

SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

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

Principal place of business:
8 Vasey Street
Jerramungup WA 6337

**SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Jerramungup at 30 June 2019 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 ELEVENTH day of DECEMBER 2019



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 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22(a)	3,333,916	3,280,348	3,269,374
Operating grants, subsidies and contributions	2(a)	1,727,294	1,078,873	4,610,752
Fees and charges	2(a)	829,210	801,051	789,151
Interest earnings	2(a)	91,091	76,400	63,959
Other revenue	2(a)	138,460	78,029	21,985
		<u>6,119,971</u>	<u>5,314,701</u>	<u>8,755,221</u>
Expenses				
Employee costs		(1,471,891)	(1,947,406)	(1,716,839)
Materials and contracts		(1,987,856)	(1,981,151)	(4,401,612)
Utility charges		(176,014)	(187,058)	(174,768)
Depreciation on non-current assets	10(b)	(1,934,757)	(1,796,522)	(1,924,754)
Interest expenses	2(b)	(34,558)	(44,786)	(43,457)
Insurance expenses		(216,904)	(224,770)	(214,959)
Other expenditure		(209,236)	(240,425)	(216,777)
		<u>(6,031,216)</u>	<u>(6,422,118)</u>	<u>(8,693,166)</u>
		88,755	(1,107,417)	62,055
Non-operating grants, subsidies and contributions	2(a)	1,549,937	2,824,604	1,884,269
Profit on asset disposals	10(a)	0	65,027	0
(Loss) on asset disposals	10(a)	(182,664)	(175,948)	(64,104)
Fair value adjustments to financial assets at fair value through profit or loss	7	6,151	0	0
		<u>1,373,424</u>	<u>2,713,683</u>	<u>1,820,165</u>
Net result for the period		1,462,179	1,606,266	1,882,220
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(69,582)	0	37,253,083
Total other comprehensive income for the period		(69,582)	0	37,253,083
Total comprehensive income for the period		1,392,597	1,606,266	39,135,303

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



SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		2,917	0	6,294
General purpose funding		4,774,821	4,000,992	4,617,180
Law, order, public safety		248,402	236,321	180,884
Health		14,220	7,363	12,448
Education and welfare		1,359	1,088	3,039
Housing		82,234	129,233	80,548
Community amenities		528,696	578,085	511,214
Recreation and culture		62,440	12,911	86,052
Transport		207,092	126,500	2,983,036
Economic services		62,486	61,895	62,106
Other property and services		135,304	160,313	212,420
		<u>6,119,971</u>	<u>5,314,701</u>	<u>8,755,221</u>
Expenses				
	2(b)			
Governance		(353,266)	(393,160)	(273,776)
General purpose funding		(118,766)	(125,603)	(123,913)
Law, order, public safety		(566,312)	(617,322)	(661,548)
Health		(278,024)	(269,267)	(334,347)
Education and welfare		(65,605)	(84,569)	(63,080)
Housing		(9,769)	(211,659)	(5,579)
Community amenities		(1,207,665)	(1,374,960)	(1,049,011)
Recreation and culture		(934,133)	(778,096)	(904,647)
Transport		(2,159,753)	(2,365,032)	(4,732,343)
Economic services		(239,452)	(90,208)	(316,836)
Other property and services		(63,913)	(67,456)	(184,629)
		<u>(5,996,658)</u>	<u>(6,377,332)</u>	<u>(8,649,709)</u>
Finance Costs				
	2(b)			
Housing		(13,258)	(13,253)	(18,614)
Community amenities		0	(9,423)	0
Transport		(19,771)	(22,110)	(22,776)
Other property and services		(1,529)	0	(2,067)
		<u>(34,558)</u>	<u>(44,786)</u>	<u>(43,457)</u>
		88,755	(1,107,417)	62,055
Non-operating grants, subsidies and contributions	2(a)	1,549,937	2,824,604	1,884,269
Profit on disposal of assets	10(a)	0	65,027	0
(Loss) on disposal of assets	10(a)	(182,664)	(175,948)	(64,104)
Fair value adjustments to financial assets at fair value through profit or loss	7	6,151	0	0
		<u>1,373,424</u>	<u>2,713,683</u>	<u>1,820,165</u>
Net result for the period		1,462,179	1,606,266	1,882,220
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(69,582)	0	37,253,083
Total other comprehensive income for the period		(69,582)	0	37,253,083
Total comprehensive income for the period		1,392,597	1,606,266	39,135,303

