

**SHIRE OF JERRAMUNGUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

Principal place of business:  
8 Vasey Street  
Jerramungup WA 6337

**SHIRE OF JERRAMUNGUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Jerramungup for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Jerramungup at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the TENTH day of DECEMBER 2020



Chief Executive Officer

Martin Cuthbert  
Name of Chief Executive Officer

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	24(a)	3,405,757	3,396,372	3,333,916
Operating grants, subsidies and contributions	2(a)	1,642,093	1,941,594	1,727,294
Fees and charges	2(a)	866,769	801,909	829,210
Interest earnings	2(a)	68,505	75,308	91,091
Other revenue	2(a)	1,777,802	23,850	138,460
		<b>7,760,926</b>	<b>6,239,033</b>	<b>6,119,971</b>
<b>Expenses</b>				
Employee costs		(1,842,049)	(2,046,153)	(1,471,891)
Materials and contracts		(1,365,845)	(1,671,815)	(1,987,856)
Utility charges		(181,654)	(187,058)	(176,014)
Depreciation on non-current assets	10(b)	(1,978,237)	(1,884,684)	(1,934,757)
Interest expenses	2(b)	(29,913)	(43,625)	(34,558)
Insurance expenses		(238,542)	(234,724)	(216,904)
Other expenditure		(1,779,128)	(156,888)	(209,236)
		<b>(7,415,368)</b>	<b>(6,224,947)</b>	<b>(6,031,216)</b>
		<b>345,558</b>	<b>14,086</b>	<b>88,755</b>
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Profit on asset disposals	10(a)	104,703	110,027	0
(Loss) on asset disposals	10(a)	(65,063)	(94,607)	(182,664)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		<b>2,828,404</b>	<b>3,401,613</b>	<b>1,373,424</b>
<b>Net result for the period</b>		<b>3,173,962</b>	<b>3,415,699</b>	<b>1,462,179</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(69,582)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(69,582)</b>
<b>Total comprehensive income for the period</b>		<b>3,173,962</b>	<b>3,415,699</b>	<b>1,392,597</b>

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 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		15,358	0	2,917
General purpose funding		4,869,262	4,141,722	4,774,821
Law, order, public safety		195,966	165,030	248,402
Health		24,584	7,363	14,220
Education and welfare		6,029	1,088	1,359
Housing		74,737	129,233	82,234
Community amenities		553,219	502,976	528,696
Recreation and culture		80,893	927,225	62,440
Transport		241,352	168,221	207,092
Economic services		61,038	69,895	62,486
Other property and services		1,638,488	126,280	135,304
		<b>7,760,926</b>	<b>6,239,033</b>	<b>6,119,971</b>
<b>Expenses</b>				
	2(b)			
Governance		(297,153)	(334,675)	(353,266)
General purpose funding		(224,528)	(243,278)	(118,766)
Law, order, public safety		(474,810)	(537,417)	(566,312)
Health		(279,168)	(281,260)	(278,024)
Education and welfare		(78,951)	(127,807)	(65,605)
Housing		(15,707)	(227,402)	(9,769)
Community amenities		(1,186,608)	(1,360,361)	(1,207,665)
Recreation and culture		(977,174)	(742,767)	(934,133)
Transport		(1,888,388)	(2,141,888)	(2,159,753)
Economic services		(259,274)	(188,164)	(239,452)
Other property and services		(1,703,694)	3,697	(63,913)
		<b>(7,385,455)</b>	<b>(6,181,322)</b>	<b>(5,996,658)</b>
<b>Finance Costs</b>				
	2(b)			
Housing		(11,279)	(9,005)	(13,258)
Transport		(16,651)	(33,628)	(19,771)
Other property and services		(1,983)	(992)	(1,529)
		<b>(29,913)</b>	<b>(43,625)</b>	<b>(34,558)</b>
		<b>345,558</b>	<b>14,086</b>	<b>88,755</b>
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Profit on disposal of assets	10(a)	104,703	110,027	0
(Loss) on disposal of assets	10(a)	(65,063)	(94,607)	(182,664)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		<b>2,828,404</b>	<b>3,401,613</b>	<b>1,373,424</b>
<b>Net result for the period</b>		<b>3,173,962</b>	<b>3,415,699</b>	<b>1,462,179</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(69,582)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(69,582)</b>
<b>Total comprehensive income for the period</b>		<b>3,173,962</b>	<b>3,415,699</b>	<b>1,392,597</b>

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



**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,672,540	6,520,565
Trade and other receivables	6	1,068,477	311,285
Inventories	7	30,458	28,055
<b>TOTAL CURRENT ASSETS</b>		<b>5,771,475</b>	<b>6,859,905</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	53,416	52,551
Property, plant and equipment	8	24,828,104	23,505,970
Infrastructure	9	217,095,723	216,238,128
Right of use assets	11(a)	45,244	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>242,022,487</b>	<b>239,796,649</b>
<b>TOTAL ASSETS</b>		<b>247,793,962</b>	<b>246,656,554</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	236,438	3,587,160
Contract liabilities	14	1,617,297	0
Lease liabilities	15(a)	14,485	0
Borrowings	16(a)	196,748	178,127
Employee related provisions	17	354,777	339,456
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,419,745</b>	<b>4,104,743</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15(a)	31,162	0
Borrowings	16(a)	914,422	611,170
Employee related provisions	17	41,320	32,290
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>986,904</b>	<b>643,460</b>
<b>TOTAL LIABILITIES</b>		<b>3,406,649</b>	<b>4,748,203</b>
<b>NET ASSETS</b>		<b>244,387,313</b>	<b>241,908,351</b>
<b>EQUITY</b>			
Retained surplus		56,751,066	55,002,394
Reserves - cash backed	4	2,219,259	1,488,969
Revaluation surplus	12	185,416,988	185,416,988
<b>TOTAL EQUITY</b>		<b>244,387,313</b>	<b>241,908,351</b>

