

SHIRE OF JERRAMUNGUP
BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3
Statement of Cash Flows	5
Rate Setting Statement	6
Notes to and Forming Part of the Budget	7 to 38
Supplementary Information	39

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue				
Rates	8	3,124,811	3,026,805	3,004,607
Operating grants, subsidies and contributions		2,168,709	1,123,975	975,738
Fees and charges	14	744,143	740,486	724,570
Service charges	11	0	0	0
Interest earnings	2(a)	61,755	62,253	66,703
Other revenue	2(a)	482,000	612,003	502,480
		<u>6,581,418</u>	<u>5,565,522</u>	<u>5,274,098</u>
Expenses				
Employee costs		(1,872,687)	(1,693,868)	(1,521,657)
Materials and contracts		(2,691,434)	(2,439,897)	(2,136,745)
Utility charges		(159,763)	(158,122)	(167,914)
Depreciation on non-current assets	2(a)	(1,638,717)	(1,695,100)	(1,828,030)
Interest expenses	2(a)	(42,194)	(33,153)	(46,938)
Insurance expenses		(233,928)	(226,968)	(235,078)
Other expenditure		56,352	109,353	(362,265)
		<u>(6,582,371)</u>	<u>(6,137,755)</u>	<u>(6,298,627)</u>
		(953)	(572,233)	(1,024,529)
Non-operating grants, subsidies and contributions		1,886,784	3,655,826	1,557,389
Profit on asset disposals	6	66,654	31,847	48,997
Loss on asset disposals	6	(36,074)	(92,413)	(116,525)
Loss on revaluation of non current assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,916,411	3,023,027	465,332
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,916,411</u>	<u>3,023,027</u>	<u>465,332</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue (Refer Notes 1,2,8,10 to 14)				
Governance		0	48,374	10,843
General purpose funding		4,454,816	3,475,580	3,448,782
Law, order, public safety		158,004	232,303	87,262
Education and welfare		1,093	2,295	944
Housing		132,673	88,372	82,173
Community amenities		396,511	383,197	366,820
Recreation and culture		56,567	104,405	83,280
Transport		654,645	509,726	483,594
Economic services		91,068	30,589	27,371
Other property and services		636,041	687,187	680,281
		<u>6,581,418</u>	<u>5,565,521</u>	<u>5,274,098</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(241,458)	(254,764)	(286,373)
General purpose funding		(86,150)	(83,622)	(75,635)
Law, order, public safety		(643,924)	(497,264)	(554,727)
Health		(285,311)	(258,559)	(246,573)
Education and welfare		(83,264)	(93,178)	(102,732)
Housing		(126,274)	(43,558)	(52,365)
Community amenities		(948,810)	(1,057,422)	(1,035,174)
Recreation and culture		(638,233)	(945,028)	(1,031,344)
Transport		(2,756,756)	(2,273,040)	(2,451,220)
Economic services		(156,476)	(224,661)	(202,009)
Other property and services		(573,522)	(373,504)	(228,757)
		<u>(6,540,178)</u>	<u>(6,104,600)</u>	<u>(6,266,909)</u>
Finance Costs (Refer Notes 2 & 9)				
Housing		(24,865)	(11,795)	(16,383)
Community amenities		0	(10,282)	(13,694)
Transport		(17,329)	(11,077)	(16,861)
Economic services		0	0	0
		<u>(42,194)</u>	<u>(33,154)</u>	<u>(46,938)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		0	391,116	32,000
Education and welfare		0	9,494	0
Community amenities		0	67,935	91,760
Recreation and culture		687,000	0	0
Transport		1,199,784	3,115,281	1,433,629
		<u>1,886,784</u>	<u>3,655,826</u>	<u>1,557,389</u>