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



SHIRE OF JERRAMUNGUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 Restated * \$	1 July 2017 Restated * \$
CURRENT ASSETS				
Cash and cash equivalents	3	6,520,565	2,227,581	2,426,721
Trade receivables	5	311,285	1,445,636	1,030,595
Inventories	6	28,055	30,286	52,664
TOTAL CURRENT ASSETS		6,859,905	3,703,503	3,509,980
NON-CURRENT ASSETS				
Financial assets at fair value through profit and loss	7	52,551	46,400	46,400
Property, plant and equipment	8	23,505,970	23,856,587	24,390,246
Infrastructure	9	216,238,128	214,971,859	175,312,595
TOTAL NON-CURRENT ASSETS		239,796,649	238,874,846	199,749,241
TOTAL ASSETS		246,656,554	242,578,349	203,259,221
CURRENT LIABILITIES				
Trade and other payables	12	3,587,160	750,970	329,191
Borrowings	13(a)	178,127	203,031	194,239
Employee related provisions	14	339,456	299,687	319,202
TOTAL CURRENT LIABILITIES		4,104,743	1,253,688	842,632
NON-CURRENT LIABILITIES				
Borrowings	13(a)	611,170	789,297	992,328
Employee related provisions	14	32,290	19,610	43,811
TOTAL NON-CURRENT LIABILITIES		643,460	808,907	1,036,139
TOTAL LIABILITIES		4,748,203	2,062,595	1,878,771
NET ASSETS		241,908,351	240,515,754	201,380,450
EQUITY				
Retained surplus		55,002,394	53,561,972	51,770,270
Reserves - cash backed	4	1,488,969	1,467,213	1,376,694
Revaluation surplus	11	185,416,988	185,486,569	148,233,486
TOTAL EQUITY		241,908,351	240,515,754	201,380,450

* See note 30 for details regarding the restatement as a result of an error

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



SHIRE OF JERRAMUNGUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		51,770,270	1,376,694	150,119,865	203,266,829
Correction of error	30	0	0	(1,886,379)	(1,886,379)
Restated total equity at the beginning of the financial year		51,770,270	1,376,694	148,233,486	201,380,450
Comprehensive income					
Net result for the period		1,882,220	0	0	1,882,220
Other comprehensive income	11	0	0	37,253,083	37,253,083
Total comprehensive income		1,882,220	0	37,253,083	39,135,303
Transfers from/(to) reserves		(90,517)	90,517	0	0
Balance as at 30 June 2018		53,561,972	1,467,213	185,486,569	240,515,754
Restated total equity at the beginning of the financial year		53,561,972	1,467,213	185,486,569	240,515,754
Comprehensive income					
Net result for the period		1,462,179	0	0	1,462,179
Other comprehensive income	11	0	0	(69,582)	(69,582)
Total comprehensive income		1,462,179	0	(69,582)	1,392,597
Transfers from/(to) reserves		(21,756)	21,756	0	0
Balance as at 30 June 2019		55,002,394	1,488,969	185,416,988	241,908,351

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

SHIRE OF JERRAMUNGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,318,738	3,286,179	3,325,862
Operating grants, subsidies and contributions		2,838,639	1,078,873	4,110,912
Fees and charges		829,210	1,611,484	789,151
Interest received		91,091	137,850	63,959
Goods and services tax received		(328,678)	229,928	677,943
Other revenue		138,460	3,321,591	21,984
		<u>6,887,460</u>	<u>9,665,905</u>	<u>8,989,811</u>
Payments				
Employee costs		(1,365,670)	(1,947,406)	(1,747,373)
Materials and contracts		789,618	(1,981,151)	(3,968,591)
Utility charges		(176,014)	(438,334)	(174,768)
Interest expenses		(27,383)	(79,441)	(45,503)
Insurance paid		(216,904)	(427,163)	(214,959)
Goods and services tax paid		366,862	(229,928)	(649,632)
Other expenditure		(209,236)	(3,135,565)	(216,776)
		<u>(838,727)</u>	<u>(8,238,988)</u>	<u>(7,017,602)</u>
Net cash provided by (used in) operating activities	15	<u>6,048,733</u>	<u>1,426,917</u>	<u>1,972,209</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(796,950)	(3,327,092)	(410,685)
Payments for construction of infrastructure		(2,511,795)	(2,845,979)	(3,619,366)
Non-operating grants, subsidies and contributions		1,549,937	2,824,604	1,884,269
Proceeds from sale of property, plant & equipment		206,090	607,000	168,672
Net cash provided by (used in) investment activities		<u>(1,552,718)</u>	<u>(2,741,467)</u>	<u>(1,977,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(203,031)	(224,406)	(194,239)
Proceeds from new borrowings		0	500,000	0
Net cash provided by (used in) financing activities		<u>(203,031)</u>	<u>275,594</u>	<u>(194,239)</u>
Net increase (decrease) in cash held		<u>4,292,984</u>	<u>(1,038,956)</u>	<u>(199,140)</u>
Cash at beginning of year		2,227,581	2,229,491	2,426,721
Cash and cash equivalents at the end of the year	15	<u><u>6,520,565</u></u>	<u><u>1,190,535</u></u>	<u><u>2,227,581</u></u>

