of the reserve account
(a) Administration Building	To provide for the employee accommodation requirements.
(b) Briggs Park	To provide for the future Briggs Park development.
(c) Buildings Asset Management	To provide funds for the upgrade, renewal, replacement and creation of new Shire facilities.
(d) Byford BMX Track	To provide for the future Byford BMX track.
(e) Byford Developer Contribution Fund	To provide for future community infrastructure funded from the Byford Developer Contribution Plan.
(f) Car Parking	To provide for future public car parking infrastructure funded from Developer contributions for cash-in-lieu of car parking.
(g) Community Facilities	This reserve is for the establishment of additional facilities in the community.
(h) Community Grants	To provide funds and project management support for delivery of community infrastructure to enable individuals and community groups to build capacity within the community, encourage volunteering and youth development, and deliver sustainable, accessible and demonstrated social, environmental and economic benefits.
(i) Community infrastructure	To provide for future community infrastructure, matching funds from the Community Infrastructure Developer Contribution Plan.
(j) Drainage Asset Management	To provide funds for the upgrade, renewal, replacement and creation of new Shire drainage.
(k) Emergency Management	To provide for unanticipated significant emergency services events or plant repairs.
(l) Fire Asset Management	To provide for the future additions and maintenance required for fire fighting assets and mitigation strategies.
(m) Footpaths Asset Management	To provide funds for the upgrade, renewal, replacement and creation of new Shire footpaths.
(n) Investment	To support economic, subdivision and tourism development opportunities for the Shire.
(o) Jarrahdale Communications Tower	To provide for the upgrades and maintenance of the tower when required.
(p) Jarrahdale Community Infrastructure	To provide funds for the upgrade, renewal or replacement of community assets in the Jarrahdale locality.
(q) Light Fleet & Plant Acquisition	To provide for new and renewal of Light Fleet, Plant and Equipment as required under the replacement and acquisition program.
(r) Local Government Election	To provide for Bi-Annual, and other interim local government election expenses.
(s) Miscellaneous Developer Contribution	To be used to fund capital works and administration as per each agreement.
(t) Multi Use Trails	To allow for the construction of Multi Use Trails.
(u) Mundijong Whitby Shire Contribution	To provide towards the future contribution requirements of the Mundijong Whitby Community Development Contribution Scheme.
(v) Parks & Gardens Asset Management	To provide funds for the upgrade, renewal, replacement and creation of new Shire parks, gardens and natural reserves.
(w) Public Art	To provide for public art development and creation.
(x) Rates Revaluation	To provide for the tri-ennial Gross Rental Valuation (GRV).
(y) Renewable Energy	This reserve is to allow Council to undertake renewable energy projects.
(z) Road and Bridge Asset Management	To provide funds for the upgrade, renewal, replacement and creation of new Shire road and bridge infrastructure.
(aa) Serpentine Jarrahdale Locality Funding	Council initiated townscape related projects in the Serpentine Jarrahdale Shire.
(ab) Serpentine Jarrahdale Sporting Precinct	To provide funds for the Serpentine Jarrahdale Regional Sporting Precinct when grant applications require contribution funding.
(ac) Tourism	To fund the implementation of the tourism strategy and development of tourism throughout the district and region.
(ad) Unspent Grants & Contributions	To restrict unspent grants & contributions
(ae) Waste	To provide for waste management requirements and future waste infrastructure.
(af) W. Mundijong Industrial DCP	To provide for future community infrastructure funded from the West Mundijong Developer Contribution Plan.
(ag) Oakford Fire Station	To provide funding the construction of the new Oakford Fire Station.
(ah) ICT Reserve	To provide for the Shire's ICT requirements
(ai) Public Open Space	To provide for future public open space funded from Developer contributions for cash-in-lieu of public open space.

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

32. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	304,222	0	0	304,222
	304,222	0	0	304,222