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Governance		0	(15,109)	(10,639)
Law, order, public safety		0	(12,816)	0
Health		0	(5,987)	(8,227)
Housing		0	0	(41,437)
Community amenities		0	(8,311)	(5,184)
Transport		39,580	(18,342)	13,179
Other property and services		(9,000)	0	0
		<u>30,580</u>	<u>(60,565)</u>	<u>(52,308)</u>
Loss on				
Revaluation Of Non Current Assets				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,916,410	3,023,028	465,332
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,916,410</u>	<u>3,023,028</u>	<u>465,332</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,124,811	3,024,372	3,036,607
Operating grants, subsidies and contributions		2,168,709	1,181,637	1,092,738
Fees and charges		744,143	694,547	724,570
Service charges		0	0	0
Interest earnings		61,755	62,253	66,703
Goods and services tax		0	43,946	45,000
Other revenue		482,000	612,003	502,480
		<u>6,581,418</u>	<u>5,618,758</u>	<u>5,468,098</u>
Payments				
Employee costs		(1,872,687)	(1,751,748)	(1,521,657)
Materials and contracts		(2,691,434)	(2,075,572)	(2,121,745)
Utility charges		(159,763)	(158,122)	(167,914)
Interest expenses		(42,194)	(46,152)	(46,938)
Insurance expenses		(233,928)	(226,968)	(235,078)
Goods and services tax		0	45,409	(59,781)
Other expenditure		56,352	(420,036)	(362,264)
		<u>(4,943,654)</u>	<u>(4,633,189)</u>	<u>(4,515,377)</u>
Net cash provided by (used in) operating activities	3(b)	<u>1,637,764</u>	<u>985,569</u>	<u>952,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(606,024)	(1,046,219)	(990,725)
Payments for construction of infrastructure	5	(5,077,244)	(2,290,370)	(2,458,631)
Non-operating grants, subsidies and contributions used for the development of assets		1,886,784	3,655,826	1,572,170
Proceeds from sale of plant & equipment	6	295,000	391,741	676,632
Net cash provided by (used in) investing activities		<u>(3,501,484)</u>	<u>710,979</u>	<u>(1,200,555)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(156,493)	(126,963)	(127,004)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	1,650	0
Proceeds from new debentures	7	350,000	120,000	120,000
Net cash provided by (used in) financing activities		<u>193,507</u>	<u>(5,313)</u>	<u>(7,004)</u>
Net increase (decrease) in cash held		(1,670,213)	1,691,235	(254,838)
Cash at beginning of year		<u>3,346,695</u>	<u>1,655,460</u>	<u>1,640,680</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,676,482</u></u>	<u><u>3,346,695</u></u>	<u><u>1,385,842</u></u>

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

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Adjusted				
Net current assets at start of financial year - surplus/(deficit)	4	1,840,009	538,955	546,112
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		0	48,374	10,843
General purpose funding		1,330,005	448,775	444,175
Law, order, public safety		158,004	232,303	87,262
Health		0	3,493	2,748
Education and welfare		1,093	2,295	944
Housing		132,673	88,372	82,173
Community amenities		396,511	383,197	366,820
Recreation and culture		56,567	104,405	83,280
Transport		721,299	541,574	532,591
Economic services		91,068	30,589	27,371
Other property and services		636,041	687,187	680,281
		<u>3,523,261</u>	<u>2,570,564</u>	<u>2,318,488</u>
Expenditure from operating activities	1,2			
Governance		(241,458)	(269,873)	(297,012)
General purpose funding		(86,150)	(83,622)	(75,635)
Law, order, public safety		(643,924)	(510,080)	(554,727)
Health		(285,311)	(264,546)	(254,800)
Education and welfare		(83,264)	(93,178)	(102,732)
Housing		(151,139)	(55,353)	(110,185)
Community amenities		(948,810)	(1,076,015)	(1,054,052)
Recreation and culture		(638,233)	(945,028)	(1,031,344)
Transport		(2,801,159)	(2,334,307)	(2,503,899)
Economic services		(156,476)	(224,661)	(202,009)
Other property and services		(582,522)	(373,504)	(228,757)
		<u>(6,618,446)</u>	<u>(6,230,167)</u>	<u>(6,415,152)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	(30,580)	60,566	67,528
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	1,638,717	1,695,100	1,828,030
Amount attributable to operating activities		<u>352,961</u>	<u>(1,364,982)</u>	<u>(1,654,994)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,886,784	3,655,826	1,557,389
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(606,024)	(1,046,219)	(990,725)
Purchase and construction of infrastructure	5	(5,077,244)	(2,290,370)	(2,458,631)
Proceeds from disposal of assets	6	295,000	391,741	676,632
Amount attributable to investing activities		<u>(3,501,484)</u>	<u>710,979</u>	<u>(1,215,336)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(156,493)	(126,963)	(127,004)
Proceeds from new debentures	7	350,000	120,000	120,000
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(305,519)	(124,816)	(333,146)
Transfers from cash backed reserves (restricted assets)	9	141,670	97,748	220,500
Amount attributable to financing activities		<u>29,658</u>	<u>(34,031)</u>	<u>(119,650)</u>
Budgeted deficiency before general rates		<u>(3,118,866)</u>	<u>(688,035)</u>	<u>(2,989,979)</u>
Estimated amount to be raised from general rates	8	<u>3,124,811</u>	<u>3,026,805</u>	<u>3,004,607</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>5,946</u>	<u>2,338,770</u>	<u>14,628</u>