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

SHIRE OF JERRAMUNGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	1,249,599	1,485,152	1,804,095
		1,249,599	1,485,152	1,804,095
Revenue from operating activities (excluding rates)				
Governance		2,917	0	6,294
General purpose funding		1,493,512	720,644	1,395,782
Law, order, public safety		248,402	236,321	180,884
Health		14,220	7,363	12,448
Education and welfare		1,359	1,088	3,039
Housing		82,234	129,233	80,548
Community amenities		528,696	578,085	511,214
Recreation and culture		62,440	12,911	86,052
Transport		207,092	126,500	2,983,036
Economic services		62,486	61,895	62,106
Other property and services		135,304	225,340	212,420
		2,838,662	2,099,380	5,533,823
Expenditure from operating activities				
Governance		(353,266)	(393,160)	(273,776)
General purpose funding		(118,766)	(125,603)	(123,913)
Law, order, public safety		(586,492)	(617,322)	(661,548)
Health		(295,429)	(269,267)	(334,347)
Education and welfare		(65,605)	(84,569)	(63,080)
Housing		(25,152)	(224,912)	(24,193)
Community amenities		(1,207,665)	(1,384,383)	(1,060,029)
Recreation and culture		(934,133)	(778,096)	(904,647)
Transport		(2,284,231)	(2,491,922)	(4,797,690)
Economic services		(239,452)	(90,208)	(316,836)
Other property and services		(103,689)	(138,624)	(197,211)
		(6,213,880)	(6,598,066)	(8,757,270)
Non-cash amounts excluded from operating activities	23(a)	2,125,206	1,907,443	1,945,140
Amount attributable to operating activities		(413)	(1,106,091)	525,788
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,549,937	2,824,604	1,884,269
Proceeds from disposal of assets	10(a)	206,090	607,000	168,672
Purchase of property, plant and equipment	8(a)	(796,950)	(3,327,092)	(410,685)
Purchase and construction of infrastructure	9(a)	(2,511,795)	(2,845,979)	(3,619,366)
Amount attributable to investing activities		(1,552,718)	(2,741,467)	(1,977,110)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(203,031)	(224,406)	(194,239)
Proceeds from borrowings	13(c)	0	500,000	0
Transfers to reserves (restricted assets)	4	(228,412)	(612,214)	(218,681)
Transfers from reserves (restricted assets)	4	206,656	903,830	128,164
Amount attributable to financing activities		(224,787)	567,210	(284,756)
Surplus/(deficit) before imposition of general rates		(1,777,918)	(3,280,348)	(1,736,078)
Total amount raised from general rates	22	3,287,460	3,280,348	3,221,398
Surplus/(deficit) after imposition of general rates	23(b)	1,509,542	0	1,485,320

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

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.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as 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, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

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 25 to these financial statements.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	0	54
General purpose funding	1,328,619	568,915	1,261,016
Law, order, public safety	187,018	210,501	138,218
Education and welfare	0	0	301
Housing	0	0	6,410
Community amenities	0	8,500	55,238
Recreation and culture	34,539	35,223	49,086
Transport	172,938	110,700	2,951,263
Other property and services	4,180	145,034	149,166
	1,727,294	1,078,873	4,610,752
Non-operating grants, subsidies and contributions			
Law, order, public safety	42,991	0	46,282
Community amenities	131,591	0	113,040
Recreation and culture	209,382	209,382	509,618
Transport	1,165,973	1,165,972	1,215,329
Other property and services	0	1,449,250	0
	1,549,937	2,824,604	1,884,269
Total grants, subsidies and contributions	3,277,231	3,903,477	6,495,021

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Reimbursements and recoveries	116,581	78,029	6,282
Other	21,879	0	15,703
	<u>138,460</u>	<u>78,029</u>	<u>21,985</u>
Fees and Charges			
General purpose funding	12,478	13,300	12,602
Law, order, public safety	23,978	25,820	26,439
Health	13,099	7,363	9,202
Education and welfare	277	1,088	175
Housing	139,277	129,233	138,289
Community amenities	526,672	501,918	441,860
Recreation and culture	17,097	18,134	27,580
Transport	31,643	15,800	19,214
Economic services	62,228	61,895	55,046
Other property and services	2,461	26,500	58,744
	<u>829,210</u>	<u>801,051</u>	<u>789,151</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	30,788	18,000	13,808
Rates instalment and penalty interest	26,862	28,400	28,167
Other interest earnings	33,441	30,000	21,984
	<u>91,091</u>	<u>76,400</u>	<u>63,959</u>