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

SHIRE OF JERRAMUNGUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>53,561,971</b>	<b>1,467,213</b>	<b>185,486,570</b>	<b>240,515,754</b>
Comprehensive income					
Net result for the period (restated)		1,462,179	0	0	1,462,179
Other comprehensive income	12	0	0	(69,582)	(69,582)
Total comprehensive income		1,462,179	0	(69,582)	1,392,597
Transfers from reserves	4	206,656	(206,656)	0	0
Transfers to reserves	4	(228,412)	228,412	0	0
<b>Balance as at 30 June 2019</b>		<b>55,002,394</b>	<b>1,488,969</b>	<b>185,416,988</b>	<b>241,908,351</b>
Change in accounting policy	28	(695,000)	0	0	(695,000)
<b>Restated total equity at 1 July 2019</b>		<b>54,307,394</b>	<b>1,488,969</b>	<b>185,416,988</b>	<b>241,213,351</b>
Comprehensive income					
Net result for the period		3,173,962	0	0	3,173,962
Total comprehensive income		3,173,962	0	0	3,173,962
Transfers from reserves	4	363,280	(363,280)	0	0
Transfers to reserves	4	(1,093,570)	1,093,570	0	0
<b>Balance as at 30 June 2020</b>		<b>56,751,066</b>	<b>2,219,259</b>	<b>185,416,988</b>	<b>244,387,313</b>

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,412,072	3,423,291	3,318,738
Operating grants, subsidies and contributions		917,772	2,040,654	2,838,639
Fees and charges		866,769	801,909	829,210
Interest received		68,505	75,308	91,091
Goods and services tax received		71,176	187,150	(328,678)
Other revenue		179,395	23,850	138,460
		5,515,689	6,552,162	6,887,460
<b>Payments</b>				
Employee costs		(1,901,405)	(2,046,153)	(1,365,670)
Materials and contracts		(3,103,802)	(2,574,127)	789,618
Utility charges		(181,654)	(187,058)	(176,014)
Interest expenses		(29,913)	(163,625)	(27,383)
Insurance paid		(238,542)	(234,724)	(216,904)
Goods and services tax paid		(24,526)	(187,150)	366,862
Other expenditure		(180,721)	(156,888)	(209,236)
		(5,660,563)	(5,549,725)	(838,727)
<b>Net cash provided by (used in) operating activities</b>	18	(144,874)	1,002,437	6,048,733
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(3,589,242)	(5,752,267)	(796,950)
Payments for construction of infrastructure	9(a)	(1,992,482)	(2,707,947)	(2,511,795)
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Proceeds from sale of property, plant & equipment	10(a)	781,819	779,410	206,090
<b>Net cash provided by (used in) investment activities</b>		(2,012,006)	(4,294,611)	(1,552,718)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(178,127)	(220,884)	(203,031)
Payments for principal portion of lease liabilities	15(b)	(13,018)	0	0
Proceeds from new borrowings	16(b)	500,000	1,000,000	0
<b>Net cash provided by (used in) financing activities</b>		308,855	779,116	(203,031)
<b>Net increase (decrease) in cash held</b>		(1,848,025)	(2,513,058)	4,292,984
Cash at beginning of year		6,520,565	6,615,772	2,227,581
<b>Cash and cash equivalents at the end of the year</b>	18	4,672,540	4,102,714	6,520,565

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



**SHIRE OF JERRAMUNGUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	1,509,542	4,211,721	1,249,599
		1,509,542	4,211,721	1,249,599
<b>Revenue from operating activities (excluding rates)</b>				
Governance		15,358	0	2,917
General purpose funding		1,515,586	745,350	1,487,361
Law, order, public safety		195,966	165,030	248,402
Health		24,584	7,363	14,220
Education and welfare		6,029	1,088	1,359
Housing		74,737	129,233	82,234
Community amenities		553,219	502,976	528,696
Recreation and culture		80,893	927,225	62,440
Transport		242,217	168,221	213,243
Economic services		756,038	69,895	62,486
Other property and services		1,743,191	236,307	135,304
		5,207,818	2,952,688	2,838,662
<b>Expenditure from operating activities</b>				
Governance		(297,153)	(334,675)	(353,266)
General purpose funding		(224,528)	(243,278)	(118,766)
Law, order, public safety		(474,810)	(537,417)	(586,492)
Health		(279,168)	(281,260)	(295,429)
Education and welfare		(78,951)	(127,807)	(65,605)
Housing		(26,986)	(236,407)	(25,152)
Community amenities		(1,193,144)	(1,366,849)	(1,207,665)
Recreation and culture		(977,174)	(742,767)	(934,133)
Transport		(1,952,306)	(2,252,458)	(2,284,231)
Economic services		(259,274)	(188,164)	(239,452)
Other property and services		(2,411,937)	(8,472)	(103,689)
		(8,175,431)	(6,319,554)	(6,213,880)
Non-cash amounts excluded from operating activities	25(a)	1,947,493	(489,462)	2,125,206
<b>Amount attributable to operating activities</b>		489,422	355,393	(413)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Proceeds from disposal of assets	10(a)	781,819	779,410	206,090
Purchase of property, plant and equipment	8(a)	(3,589,242)	(5,752,267)	(796,950)
Purchase and construction of infrastructure	9(a)	(1,992,482)	(2,707,947)	(2,511,795)
<b>Amount attributable to investing activities</b>		(2,012,006)	(4,294,611)	(1,552,718)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(178,127)	(220,884)	(203,031)
Proceeds from borrowings	16(c)	500,000	1,000,000	0
Payments for principal portion of lease liabilities	15(b)	(13,018)	0	0
Transfers to reserves (restricted assets)	4	(1,093,570)	(824,653)	(228,412)
Transfers from reserves (restricted assets)	4	363,280	591,670	206,656
<b>Amount attributable to financing activities</b>		(421,435)	546,133	(224,787)
<b>Surplus/(deficit) before imposition of general rates</b>		(1,944,019)	(3,393,085)	(1,777,918)
<b>Total amount raised from general rates</b>	24(a)	3,353,676	3,396,372	3,287,460
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	1,409,657	3,287	1,509,542