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the budget has also 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 budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.

(b) 2015/16 Actual Balances

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) 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.

(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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Land Under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Depreciation

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

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

Buildings	30 to 50 years
Furniture and Equipment	3 to 6 years
Plant and Equipment	8 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
Gravel roads	
formation	not depreciated
pavement	30 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	50 years
Sewerage piping	50 years
Water supply piping & drainage systems	50 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and 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.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Shire 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 revaluation decrease in accordance with that other standard.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Leases

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

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

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

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

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

(s) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUES AND EXPENSES	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	15,500	10,635	15,000
Other services	8,000	0	8,000
Depreciation By Program			
Governance	0	49,063	50,239
General purpose funding	0	0	0
Law, order, public safety	101,500	99,949	97,560
Health	9,942	8,932	8,912
Education and welfare	42,000	40,901	37,391
Housing	30,000	16,697	16,548
Community amenities	24,750	136,953	99,998
Recreation and culture	68,250	361,556	303,921
Transport	1,149,000	914,910	1,168,552
Economic services	0	59,468	44,910
Other property and services	213,275	6,671	0
	<u>1,638,717</u>	<u>1,695,100</u>	<u>1,828,030</u>
Depreciation By Asset Class			
Land and buildings	238,942	572,258	614,827
Furniture and equipment	10,500	6,544	5,118
Plant and equipment	279,275	309,692	292,575
Roads	1,110,000	595,594	869,223
Footpaths	0	9,071	5,870
Drainage	0	0	5,696
Other	0	201,941	34,721
	<u>1,638,717</u>	<u>1,695,100</u>	<u>1,828,030</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	42,194	33,153	46,938
	<u>42,194</u>	<u>33,153</u>	<u>46,938</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	22,000	22,681	25,491
- Other funds	12,000	11,460	16,479
Other interest revenue (<i>refer note 12</i>)	27,755	28,112	24,733
	<u>61,755</u>	<u>62,253</u>	<u>66,703</u>
(iii) Other Revenue			
Reimbursements and recoveries	0	0	0
Other	482,000	612,003	502,480
	<u>482,000</u>	<u>612,003</u>	<u>502,480</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective:

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

Activities:

Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants & interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

Supervision of various by-laws, fire prevention, emergency services & animal control.

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To meet the needs of the community in these areas.

Activities:

Operation and provision of services to seniors and child care centres within the Shire.

HOUSING

Objective:

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

Activities:

Maintenance of staff and rental housing.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

To provide effective and efficient transport services to the community.

Activities:

Construction and maintenance of streets, roads, bridges, cleaning, and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.

ECONOMIC SERVICES

Objective:

To help promote the shire and improve its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

Other activities which contribute to the governance and operations of the Shire.