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

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	29,250	44,250	14,000
- Other services	4,800	0	3,641
	34,050	44,250	17,641
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	34,558	44,786	43,457
	34,558	44,786	43,457
Rental charges			
- Operating leases	5,072	0	5,072
	5,072	0	5,072

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		6,520,565	2,227,581
		<u>6,520,565</u>	<u>2,227,581</u>
Comprises:			
- Unrestricted cash and cash equivalents		1,699,460	382,748
- Restricted cash and cash equivalents		<u>4,821,105</u>	<u>1,844,833</u>
		6,520,565	2,227,581
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	65,221	63,966
Plant Reserve	4	7,955	42,311
Community Recreation Reserve	4	129,502	182,258
Bremer Bay Youth Camp Reserve	4	53,427	52,399
Building Reserve	4	184,083	180,539
Bremer Bay Retirement Units Reserve	4	98,819	96,916
JMP Retirement Units Reserve	4	96,268	94,415
Jerramungup Entertainment Centre Reserve	4	8,711	8,544
Effluent Reserve	4	655,162	572,128
Point Henry Fire Levy Reserve	4	3,041	516
Fisheries Beach Boat Ramp Reserve	4	116,856	114,606
Capital Works Reserve	4	9,399	9,218
Swimming Pool Reserves	4	8,318	8,157
Roe Park Reserves	4	52,207	41,240
		<u>1,488,969</u>	<u>1,467,213</u>
Other restricted cash and cash equivalents			
Restricted cash		0	14,780
Unspent grants/contributions	21	3,209,868	362,840
Bonds		122,268	0
Total restricted cash and cash equivalents		<u>4,821,105</u>	<u>1,844,833</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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.

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4. RESERVES - CASH BACKED

	2019 Actual		2019 Actual		2019 Budget		2019 Budget		2018 Actual		2018 Actual	
	Opening Balance	Transfer to	Actual	Closing Balance	Opening Balance	Transfer to	Closing Balance	Transfer (from)	Opening Balance	Actual Transfer to	Actual Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	63,966	1,256	65,222	0	63,966	837	34,803	(30,000)	33,228	30,738	0	63,966
(b) Plant Reserve	42,311	15,644	7,955	(50,000)	42,311	15,553	7,864	(50,000)	41,774	537	0	42,311
(c) Community Recreation Reserve	182,258	84,404	129,502	(137,160)	182,258	83,019	133,117	(132,160)	148,922	83,336	(50,000)	182,258
(d) Bremer Bay Youth Camp Reserve	52,399	1,029	53,428	0	52,399	685	53,084	0	51,734	665	0	52,399
(e) Building Reserve	180,539	3,544	184,083	0	180,539	402,361	7,900	(575,000)	178,247	2,292	0	180,539
(f) Bremer Bay Retirement Units Reserve	96,916	1,903	98,819	0	96,917	1,265	3,184	(95,000)	95,686	1,230	0	96,916
(g) JMP Retirement Units Reserve	94,415	1,853	96,268	0	94,415	1,235	95,650	0	93,216	1,199	0	94,415
(h) Jerramungup Entertainment Centre Reserve	8,544	167	8,711	0	8,544	112	8,656	0	8,435	109	0	8,544
(i) Effluent Reserve	572,128	83,034	655,162	0	572,128	73,203	645,331	0	508,262	63,866	0	572,128
(j) Point Henry Fire Levy Reserve	516	22,021	3,041	(19,496)	516	21,677	523	(21,670)	26,494	22,186	(48,164)	516
(k) Fisheries Beach Boat Ramp Reserve	114,606	2,250	116,856	0	114,606	1,499	116,105	0	113,152	1,454	0	114,606
(l) Capital Works Reserve	9,218	181	9,399	0	9,218	120	9,338	0	38,751	467	(30,000)	9,218
(m) Swimming Pool Reserves	8,157	160	8,317	0	8,157	107	8,264	0	8,054	103	0	8,157
(n) Roe Park Reserves	41,240	10,966	52,206	0	41,239	10,539	51,778	0	30,741	10,499	0	41,240
(o) Restricted Cash	0	0	0	0	14,938	0	14,938	0	0	0	0	0
	1,467,213	228,412	1,488,969	(206,656)	1,482,151	612,214	1,190,535	(603,830)	1,376,696	218,681	(128,164)	1,467,213

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

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

5. TRADE RECEIVABLES

Current

Rates receivable
 Sundry receivables
 GST receivable
 Accrued Income

	2019	2018
	\$	\$
	75,275	60,097
	186,486	1,297,844
	48,779	86,963
	745	732
	<u>311,285</u>	<u>1,445,636</u>

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 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

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.