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



**SHIRE OF JERRAMUNGUP**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be 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 included in the statement of financial position) rather than at fair value. The exception is 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.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against opening retained surplus. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	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	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
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	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Pay application fee or an annual fee	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance or invoiced for additional services	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or invoiced	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	Payment in arrears	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in arrears	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Gravel, mulch and scrap metal	Single point in time	Payment in arrears	None	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,357,043	649,092	1,328,619
Law, order, public safety	124,411	140,210	187,018
Community amenities	3,418	500	0
Recreation and culture	4,800	909,091	34,539
Transport	152,421	152,421	172,938
Economic services	0	8,000	0
Other property and services	0	82,280	4,180
	1,642,093	1,941,594	1,727,294
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	159,218	150,000	42,991
Housing	1,581,439	0	0
Community amenities	5,645	0	131,591
Recreation and culture	0	0	209,382
Transport	1,041,597	1,060,693	1,165,973
Other property and services	0	2,175,500	0
	2,787,899	3,386,193	1,549,937
<b>Total grants, subsidies and contributions</b>	4,429,992	5,327,787	3,277,231
<b>Fees and charges</b>			
General purpose funding	6,870	13,100	12,478
Law, order, public safety	25,369	24,820	23,978
Health	18,441	7,363	13,099
Education and welfare	0	1,088	277
Housing	115,291	129,233	139,277
Community amenities	514,332	502,476	526,672
Recreation and culture	52,586	18,134	17,097
Transport	63,978	15,800	31,643
Economic services	55,636	61,895	62,228
Other property and services	14,266	28,000	2,461
	866,769	801,909	829,210

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	59,793	100,000	0
Fees and charges	532,703	574,281	0
Other revenue	37,452	19,572	0
Non-operating grants, subsidies and contributions	2,787,899	3,386,193	0
	3,417,847	4,080,046	0

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Contracts with customers included as a contract liability at the start of the period	(3,209,868)	0	0
Other revenue from contracts with customers recognised during the year	629,948	693,853	0
Other revenue from performance obligations satisfied during the year	5,997,767	3,386,193	0
	3,417,847	4,080,046	0

Information about receivables, contract assets and contract liabilities 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:

Trade and other receivables from contracts with customers	911,507	0	0
Contract liabilities from contracts with customers	(1,617,297)	0	0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	3,353,676	3,344,293	0
Statutory permits and licences	114,327	99,838	0
Fines	1,859	1,500	0
Developer contributions	38,500	0	0
Public open space contributions	14,780	0	0
	<b>3,523,142</b>	<b>3,445,631</b>	<b>0</b>

**Other revenue**

Reimbursements and recoveries	153,697	0	116,581
Waste grant (Other Shire grant funds)	1,598,407	0	0
Other	25,698	23,850	21,879
	<b>1,777,802</b>	<b>23,850</b>	<b>138,460</b>

**Interest earnings**

Interest on reserve funds	18,098	19,308	30,788
Rates instalment and penalty interest (refer Note 24(b))	27,737	26,000	26,862
Other interest earnings	22,670	30,000	33,441
	<b>68,505</b>	<b>75,308</b>	<b>91,091</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset 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).

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report		30,000	35,000	29,250
- Other services		2,200	0	4,800
		<b>32,200</b>	<b>35,000</b>	<b>34,050</b>

**Interest expenses (finance costs)**

Borrowings	16(b)	28,909	43,625	34,558
Lease liabilities	15(b)	1,004	0	0
		<b>29,913</b>	<b>43,625</b>	<b>34,558</b>

**Other expenditure**

Waste grant (Payments to other Shires)		1,598,407	0	0
Sundry expenses		180,721	156,888	209,236
		<b>1,779,128</b>	<b>156,888</b>	<b>209,236</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		4,672,540	6,520,565
<b>Total cash and cash equivalents</b>		<b>4,672,540</b>	<b>6,520,565</b>
<b>Restrictions</b>			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		3,866,024	4,821,105
		<b>3,866,024</b>	<b>4,821,105</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,219,259	1,488,969
Unspent grants/contributions		0	3,209,868
Bonds		29,468	122,268
Contract liabilities from contracts with customers	14	1,617,297	0
<b>Total restricted assets</b>		<b>3,866,024</b>	<b>4,821,105</b>

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

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.



SHIRE OF JERRAMUNGUP  
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4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	65,222	732	0	65,954	65,221	835	(20,000)	46,056	63,966	1,256	0	65,222
(b) Plant reserve	7,955	50,379	0	58,334	7,955	50,102	(50,000)	8,057	42,311	15,644	(50,000)	7,955
(c) Community Recreation reserve	129,502	83,928	0	213,430	163,778	82,658	(230,000)	16,436	182,258	84,404	(137,160)	129,502
(d) Bremer Bay Youth Camp reserve	53,428	600	0	54,028	53,427	684	0	54,111	52,399	1,029	0	53,428
(e) Building reserve	184,083	782,757	(310,000)	656,840	184,083	497,356	(175,000)	506,439	180,539	3,544	0	184,083
(f) Bremer Bay Retirement Units reserve	98,819	1,109	0	99,928	98,819	1,265	(95,000)	5,084	96,916	1,903	0	98,819
(g) JMP Retirement Units reserve	96,268	1,081	0	97,349	96,268	1,232	0	97,500	94,415	1,853	0	96,268
(h) Jerramungup Entertainment Centre reserve	8,711	98	0	8,809	8,711	112	0	8,823	8,544	167	0	8,711
(i) Effluent reserve	655,162	78,455	0	733,617	655,162	74,666	0	729,828	572,128	83,034	0	655,162
(j) Point Henry Fire Levy reserve	3,041	21,704	0	24,745	3,041	21,958	(21,670)	3,329	516	22,021	(19,496)	3,041
(k) Bremer Bay Boat Ramp reserve	116,856	1,312	0	118,168	116,856	1,496	0	118,352	114,606	2,250	0	116,856
(l) Capital Works reserve	9,399	106	0	9,505	9,399	120	0	9,519	9,218	181	0	9,399
(m) Swimming Pool reserve	8,317	219	0	8,536	8,318	106	0	8,424	8,157	160	0	8,317
(n) Roe Park reserve	52,206	10,644	0	62,850	52,207	10,668	0	62,875	41,240	10,966	0	52,206
(o) Developer contributions reserve	0	60,446	(53,280)	7,166	0	80,145	0	80,145	0	0	0	0
(p) Carpark payment in lieu reserve	0	0	0	0	0	1,250	0	1,250	0	0	0	0
	1,488,969	1,093,570	(363,280)	2,219,259	1,523,245	824,653	(591,670)	1,756,228	1,467,213	228,412	(206,656)	1,488,969