Activities:

Private works operations, plant repairs, and operations costs. Also provides for Department of Transport L

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

3. 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. Estimated cash at the end of the reporting period is as follows:

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Cash - unrestricted	331,356	2,165,418	133,768
Cash - restricted	<u>1,345,126</u>	<u>1,181,277</u>	<u>1,252,074</u>
	<u><u>1,676,482</u></u>	<u><u>3,346,695</u></u>	<u><u>1,385,842</u></u>

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

Leave Reserve	33,428	32,804	32,851
Plant Reserve	42,025	41,242	41,300
Community Recreation	114,391	111,647	48,616
Bremer Bay Youth Camp Reserve	52,045	51,075	51,147
Building Reserve	177,025	31,428	238,973
Bremer Bay Retirement Units Reserve	96,262	94,468	94,601
JMP Entertainment Centre Reserve	8,486	8,328	8,339
Effluent Reserve	506,806	471,618	472,132
Point Henry Fire Levy Reserve	14,334	14,066	14,348
Jerramungup Retirement Units Reserve	93,777	92,029	91,758
Bremer Bay Boat Ramp Reserve	113,833	111,710	111,868
Capital Works Reserve	39,070	77,756	17,866
Swimming Pool Reserve	8,102	7,951	7,963
Roe Park Reserve	30,761	20,374	20,315
Restricted Cash Account	14,780	14,780	0
	<u><u>1,345,126</u></u>	<u><u>1,181,277</u></u>	<u><u>1,252,075</u></u>

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

Net result	1,916,410	3,023,028	465,332
Depreciation	1,638,717	1,695,100	1,828,030
(Profit)/loss on sale of asset	(30,580)	60,566	67,528
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	98,644	438
(Increase)/decrease in inventories	0	8,879	0
Increase/(decrease) in payables	0	284,567	0
Increase/(decrease) in employee provisions	0	0	0
Grants/contributions for the development of assets	<u>(1,886,784)</u>	<u>(3,655,826)</u>	<u>(1,557,389)</u>
Net Cash from Operating Activities	<u><u>1,637,763</u></u>	<u><u>1,514,958</u></u>	<u><u>803,939</u></u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	0	0	0
Total Amount of Credit Unused	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Loan Facilities			
Loan facilities in use at balance date	<u>1,268,701</u>	<u>1,075,194</u>	<u>966,069</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	331,356	2,165,418
Cash - restricted reserves	3(a)	1,345,126	1,181,277
Receivables		173,607	173,607
Inventories		27,519	27,519
		<u>1,877,608</u>	<u>3,547,821</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(526,535)	(526,535)
Short term borrowings		0	0
Long term borrowings		(82,658)	(156,492)
Provisions		<u>(246,999)</u>	<u>(246,999)</u>
		<u>(856,192)</u>	<u>(930,026)</u>

Unadjusted net current assets

1,021,416 **2,617,795**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates.

These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(1,345,126)	(1,181,277)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		0	0
Add: Current portion of debentures		82,658	156,492
Add: Current liabilities not expected to be cleared at end of year (Annual)		123,789	123,789
Add: Current liabilities not expected to be cleared at end of year (Long term)		<u>123,210</u>	<u>123,210</u>
Adjusted net current assets - surplus/(deficit)		<u><u>5,947</u></u>	<u><u>1,840,009</u></u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

5. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year.

Asset Class	Reporting Program											2015/16 Actual Total \$					
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		2016/17 Budget Total \$				
<u>Property, Plant and Equipment</u>																	
Land and buildings						92,282				50,000	39,478	27,020	30,000	29,000		267,780	135,434
Furniture and equipment											1,600			5,000		6,600	6,932
Plant and equipment												243,644		88,000		331,644	903,853
<u>Infrastructure</u>																	
Roads	0	0	0	0	0	92,282				50,000	41,078	270,664	30,000	122,000		606,024	1,046,219
Footpaths												2,927,402				2,927,402	1,841,354
Parks and ovals												304,793				304,793	325,728
Other											1,845,050					1,845,050	123,288
Total Acquisitions	0	0	0	0	0	92,282	0	0	0	50,000	1,845,050	3,232,194	30,000	0	0	5,077,244	2,290,370
	0	0	0	0	0	92,282	0	0	0	50,000	1,886,128	3,502,858	30,000	122,000	0	5,683,268	3,336,588

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

6. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Housing				
Transport				
Terex Positrac Skid Steer Loader	60,074	33,000	0	(27,074)
Old Shire Depot Excavator	83,346	145,000	61,654	0
	30000	35000	5,000	0
Other Property and Services				
Toyota Prado	53,000	50,000	0	(3,000)
Toyota Kluger	38,000	32,000	0	(6,000)
TOTAL	264,420	295,000	66,654	(36,074)