6. INVENTORIES

Current

Fuel and materials

	2019	2018
	\$	\$
	28,055	30,286
	28,055	30,286

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Movements during the year

Carrying amount at 30 June

	30,286	30,286
	(2,231)	0
	28,055	30,286

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.

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7. OTHER FINANCIAL ASSETS

Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- *Unlisted equity investments*

Units in Local Government House Trust (3 units @
 \$17,517)

During the year, the following gains/(losses) were recognised in profit and loss:
 Fair value gains/(losses) on equity investments at fair value through profit
 and loss are recognised in other gains/(losses) and classified as other
 property and services

	2019	2018
	\$	\$
	52,551	46,400
	<u>52,551</u>	<u>46,400</u>
	52,551	46,400
	<u>52,551</u>	<u>46,400</u>
	6,151	0
	<u>6,151</u>	<u>0</u>

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 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that
 were not quoted in an active market and are solely payments of principal
 and interest were classified as loans and receivables and are subsequently
 measured at amortised cost, using the effective interest rate method.

Refer to Note 27 for explanations regarding the change in accounting policy
 and reclassification of available for sale financial assets to financial assets
 at fair value through profit and loss.

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 - 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	676,025	695,000	1,371,025	7,375,972	12,526,223	19,902,195	21,273,220	33,131	3,083,896	24,390,247
Additions	0	0	0	47,861	11,989	59,850	59,850	11,701	339,134	410,685
(Disposals)	0	0	0	0	0	0	0	0	(232,776)	(232,776)
Depreciation (expense)	0	0	0	(189,142)	(315,266)	(504,408)	(504,408)	(7,946)	(199,215)	(711,569)
Carrying amount at 30 June 2018	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
Comprises:										
Gross carrying amount at 30 June 2018	676,025	695,000	1,371,025	7,423,833	12,538,212	19,962,045	21,333,070	49,969	3,396,760	24,779,799
Accumulated depreciation at 30 June 2018	0	0	0	(189,142)	(315,266)	(504,408)	(504,408)	(13,083)	(405,721)	(923,212)
Carrying amount at 30 June 2018	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)
Carrying amount at 30 June 2019	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
Comprises:										
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)
Carrying amount at 30 June 2019	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

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
Land and buildings					
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
Furniture and equipment	2	Market approach using recent observable market data for similar assets	Independent Valuation	June 2019	Market price per item
Plant and equipment	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.

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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 & Ovals	Other Infrastructure - Sewerage	Other Infrastructure - Aerodromes	Other Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	150,534,499	1,862,623	18,527,558	2,352,691	817,424	440,199	777,601	175,312,595
Additions	2,060,019	150,076	0	1,283,329	0	0	125,942	3,619,366
Revaluation increments / (decrements) transferred to revaluation surplus	17,687,977	57,456	16,465,551	1,573,309	729,746	357,110	381,934	37,253,083
Depreciation (expense)	(674,158)	(34,345)	(335,127)	(122,225)	(17,253)	(9,763)	(20,314)	(1,213,185)
Carrying amount at 30 June 2018	169,608,337	2,035,810	34,657,982	5,087,104	1,529,917	787,546	1,265,163	214,971,859
Comprises:								
Gross carrying amount at 30 June 2018	169,608,337	2,035,810	34,657,982	5,087,104	1,529,917	787,546	1,265,163	214,971,859
Carrying amount at 30 June 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
Comprises:								
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

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 & 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.

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. 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 property, plant and equipment 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

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

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

Land under roads

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

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

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

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

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

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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019		2019		2019		2019		2018		2018	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Budget Net Book Value	Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	Actual Net Book Value	Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	386,855	400,000	65,027	(51,882)	0	0	0	0
Furniture and equipment	35,096	0	0	(35,096)	0	0	0	0	0	0	0	0
Plant and equipment	353,658	206,090	0	(147,568)	331,066	207,000	0	(124,066)	232,776	168,672	0	(64,104)
	388,754	206,090	0	(182,664)	717,921	607,000	65,027	(175,948)	232,776	168,672	0	(64,104)

The following assets were disposed of during the year.