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Plant reserve	Ongoing	To be used for the purchase of major plant
(c) Community Recreation reserve	Ongoing	To be used to assist local sporting groups to upgrade their facilities
(d) Bremer Bay Youth Camp reserve	Ongoing	For the ongoing management and future upgrade of the reserve land on Lot 70 Bremer Bay Road
(e) Building reserve	Ongoing	To be used for the construction of new Council buildings
(f) Bremer Bay Retirement Units reserve	Ongoing	To be used for the provisions required at the units
(g) JMP Retirement Units reserve	Ongoing	To be used for the provisions required at the units
(h) Jerramungup Entertainment Centre reserve	Ongoing	To be used for capital building requirements
(i) Effluent reserve	Ongoing	To be used to maintain the efficient running of the facility
(j) Point Henry Fire Levy reserve	Ongoing	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
(k) Bremer Bay Boat Ramp reserve	Ongoing	To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
(l) Capital Works reserve	Ongoing	To be used to supplement future capital works programs
(m) Swimming Pool reserve	Ongoing	To preserve any surplus funds from the Jerramungup swimming pool's operations for future financial requirements of the Jerramungup swimming pool and associated facilities
(n) Roe Park reserve	Ongoing	To provide funding for the replacement of assets within Roe Park, Jerramungup
(o) Developer contributions reserve	Ongoing	To be used to hold developer contributions until expenditure is complete
(p) Carpark payment in lieu reserve	Ongoing	To be used to hold car park contributions until the funds are utilised



**SHIRE OF JERRAMUNGUP**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

**(b) Non-current assets**

Financial assets at fair value through profit and loss

	2020 \$	2019 \$
	53,416	52,551
	53,416	52,551
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust (3 units @ \$17,805.33)	53,416	52,551
	53,416	52,551

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

Units in Local Government House Trust (3 units @ \$17,805.33)

**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.

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

The Shire classifies the following financial assets at fair value through profit and 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 not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 26.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	
Trade and other receivables	
GST receivable	
Accrued income	

2020	2019
\$	\$
85,749	75,275
911,507	186,486
71,176	48,779
45	745
<b>1,068,477</b>	<b>311,285</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### 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 26.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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.

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

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

**SHIRE OF JERRAMUNGUP**  
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**7. INVENTORIES**

**Current**

Fuel and materials

	2020	2019
	\$	\$
	30,458	28,055
	30,458	28,055
	28,055	30,286
	(207,157)	(215,818)
	209,560	213,587
	30,458	28,055

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

Additions to inventory

**Carrying amount at end of period**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

SHIRE OF JERRAMUNGUP  
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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	676,025	695,000	1,371,025	7,234,691	12,222,946	19,457,637	20,828,662	36,886	2,991,039	23,856,587
Additions	122,848	0	122,848	127,286	17,952	145,238	268,086	13,114	515,750	796,950
(Disposals)	0	0	0	0	0	0	0	(35,096)	(353,658)	(388,754)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	(1,480)	(68,102)	(69,582)
Depreciation (expense)	0	0	0	(190,067)	(315,912)	(505,979)	(505,979)	(224)	(183,028)	(689,231)
<b>Carrying amount at 30 June 2019</b>	798,873	695,000	1,493,873	7,171,910	11,924,986	19,096,896	20,590,769	13,200	2,902,001	23,505,970
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	798,873	695,000	1,493,873	7,574,406	12,556,163	20,130,569	21,624,442	13,200	2,902,001	24,539,643
Accumulated depreciation at 30 June 2019	0	0	0	(402,496)	(631,177)	(1,033,673)	(1,033,673)	0	0	(1,033,673)
<b>Carrying amount at 30 June 2019</b>	798,873	695,000	1,493,873	7,171,910	11,924,986	19,096,896	20,590,769	13,200	2,902,001	23,505,970
Change in accounting policy	0	(695,000)	(695,000)	0	0	0	(695,000)	0	0	(695,000)
<b>Reinstated balance at 1 July 2019</b>	798,873	0	798,873	7,171,910	11,924,986	19,096,896	19,895,769	13,200	2,902,001	22,810,970
Additions	0	0	0	2,609,016	172,255	2,781,271	2,781,271	0	807,971	3,589,242
(Disposals)	(61,660)	0	(61,660)	(307,788)	0	(307,788)	(369,448)	0	(372,731)	(742,179)
Depreciation (expense)	0	0	0	(197,496)	(331,563)	(529,059)	(529,059)	(919)	(299,951)	(829,929)
<b>Carrying amount at 30 June 2020</b>	737,213	0	737,213	9,275,642	11,765,678	21,041,320	21,778,533	12,281	3,037,290	24,828,104
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	737,213	0	737,213	9,816,179	12,728,419	22,544,598	23,281,811	13,200	3,317,972	26,612,983
Accumulated depreciation at 30 June 2020	0	0	0	(540,537)	(962,741)	(1,503,278)	(1,503,278)	(919)	(280,682)	(1,784,879)
<b>Carrying amount at 30 June 2020</b>	737,213	0	737,213	9,275,642	11,765,678	21,041,320	21,778,533	12,281	3,037,290	24,828,104



SHIRE OF JERRAMUNGUP  
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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2019	Market price per item
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2019	Market price per item

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.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