<u>By Class</u>	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Land and Buildings				
Old Shire Depot	83346	145000	61,654	0
Plant and Equipment				
Toyota Prado	53000	50000	0	(3,000)
Toyota Kluger	38000	32000	0	(6,000)
Terex Positrac Skid Steer Loader Excavator	60074	33000	0	(27,074)
	30000	35000	5,000	0
TOTAL	181,074	150,000	5,000	(36,074)
TOTAL	264,420	295,000	66,654	(36,074)

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Movement in debentures and interest between the beginning and the end of the current financial year.

Particulars	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Housing								
Loan 259 - Key Personnel Housing	263,208		55,605	52,200	207,603	263,208	12,197	11,795
Community amenities								
Loan 261 - Housing Bremer Bay	321,313		31,235	29,933	290,078	321,313	12,668	10,282
Recreation and culture								
Bremer Bay Town Centre - Town Square	0	350,000	0	0	350,000	0	0	0
Transport								
Loan 260 - Bremer Bay Town Centre	370,672		46,729	44,830	323,943	370,672	14,723	11,076
Loan 262 - Grader	120,000		22,924	0	97,076	120,000	2,606	0
	1,075,194	350,000	156,493	126,963	1,268,701	1,075,194	42,194	33,153
Self Supporting Loans								
Nil	0	0	0	0	0	0	0	0
	1,075,194	350,000	156,493	126,963	1,268,701	1,075,194	42,194	33,153

All debenture repayments will be financed by general purpose revenue.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Bremer Bay Town Centre - Town Squa	350,000	WATC	Debenture	10	152,744	3.00%	350,000	0
					152,744		350,000	0

(c) Unspent Debentures

Nil

(d) Overdraft

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

8. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$	2016/17 Budgeted Interim Rates \$	2016/17 Budgeted Back Rates \$	2016/17 Budgeted Total Revenue \$	2015/16 Actual \$
Differential general rate or general rate								
GRV Properties	0.111475	529	6,191,560	690,204	0	0	690,204	678,357
UV Properties	0.011618	324	185,507,500	2,155,226	0	0	2,155,226	2,078,285
Sub-Totals		853	191,699,060	2,845,430	0	0	2,845,430	2,756,642
Minimum payment	Minimum \$							
GRV Properties	783	316	1,560,264	247,428	0	0	247,428	234,080
UV Properties	783	41	1,160,899	32,103	0	0	32,103	36,480
Sub-Totals		357	2,721,163	279,531	0	0	279,531	270,560
Discounts (Note 13)							(150)	(397)
Total amount raised from general rates							3,124,811	3,026,805
Specified area rates (Note 10)							0	0
Total Rates							3,124,811	3,026,805

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

8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2016/17 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

9. CASH BACKED RESERVES

	2016/17 Budget			2015/16 Actual			2015/16 Budget					
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Leave Reserve	32,804	623		33,428	32,132	673		32,804	32,132	719	0	32,851
Plant Reserve	41,242	784		42,025	40,396	846		41,242	40,396	904	0	41,300
Community Recreation	111,647	82,743	(80,000)	114,391	103,855	75,540	(67,748)	111,647	103,856	75,260	(130,500)	48,616
Bremer Bay Youth Camp Reserve	51,075	970		52,045	50,028	1,047		51,075	50,028	1,119	0	51,147
Building Reserve	31,428	145,597		177,025	30,784	644		31,428	30,784	208,189	0	238,973
Bremer Bay Retirement Units Reserve	94,468	1,795		96,262	92,531	1,937		94,468	92,531	2,070	0	94,601
JMP Entertainment Centre Reserve	8,328	158		8,486	8,157	171		8,328	8,157	182	0	8,339
Effluent Reserve	471,618	35,188		506,806	444,959	26,659		471,618	444,959	27,173	0	472,132
Point Henry Fire Levy Reserve	14,066	21,937	(21,670)	14,334	43,378	689	(30,000)	14,066	43,378	970	(30,000)	14,348
Jerramungup Retirement Units Reserve	92,029	1,749		93,777	89,750	2,279		92,029	89,750	2,008	0	91,758
Bremer Bay Boat Ramp Reserve	111,710	2,122		113,833	109,420	2,290		111,710	109,420	2,448	0	111,868
Capital Works Reserve	77,756	1,314	(40,000)	39,070	76,162	1,594		77,756	76,162	1,704	(60,000)	17,866
Swimming Pool Reserve	7,951	151		8,102	7,788	163		7,951	7,789	174	0	7,963
Roe Park Reserve	20,374	10,387		30,761	10,090	10,284		20,374	10,089	10,226	0	20,315
Restricted Cash Account	14,780	0	0	14,780	14,780	0	0	14,780	0	0	0	0
	1,181,277	305,519	(141,670)	1,345,126	1,154,208	124,816	(97,748)	1,181,277	1,139,429	333,146	(220,500)	1,252,075