	2019		2019	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Law, order, public safety				
*Trailer	3,800	0	0	(3,800)
*Trailer	3,800	0	0	(3,800)
*Trailer	2,900	0	0	(2,900)
*Trailer	3,800	0	0	(3,800)
Health				
Toyota Kluger - Dr	39,500	25,455	0	(14,045)
Transport				
Mitsubishi Triton - Ranger	25,055	10,909	0	(14,146)
Isuzu Dual Cab	20,855	5,455	0	(15,400)
Volvo loader	82,568	35,000	0	(47,568)
Bomag roller	46,900	32,000	0	(14,900)
Vibromax roller	32,980	30,000	0	(2,980)
*Sundry items with value less than \$5000	9,713	0	0	(9,713)
Other property and services				
Toyota Kluger	34,160	25,455	0	(8,705)
Toyota Prado	47,627	41,816	0	(5,811)
	353,658	206,090	0	(147,568)
Other Asset class				
Program				
*Law, order, public safety - furniture	5,880	0	0	(5,880)
*Health - Dr house furniture	3,360	0	0	(3,360)
*Housing - Furniture	2,125	0	0	(2,125)
*Other property and services - equipment	23,731	0	0	(23,731)
	35,096	0	0	(35,096)
	388,754	206,090	0	(182,664)

*Please refer to Note 28, Change in Accounting policy.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	190,067	0	189,142
Buildings - specialised	315,912	544,152	315,266
Furniture and equipment	224	17,453	7,946
Plant and equipment	183,028	179,417	199,215
Infrastructure - Roads	677,303	1,055,500	674,158
Other Infrastructure - Footpaths	37,100	0	34,345
Other Infrastructure - Drainage	339,729	0	335,127
Other Infrastructure - Parks & Ovals	117,023	0	122,225
Other Infrastructure - Sewerage	26,315	0	17,253
Other Infrastructure - Aerodromes	22,909	0	9,763
Other Infrastructure - Other	25,147	0	20,314
	1,934,757	1,796,522	1,924,754

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
seal	
- bituminous seals	20 years
- asphalt surfaces	15 to 20 years
Gravel roads formation	not depreciated
pavement	70 to 120 years
Footpaths	30 to 80 years
Sewerage piping	60 to 80 years
Drainage	20 to 80 years

Depreciation (Continued)

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.

SHIRE OF JERRAMUNGUP
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 FOR THE YEAR ENDED 30TH JUNE 2019

11. REVALUATION SURPLUS

	2019		2019		2019		2018		2018	
	Opening Balance	Revaluation (Decrement)	Revaluation	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation	Movement on Revaluation	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	14,753	(1,480)	13,273	(1,480)	14,753	14,753	0	0	0	14,753
Revaluation surplus - Plant and equipment	362,434	(68,102)	294,332	(68,102)	362,434	362,434	0	0	0	362,434
Revaluation surplus - Infrastructure - Roads	128,201,851	0	0	0	128,201,851	110,513,874	17,687,977	17,687,977	17,687,977	128,201,851
Revaluation surplus - Infrastructure - Footpaths	857,666	0	0	0	857,666	800,210	57,456	57,456	57,456	857,666
Revaluation surplus - Infrastructure - Drainage	35,445,152	0	0	0	35,445,152	18,979,601	16,465,551	16,465,551	16,465,551	35,445,152
Revaluation surplus - Infrastructure - Parks & Ovals	1,717,609	0	0	0	1,717,609	144,300	1,573,309	1,573,309	1,573,309	1,717,609
Revaluation surplus - Infrastructure - Sewerage	1,376,855	0	0	0	1,376,855	647,109	729,746	729,746	729,746	1,376,855
Revaluation surplus - Infrastructure - Aerodromes	628,790	0	0	0	628,790	271,680	357,110	357,110	357,110	628,790
Revaluation surplus - Infrastructure - Other	539,025	0	0	0	539,025	157,091	381,934	381,934	381,934	539,025
	185,486,570	(69,582)	(69,582)	(69,582)	185,416,988	148,233,487	37,253,083	37,253,083	37,253,083	185,486,569

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.

12. TRADE AND OTHER PAYABLES

Current

	2019	2018
	\$	\$
Sundry creditors	78,790	632,906
Rates paid in advance	7,175	0
Accrued salaries and wages	9,466	8,982
ATO liabilities	149,856	96,568
Accrued expenses	9,736	12,514
Other payables	3,332,137	0
	<u>3,587,160</u>	<u>750,970</u>

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

Trade and other payables (Continued)

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.

Other Payables comprises of

CLGF Regional Grant funding	2,300,777
Subdivision bonds	45,640
Other bonds	76,628
Pool Contribution	909,091
	<u>3,332,136</u>

CLGF regional grant funding is a joint project involving five other Shires. The Jerramungup Shire is the administrator of those funds. The grant funds were previously held in trust but have been transferred out in 18/19 and now show as current liability.

The Shire received a contribution of \$1 million (GST inclusive) during the 2018/2019 financial year for the refurbishment of the Jerramungup Swimming Pool. AASB 1004 paragraph 21 states the transfer of a contribution is not recognised but rather a liability is recognised until such time as the goods or services are provided to the transferor.