SHIRE OF JERRAMUNGUP  
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9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks and ovals	Other infrastructure - sewerage	Other infrastructure - aerodromes	Other infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	169,608,337	2,035,810	34,657,982	5,087,104	1,529,917	787,546	1,265,163	214,971,859
Additions	1,868,059	30,435	0	494,710	0	0	118,591	2,511,795
Depreciation (expense)	(677,303)	(37,100)	(339,729)	(117,023)	(26,315)	(22,909)	(25,147)	(1,245,526)
Carrying amount at 30 June 2019	170,799,093	2,029,145	34,318,253	5,464,791	1,503,602	764,637	1,358,607	216,238,128
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	171,476,396	2,066,245	34,657,981	5,581,813	1,529,917	787,546	1,383,754	217,483,652
Accumulated depreciation at 30 June 2019	(677,303)	(37,100)	(339,728)	(117,022)	(26,315)	(22,909)	(25,147)	(1,245,524)
Carrying amount at 30 June 2019	170,799,093	2,029,145	34,318,253	5,464,791	1,503,602	764,637	1,358,607	216,238,128
Additions	1,888,137	63,308	0	6,398	0	0	34,639	1,992,482
Depreciation (expense)	(554,706)	(37,102)	(339,728)	(128,627)	(26,314)	(22,910)	(25,500)	(1,134,887)
Carrying amount at 30 June 2020	172,132,524	2,055,351	33,978,525	5,342,562	1,477,288	741,727	1,367,746	217,095,723
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	173,364,533	2,129,552	34,657,981	5,588,211	1,529,917	787,546	1,418,393	219,476,133
Accumulated depreciation at 30 June 2020	(1,232,009)	(74,201)	(679,456)	(245,649)	(52,629)	(45,819)	(50,647)	(2,380,410)
Carrying amount at 30 June 2020	172,132,524	2,055,351	33,978,525	5,342,562	1,477,288	741,727	1,367,746	217,095,723

SHIRE OF JERRAMUNGUP  
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9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - aerodromes	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - other	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.

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

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



**SHIRE OF JERRAMUNGUP**  
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**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

Each class of fixed assets within either 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**

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.

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

**Revaluation**

The fair value of 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 valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Land under control prior to 1 July 2019**

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

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

**Land under roads prior to 1 July 2019**

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

**Land under roads from 1 July 2019**

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against the opening retained surplus. The comparatives have not been restated.

**Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets).



**SHIRE OF JERRAMUNGUP**  
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**10. FIXED ASSETS**

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	61,660	73,537	11,877	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	307,788	396,463	92,826	(4,151)	386,855	384,973	0	(1,882)	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	35,096	0	0	(35,096)
Plant and equipment	372,731	311,819	0	(60,912)	377,135	394,437	110,027	(92,725)	353,658	206,090	0	(147,568)
	742,179	781,819	104,703	(65,063)	763,990	779,410	110,027	(94,607)	388,754	206,090	0	(182,664)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Community amenities</b>				
888 - Toyota Kluger 2WD 2017	29,491	22,955	0	(6,536)
<b>Transport</b>				
736 - Isuzu tandem axle truck	74,259	40,000	0	(34,259)
798 - John Deere grader 2012	179,066	170,000	0	(9,066)
863 - 2017 Ford Ranger	34,851	30,909	0	(3,942)
<b>Other property and services</b>				
899 - CEO Vehicle 2018 Prado	55,064	47,955	0	(7,109)
	372,731	311,819	0	(60,912)
<b>Land and Buildings</b>				
<b>Other Property and Services</b>				
180 - Lot 226 Derrick Street	143,862	200,000	56,138	0
184 - Lot 80 Monash Avenue	164,151	160,000	0	(4,151)
186 - Lot 95 Coral Sea Road	61,435	110,000	48,565	0
	369,448	470,000	104,703	(4,151)
	742,179	781,819	104,703	(65,063)

**SHIRE OF JERRAMUNGUP**  
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**10. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	197,496	198,836	190,067
Buildings - specialised	331,563	323,940	315,912
Furniture and equipment	919	17,453	224
Plant and equipment	299,951	288,955	183,028
Infrastructure - roads	554,706	532,924	677,303
Other infrastructure - footpaths	37,102	18,672	37,100
Other infrastructure - drainage	339,728	312,511	339,729
Other infrastructure - parks and ovals	128,627	117,022	117,023
Other infrastructure - sewerage	26,314	26,315	26,315
Other infrastructure - aerodromes	22,910	22,909	22,909
Other infrastructure - other	25,500	25,147	25,147
Right of use assets - plant and equipment	13,421	0	0
	<b>1,978,237</b>	<b>1,884,684</b>	<b>1,934,757</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**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	30 to 60 years
Furniture and equipment	4 to 25 years
Plant and equipment	5 to 25 years
Sealed roads and streets	
Formation	Not depreciated
Pavement	70 to 120 years
Gravel roads	
Formation	Not depreciated
Pavement	70 to 120 years
Drainage	20 to 80 years
Right of use (plant and equipment)	Based on the remaining lease

**Depreciation on revaluation**

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

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



## 11. LEASES

### (a) Right of Use Assets

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

	Right of use assets - plant and equipment \$	Right of use assets Total
<b>Carrying amount at 30 June 2019</b>	0	0
Additions	58,665	58,665
Depreciation (expense)	(13,421)	(13,421)
<b>Carrying amount at 30 June 2020</b>	45,244	45,244
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	(1,004)	(1,004)
Total cash outflow from leases	(1,004)	(1,004)
<b>(c) Other expenses and income relating to leases</b>		
Short-term lease payments recognised as expense	(10,547)	(10,547)
	(10,547)	(10,547)

### 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 remaining 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.

Leases for right-of-use assets are secured over the asset being leased.

#### Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included 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 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 shortest. 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 amortised over the useful life of the underlying asset.

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12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,316,381	0	0	0	1,316,381	1,316,381	0	0	0	1,316,381
Revaluation surplus - Buildings - non-specialised	3,590,525	0	0	0	3,590,525	3,590,525	0	0	0	3,590,525
Revaluation surplus - Buildings - specialised	11,435,529	0	0	0	11,435,529	11,435,529	0	0	0	11,435,529
Revaluation surplus - Furniture and equipment	13,273	0	0	0	13,273	14,753	0	(1,480)	(1,480)	13,273
Revaluation surplus - Plant and equipment	294,332	0	0	0	294,332	362,434	0	(68,102)	(68,102)	294,332
Revaluation surplus - Infrastructure - roads	128,201,851	0	0	0	128,201,851	128,201,851	0	0	0	128,201,851
Revaluation surplus - Other infrastructure - footpaths	857,666	0	0	0	857,666	857,666	0	0	0	857,666
Revaluation surplus - Other infrastructure - drainage	35,445,152	0	0	0	35,445,152	35,445,152	0	0	0	35,445,152
Revaluation surplus - Other infrastructure - parks and ovals	1,717,609	0	0	0	1,717,609	1,717,609	0	0	0	1,717,609
Revaluation surplus - Other infrastructure - sewerage	1,376,855	0	0	0	1,376,855	1,376,855	0	0	0	1,376,855
Revaluation surplus - Other infrastructure - aerodromes	628,790	0	0	0	628,790	628,790	0	0	0	628,790
Revaluation surplus - Other infrastructure - other	539,025	0	0	0	539,025	539,025	0	0	0	539,025
	185,416,988	0	0	0	185,416,988	185,486,570	0	(69,582)	(69,582)	185,416,988