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

9. CASH BACKED RESERVES (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

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

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

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

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

There are no specified area rates budgeted for 2016/2017. The Shire of Jerramungup does charge an effluent area rate for the limited effluent system in Jerramungup however this is recorded as a fee and charge in Council's accounts.

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

There are no service charges budgeted for 2016/2017.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2016/17 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
4 Instalments	23/09/2016	8	5.50%	11%
	25/11/2016			
	20/01/2017			
	24/03/2017			
2 Instalments	23/09/2016			
	20/01/2017			

	2016/17 Budget Revenue \$	2015/16 Actual \$
Instalment Plan Admin Charge Revenue	6,840	6,824
Instalment Plan Interest Earned	16,626	16,983
Unpaid Rates Interest Earned	11,129	11,129
	34,595	34,936

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2016/17 FINANCIAL YEAR

Rates Discounts

Rate or Fee and Charge to which Discount is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which Discount is Granted
Small interest write-offs	Write Off		150	397	On small balances under the CEO's delegated authority.
			150	397	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which the Waiver or Concession is Granted	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Nil			0	0			

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

14. FEES & CHARGES REVENUE	2016/17 Budget \$	2015/16 Actual \$
Governance	0	5,543
General purpose funding	24,840	10,706
Law, order, public safety	27,070	27,213
Health	0	1,215
Education and welfare	1,093	400
Housing	132,673	87,774
Community amenities	379,791	374,875
Recreation and culture	15,567	33,971
Transport	900	46,407
Economic services	43,068	24,493
Other property and services	119,141	127,889
	<u>744,143</u>	<u>740,486</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
---	----------------------------------	----------------------------------

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

Meeting fees	63,000	63,000
Mayor/President's allowance	12,000	12,000
Deputy Mayor/President's allowance	3,000	3,000
Travelling expenses	1,500	1,449
Telecommunications allowance	7,000	7,000
	<u>86,500</u>	<u>86,449</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

16. TRUST FUNDS

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

Detail	Balance 1-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
BUILDING BONDS - TRUST	24,000	2,000	(2,000)	24,000
POOL AND JEC KEY BOND - TRUST	530	500	(500)	530
HOUSING BONDS - TRUST	640	0	0	640
SUBDIVISION BONDS - TRUST	56,228	0	0	56,228
OTHER BONDS - TRUST	1,170	0	0	1,170
HALL AND SHIRE PROPERTY BONDS	0	0	0	0
FOOTPATH BONDS	0	0	0	0
WASTE MANAGEMENT FUNDS - TRUST	1,772,397	0	(1,772,397)	0
REGIONAL & STRATEGIC WASTE MANAGEMENT	3,171,451	0	(3,171,451)	(0)
BREMER BAY YOUTH PROJECT FUNDRAISING	5,327	0	(5,327)	0
	<u>5,031,743</u>	<u>2,500</u>	<u>(4,951,675)</u>	<u>82,568</u>

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

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transaction undertakings will occur in 2016/17.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/17.

19. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Jerramungup is currently undertaking a joint project with the Shire of Ravensthorpe to construct a Regional Waste Facility. The project is expected to cost approximately \$2.5M and is funded by Royalties for Regions.