SHIRE OF JERRAMUNGUP
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13. INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings	\$	\$
Current	178,127	203,031
Non-current	611,170	789,297
	789,297	992,328

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2018		30 June 2018	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest
Housing																	
Key Personnel Housing	259	WATC*	6.42%	96,171	4,170	63,096	4,170	33,075	0	63,095	5,178	92,308	155,404	59,233	96,171	8,096	96,171
Housing Bremer Bay	261	WATC*	4.30%	227,552	9,088	34,009	9,088	193,543	0	34,008	9,423	226,136	260,144	32,582	227,552	10,518	227,552
Seniors Independent Living Transport		WATC*		0	0	0	0	0	500,000	21,379	8,075	478,621	0	0	0	0	0
Bremer Bay Town Centre	260	WATC*	4.10%	275,279	10,111	50,680	10,111	224,599	0	50,679	10,772	273,264	323,943	48,664	275,279	12,153	275,279
Grader	262	WATC*	2.28%	73,626	1,530	23,988	1,530	49,638	0	23,987	1,543	73,089	97,076	23,450	73,626	2,067	73,626
Bremer Bay Town Centre	263	WATC*	3.14%	319,700	9,659	31,258	9,659	288,442	0	31,258	9,795	318,742	350,000	30,300	319,700	10,623	319,700
				992,328	34,558	203,031	34,558	789,297	500,000	224,406	44,786	1,462,160	1,186,567	194,239	992,328	43,457	992,328
				992,328	34,558	203,031	34,558	789,297	500,000	224,406	44,786	1,462,160	1,186,567	194,239	992,328	43,457	992,328

* WA Treasury Corporation
 Loan 259 is associated with the Police Housing project - Council received \$81,511 in rent for these properties for the year.
 All other loan repayments were financed by general purpose revenue.

SHIRE OF JERRAMUNGUP
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 FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2019 Actual \$	2019 Budget \$	2019 Actual \$	2019 Budget \$		
Staff Housing & Seniors units	WATC	Debenture	10	3.00%	0	500,000	0	500,000	0	0
					0	500,000	0	500,000	0	0

As the Key Worker Accommodation project was still in the planning stage, the loan was not required for 18/19.

	2019 \$	2018 \$
(d) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	15,000	15,000
Total amount of credit unused	15,000	15,000

Loan facilities

Loan facilities - current	178,127	203,031
Loan facilities - non-current	611,170	789,297
Total facilities in use at balance date	789,297	992,328

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 24.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for	Provision for	Total
	Annual Leave	Long Service Leave	
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	140,762	158,925	299,687
Non-current provisions	0	19,610	19,610
	<u>140,762</u>	<u>178,535</u>	<u>319,297</u>
Additional provision	129,513	34,618	164,131
Amounts used	(111,280)	0	(111,280)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	(402)	(402)
Balance at 30 June 2019	<u>158,995</u>	<u>212,751</u>	<u>371,746</u>
Comprises			
Current	158,995	180,461	339,456
Non-current	0	32,290	32,290
	<u>158,995</u>	<u>212,751</u>	<u>371,746</u>

Amounts are expected to be settled on the following basis:	2019	2018
	\$	\$
Less than 12 months after the reporting date	153,567	92,081
More than 12 months from reporting date	232,933	241,970
Expected reimbursements from other WA local governments	(14,754)	(14,754)
	<u>371,746</u>	<u>319,297</u>

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

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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.

15. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	6,520,565	1,190,535	2,227,581

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,462,179	1,606,266	1,882,220
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(6,151)	0	0
Depreciation	1,934,757	1,796,522	1,924,754
(Profit)/loss on sale of asset	182,664	110,921	64,104
Changes in assets and liabilities:			
(Increase)/decrease in receivables	1,134,351	805,831	(415,041)
(Increase)/decrease in inventories	2,231	0	22,378
Increase/(decrease) in payables	2,836,190	(68,019)	421,779
Increase/(decrease) in provisions	52,449	0	(43,716)
Grants contributions for the development of assets	(1,549,937)	(2,824,604)	(1,884,269)
Net cash from operating activities	6,048,733	1,426,917	1,972,209

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	4,802,656	504,025
Law, order, public safety	822,617	692,091
Health	54,900	97,450
Education and welfare	1,504,411	1,529,407
Housing	1,328,074	1,361,703
Community amenities	4,040,814	3,934,995
Recreation and culture	16,615,285	16,971,663
Transport	208,927,930	208,988,922
Economic services	2,130,534	2,190,213
Other property and services	3,791,804	3,864,986
Unallocated	2,637,529	2,442,894
	<u>246,656,554</u>	<u>242,578,349</u>

17. CONTINGENT LIABILITIES

Council jointly operate a landfill site with the Shire of Ravensthorpe and will have to rehabilitate the site at some future date. At reporting date Council is unable to reliably estimate the financial cost of such work.