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF JERRAMUNGUP**  
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**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds
Accrued expenses
Other payables

2020	2019
\$	\$
47,001	78,790
23,964	7,175
20,285	9,466
55,330	149,856
29,468	76,628
60,390	9,736
0	3,255,509
236,438	3,587,160

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**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 revenue for the prepaid rates that have not been refunded.



## 14. CONTRACT LIABILITIES

### Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
1,617,297	0
1,617,297	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Contract Liabilities

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

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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**15. LEASE LIABILITIES**

	2020	2019
(a) Lease Liabilities	\$	\$
Current	14,485	0
Non-current	31,162	0
	45,647	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	10 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
<b>Other property and services</b>																	
Photocopier - Konica Minolta	M046640C	Classic Funding Group		48	0	58,665	13,018	45,647	1,004	0	0	0	0	0	0	0	0
					0	58,665	13,018	45,647	1,004	0	0	0	0	0	0	0	0

**SHIRE OF JERRAMUNGUP  
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FOR THE YEAR ENDED 30 JUNE 2020**

**16. INFORMATION ON BORROWINGS**

(a) Borrowings

	2020	2019
	\$	\$
Current	196,748	178,127
Non-current	914,422	611,170
	1,111,170	789,297

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2019					
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding		
<b>Housing</b>				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Key personnel housing	259	WATC	6.42%	33,075	0	33,075	534	0	33,075	0	33,075	1,061	0	96,171	63,096	4,170	33,075
Housing Bremer Bay	261	WATC	4.30%	193,543	0	35,487	7,595	158,056	193,543	0	35,486	7,944	158,057	227,552	34,009	9,088	193,543
Staff housing & Seniors Independent Living	264	WATC	1.65%	0	500,000	0	3,150	500,000	0	500,000	21,379	8,075	478,621	0	0	0	0
Key worker accommodation	265	WATC	1.65%	0	0	0	0	0	0	500,000	21,379	8,075	478,621	0	0	0	0
<b>Transport</b>																	
Bremer Bay town centre	260	WATC	4.10%	224,599	0	52,779	7,985	171,820	224,599	0	52,780	8,673	171,819	275,279	50,680	10,111	224,599
Grader	262	WATC	2.28%	49,638	0	24,538	979	25,100	73,626	0	24,537	992	48,089	73,626	23,988	1,530	49,638
Bremer Bay town centre	263	WATC	3.14%	288,442	0	32,248	8,666	255,194	288,441	0	32,248	8,905	255,193	319,700	31,258	9,659	288,442
				789,297	500,000	178,127	28,909	1,111,170	813,284	1,000,000	220,884	43,625	1,582,400	992,328	203,031	34,558	789,297

\* WA Treasury Corporation



**SHIRE OF JERRAMUNGUP**  
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**16. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2019/20**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Loan 264 - Key worker accommodation	WATC	Debenture	10	1.65%	500,000	500,000	0	500,000	0	0
Loan 265 - Seniors Independent Living	WATC	Debenture	10	1.65%	0	500,000	0	500,000	0	0
* WA Treasury Corporation					500,000	1,000,000	0	1,000,000	0	0

**(d) Undrawn Borrowing Facilities**

	2020	2019
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>15,000</b>	<b>15,000</b>
<b>Loan facilities</b>		
Loan facilities - current	196,748	178,127
Loan facilities - non-current	914,422	611,170
Lease liabilities - current	14,485	0
Lease liabilities - non-current	31,162	0
<b>Total facilities in use at balance date</b>	<b>1,156,817</b>	<b>789,297</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 26.

## 17. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions  
 Non-current provisions

Additional provision  
 Amounts used  
**Balance at 30 June 2020**

#### Comprises

Current  
 Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	158,995	180,461	339,456
Non-current provisions	0	32,290	32,290
	158,995	212,751	371,746
Additional provision	119,179	46,024	165,203
Amounts used	(125,092)	(15,760)	(140,852)
<b>Balance at 30 June 2020</b>	<b>153,082</b>	<b>243,015</b>	<b>396,097</b>
Comprises			
Current	153,082	201,695	354,777
Non-current	0	41,320	41,320
	153,082	243,015	396,097

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
 More than 12 months from reporting date  
 Expected reimbursements from other WA local governments

	2020	2019
	\$	\$
Less than 12 months after the reporting date	115,952	153,567
More than 12 months from reporting date	271,452	232,933
Expected reimbursements from other WA local governments	8,693	(14,754)
	396,097	371,746

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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



## 18. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	4,672,540	4,102,714	6,520,565
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	3,173,962	3,415,699	1,462,179
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	(6,151)
Depreciation on non-current assets	1,978,237	1,884,684	1,934,757
(Profit)/loss on sale of asset	(39,640)	(15,420)	182,664
Change in accounting policy	0	964,749	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(757,192)	125,979	1,134,351
(Increase)/decrease in inventories	(2,403)	0	2,231
Increase/(decrease) in payables	(3,350,722)	(1,077,970)	2,836,190
Increase/(decrease) in provisions	24,351	0	52,449
Increase/(decrease) in contract liabilities	1,617,297	(909,091)	0
Non-operating grants, subsidies and contributions	(2,787,899)	(3,386,193)	(1,549,937)
Net cash from operating activities	(144,874)	1,002,437	6,048,733



**19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2020	2019
	\$	\$
Governance	35	0
General purpose funding	86,066	4,802,656
Law, order, public safety	1,125,606	822,617
Health	54,224	54,900
Education and welfare	523,545	1,504,411
Housing	2,928,612	1,328,074
Community amenities	3,783,787	4,040,814
Recreation and culture	16,979,969	16,615,285
Transport	209,653,288	208,927,930
Economic services	2,069,340	2,130,534
Other property and services	4,563,671	3,791,804
Unallocated	6,025,819	2,637,529
	<u>247,793,962</u>	<u>246,656,554</u>

## 20. CONTINGENT LIABILITIES

Council jointly operate a landfill site with the Shire of Ravensthorpe and will have to rehabilitate the site at some future date. The Shire of Jerramungup is currently in negotiation with the Shire of Ravensthorpe regarding the percentage share of each party of the capital costs associated with the rehabilitation of the cells, the lifespan of 4 cells is expected to be 30 years. The Shire expects to complete negotiations and raise a provision for the Shire's share to cover the capital costs associated with the the rehabilitation of the site for the financial year ending 30 June 2021.

- Site operations commenced in 2017
- Lifespan of 4 cells is expected to be 30 years
- Prescribed premises for Category 64 Class II putrescible landfill and Category 62 Solid waste depot

**21. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects

	2020	2019
	\$	\$
	584,672	0
	<u>584,672</u>	<u>0</u>
Payable:		
- not later than one year	584,672	0

As at 30 June 2020, \$6,625 and \$578,048 was outstanding for the two contracts relating to the construction of the Independent Living Units and Key Worker Accommodation projects.

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year

	2020	2019
	\$	\$
	10,144	2,536
	<u>10,144</u>	<u>2,536</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

The Shire adopted AASB 16 paragraph 5 whereby all contracts that are classified as short term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value (assets of \$10,000 or less) are recognised as an operating expense on a straight line basis over the term of the lease.



## 22. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	54,250	56,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	2,679	1,500	1,494
Telecommunications allowance	6,750	7,000	7,000
	<u>78,679</u>	<u>79,500</u>	<u>79,494</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	469,154	698,213
Post-employment benefits	42,254	60,919
Other long-term benefits	11,676	14,951
Termination benefits	16,755	0
	<u>539,839</u>	<u>774,083</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

#### *Termination benefits*

These amounts represent termination benefits paid to KMP.

## 22. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	37,281	25,745

### Related Parties

The Shire's main related parties are as follows:

*i. Key management personnel*

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

*ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

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

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



## 23. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

### (a) Share of joint operations

#### (i) Retirement Units

The Shire together with the State Housing Commission (Homeswest) have a joint arrangement with regard to the provision of six retirement units at Lot 158 Derrick Street, Jerramungup and six retirement units in Roderick Street, Bremer Bay. The only assets are land and housing units of which Jerramungup Shire owns a 17% share of the Jerramungup units and 14.64% share of the Bremer Bay units.

The units are managed by Advance Housing Limited and surplus funds are retained by them to fund future projects in the area.

	2020	2019
	\$	\$
Non-current assets		
land and buildings	197,046	197,046
Less Accumulated depreciation	(17,079)	(8,749)
Total assets	179,967	188,297
Total liabilities	0	0
Statement of Comprehensive income		
Other revenue	85,630	83,272
Other expenditure	(70,579)	(77,839)
Net result for the period	15,051	5,433
<b>Total comprehensive income for the period</b>	<b>15,051</b>	<b>5,433</b>

#### (ii) Waste Facility

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

The regional waste facility commenced its operation in February 2018. The Shire of Jerramungup's share of annual operating cost is determined by its percentage of total waste tonnage (measured in cubic meters) delivered to the facility by both parties in the proceeding year. This is estimated to be 30.1%.

The Shire of Jerramungup's share of the operating costs for the year were \$81,192

The Shire of Jerramungup is currently in negotiation with the Shire of Ravensthorpe regarding the percentage share of each party of the capital costs associated with the rehabilitation of the cells, the lifespan of 4 cells is expected to be 30 years. The Shire expects to complete negotiations and raise a provision for the Shire's share to cover the capital costs associated with the rehabilitation of the site for the financial year ending 30 June 2021.

### SIGNIFICANT ACCOUNTING POLICIES

#### Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

#### Interests in joint arrangements (Continued)

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



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24. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$	
<b>Gross rental valuations</b>													
Residential	0.098994	847	6,606,492	654,003	5,843	3,011	662,857	654,003	0	0	654,003	652,870	
<b>Unimproved valuations</b>													
Rural	0.010125	323	241,314,600	2,444,067	(174)	79	2,443,972	2,443,310	0	0	2,443,310	2,389,177	
<b>Sub-Total</b>		1,170	247,921,092	3,098,070	5,669	3,090	3,106,829	3,097,313	0	0	3,097,313	3,042,047	
<b>Minimum payment</b>													
			Minimum \$										
<b>Gross rental valuations</b>													
Residential		685	314	1,287,349	215,090	0	0	215,090	215,090	0	0	215,090	213,885
<b>Unimproved valuations</b>													
Rural		801	40	1,261,440	32,040	0	0	32,040	32,040	0	0	32,040	31,685
<b>Sub-Total</b>			354	2,548,789	247,130	0	0	247,130	247,130	0	0	247,130	245,570
		1,524	250,469,881	3,345,200	5,669	3,090	3,353,959	3,344,443	0	0	3,344,443	3,287,617	
Discounts (Note 24(b))							(283)				(150)	(157)	
<b>Total amount raised from general rate</b>							3,353,676				3,344,293	3,287,460	
Ex-gratia rates							52,081				52,079	46,456	
<b>Totals</b>							3,405,757				3,396,372	3,333,916	

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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 revenue for the prepaid rates that have not been refunded.

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24. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Small interest write off			283	150	157	Write off small balances under the CEO's delegated authority
Total discounts/concessions (Note 24(a))			283	150	157	

## 24. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	27/09/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	27/09/2019	0.00	0.00%	11.00%
Second instalment	31/01/2020	8.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	27/09/2019	0.00	0.00%	11.00%
Second instalment	29/11/2019	8.00	5.50%	11.00%
Third instalment	31/01/2020	8.00	5.50%	11.00%
Fourth instalment	3/04/2020	8.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	10,772	10,000	10,470
Interest on instalment plan	16,965	16,000	16,392
Charges on instalment plan	5,832	6,500	6,240
	<b>33,569</b>	<b>32,500</b>	<b>33,102</b>



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25. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	Less: Profit on asset disposals	10(a) (104,703)	(110,027)	0
	Less: Movement in liabilities associated with restricted cash	731	(2,358,726)	1,256
	Less: Fair value adjustments to financial assets at fair value through profit and loss	(865)	0	(6,151)
	Movement in employee benefit provisions (non-current)	9,030	0	12,680
	Add: Loss on disposal of assets	10(a) 65,063	94,607	182,664
	Add: Depreciation on non-current assets	10(b) 1,978,237	1,884,684	1,934,757
	<b>Non cash amounts excluded from operating activities</b>	1,947,493	(489,462)	2,125,206
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
	Less: Reserves - cash backed	4 (2,219,259)	(1,756,228)	(1,488,969)
	Less: Current assets not expected to be received at end of year			
	- Bonds and deposits liabilities	0	81,395	0
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	16(a) 196,748	0	178,127
	- Current portion of lease liabilities	14,485	0	0
	- Employee benefit provisions	65,953	299,687	65,222
	<b>Total adjustments to net current assets</b>	(1,942,073)	(1,375,146)	(1,245,620)
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets	5,771,475	4,275,020	6,859,905
	Less: Total current liabilities	(2,419,745)	(2,896,587)	(4,104,743)
	Less: Total adjustments to net current assets	(1,942,073)	(1,375,146)	(1,245,620)
	<b>Net current assets used in the Rate Setting Statement</b>	1,409,657	3,287	1,509,542

## 26. 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 rate	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 area under policies approved by the Council. The finance area identifies, evaluates and manages financial risk in close co-operation with the operating divisions. Council have approved the overall risk management policy and provides 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 and term deposits 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 \$
<b>2020</b>					
Cash and cash equivalents	0.07%	4,672,540	0	4,672,540	0
<b>2019</b>					
Cash and cash equivalents	1.30%	6,520,565	0	6,520,565	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.

Impact of a 1% movement in interest rates on profit and loss and equity\*

\* Holding all other variables constant

	2020	2019
	\$	\$
	46,725	65,206

#### 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 16(b).



## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### *Trade and Other Receivables*

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 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

No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates. The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	898,701	2,198	2,502	8,106	911,507
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	133,692	4,093	144	48,557	186,486



## 26. 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 16.

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 \$
<b>2020</b>					
Payables	236,438	0	0	236,438	236,438
Borrowings	225,912	730,689	354,327	1,310,928	1,111,170
Contract liabilities	1,617,297	0	0	1,617,297	1,617,297
Lease liabilities	14,485	31,162	0	45,647	45,647
	<u>2,094,132</u>	<u>761,851</u>	<u>354,327</u>	<u>3,210,310</u>	<u>3,010,552</u>
<b>2019</b>					
Payables	3,587,160	0	0	3,587,160	3,587,160
Borrowings	205,605	547,830	123,162	876,597	789,297
	<u>3,792,765</u>	<u>547,830</u>	<u>123,162</u>	<u>4,463,757</u>	<u>4,376,457</u>

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**27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	\$	\$	\$
<b>Contract liabilities - current</b>			
Contract liabilities from contracts with customers	0	3,209,868	3,209,868

As at 30 June 2019 the Shire showed Waste grant funds (CLGF) held for other Shires of \$2,300,777 and Pool grant funds of \$909,091 as a current liability (creditor) but as of 1 July 2019 they were recognised as a Contract Liability.

**(b) AASB 1058: Income For Not-For-Profit Entities**

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes occurred to the financial statement line items by the application of AASB 1058.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value.

**(c) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

**(d) Impact of New Accounting Standards on Retained Surplus**

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			55,002,394
Adjustment to retained surplus from adoption of AASB 16	28(a)	(695,000)	54,307,394
Retained surplus - 1 July 2019			54,307,394

## 28. CHANGE IN ACCOUNTING POLICIES

### Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	23,505,970	(695,000)	22,810,970
Retained surplus		55,002,394	(695,000)	54,307,394

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.



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29. 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 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Subdivision bonds	14,780	0	(14,780)	0
	14,780	0	(14,780)	0

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**30. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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



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**31. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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.</p>
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants &amp; interest revenue.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer community.</p>	<p>Supervision of various by-laws, fire prevention, emergency services &amp; animal control.</p>
<p><b>HEALTH</b></p> <p>To provide an operational framework for good community health.</p>	<p>Food quality and pest control, maintenance and contributions to health services and facilities.</p>
<p><b>EDUCATION AND WELFARE</b></p> <p>To meet the needs of the community in these areas.</p>	<p>Operation and provision of services to seniors and child care centres within the Shire.</p>
<p><b>HOUSING</b></p> <p>Help ensure adequate housing for key community personnel such as police.</p>	<p>Maintenance of staff and rental housing.</p>
<p><b>COMMUNITY AMENITIES</b></p> <p>To provide services required by the community.</p>	<p>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.</p>
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>Maintenance of public halls, sporting complexes, resource centres, various parks and associated facilities, provision of library services in Jerramungup and Bremer Bay.            Maintenance and upgrade of radio repeater services.</p>
<p><b>TRANSPORT</b></p> <p>To provide safe and efficient transport services to the community.</p>	<p>Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.</p>
<p><b>ECONOMIC SERVICES</b></p> <p>To help promote the Shire and improve its economic wellbeing.</p>	<p>The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control and water supply including stand pipes.</p>
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>Other activities which contribute to the governance and operations of the Shire.</p>	<p>Private works operation, plant repairs and operations costs, administration expenses.</p>



### 32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.59	2.88	1.56
Asset consumption ratio	0.86	0.87	0.88
Asset renewal funding ratio	1.71	1.65	2.10
Asset sustainability ratio	0.99	1.04	0.98
Debt service cover ratio	11.56	7.92	8.27
Operating surplus ratio	0.08	(0.02)	(0.01)
Own source revenue coverage ratio	0.78	0.71	0.47

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$