Ravensthorpe Regional Waste Facility - Moir Road, Ravensthorpe

- Site operations commenced in 2017
- Life expectancy is dependant on landfill volume
- Prescribed premises for Category 64 Class II putrescible landfill and Category 62 Solid waste depot

18. LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

2019	2018
\$	\$
2,536	5,072
0	2,536
2,536	7,608

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

19. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure Comprises of;

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	56,000	56,000	55,417
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling Expenses	1,494	1,500	152
Telecommunications allowance	7,000	7,000	6,917
	79,494	79,500	77,486

Employed Key Management Personnel (KMP)

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	698,213	683,633
Post-employment benefits	60,919	58,736
Other long-term benefits	14,951	14,613
Termination benefits	0	17,252
	774,083	774,234

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 (Note: may or may not be applicable in any given year).

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019	2018
	Actual	Actual
	\$	\$
Purchase of goods and services	25,745	2,500

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.

20. JOINT ARRANGEMENT

	2019	2018
	\$	\$
(a) Retirement Units		
Non-current assets		
Land and Buildings	197,046	197,046
Less: accumulated depreciation	(8,749)	(4,374)
	188,297	192,672

	2019	2018
	\$	\$
Income & Expenditure		
Income	83,272	74,221
Expenses	(77,839)	(63,245)
Surplus	5,433	10,976

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 the Jerramungup Shire owns a 17% percentage 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 retained by them to fund future projects in the area.

(b) Waste Facilities

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 metres) delivered to the Facility by both parties in the preceding year. This is estimated to be 30%.

The Shire of Jerramungup's share of the operating costs for the year were \$87,111.

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.

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/17	2017/18	2017/18	Balance ⁽¹⁾ 30/06/18	2018/19	2018/19	Balance ⁽¹⁾ 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
FESA - Jacup Fire shed	0	0	0	0	42,991	(42,991)	0
MAF 18-19	0	0	0	0	130,119	(130,119)	0
Bushfire Risk Planning	4,603	0	(4,603)	0	0	0	0
PT Henry Emergency Water Supply	0	46,282	(46,282)	0	0	0	0
MAF 17-18	0	55,600	(55,600)	0	0	0	0
Community amenities							
CLGF Regional Grant	0	0	0	0	2,300,777	0	2,300,777
Recreation and culture							
BB Skate Park & Paperbarks playground	0	509,618	(509,618)	0	209,382	(209,382)	0
Boat Ramp	0	0	0	0	36,982	(36,982)	0
Kidsport	1,519	0	(1,519)	0	0	0	0
Marina Boat Ramp design	0	26,040	(26,040)	0	0	0	0
Coastal Management Plan	0	20,000	(20,000)	0	0	0	0
Pool Contribution	0	0	0	0	909,091	0	909,091
Transport							
BB Town Centre and Trail Project	1,067,189	0	(704,349)	362,840	0	(362,840)	0
GSDC - Runway, bomber turnaround	0	0	0	0	50,001	(50,001)	0
Walk Trail (GSDC)	45,000	20,000	(65,000)	0	0	0	0
Walk Trail (Lotterywest)	0	84,000	(84,000)	0	0	0	0
Other property and services							
ANZAC ceremony	0	0	0	0	4,182	(4,182)	0
Total	1,118,311	761,540	(1,517,011)	362,840	3,683,525	(836,497)	3,209,868

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

22. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
		Number of Properties	Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Total Revenue	Budget Total Revenue	Actual Total Revenue		
Rate in \$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gross rental valuations													
Residential	0.098991	532	6,569,752	650,346	2,459	65	652,870	648,421	648,421	648,421	746,496		
Unimproved valuations													
Rural	0.011087	325	215,493,500	2,389,177	0	0	2,389,177	2,389,206	2,389,206	2,389,206	2,222,463		
Sub-Total	Minimum \$	857	222,063,252	3,039,523	2,459	65	3,042,047	3,037,627	3,037,627	3,037,627	2,968,959		
Minimum payment													
Gross rental valuations													
Residential	679	315	1,280,423	213,885	0	0	213,885	213,885	213,885	213,885	222,942		
Unimproved valuations													
Rural	801	34	1,157,700	27,234	302	0	27,536	28,836	28,836	28,836	27,475		
Mining		2	9,715	1,602	2,510	37	4,149	0	0	0	2,392		
Sub-Total		351	2,447,838	242,721	2,812	37	245,570	242,721	242,721	242,721	252,809		
Discounts/concessions (refer Note 22(b))		1,208	224,511,090	3,282,244	5,271	102	3,287,617	3,280,348	3,280,348	3,280,348	3,221,768		
Total amount raised from general rate							(157)	0	0	0	(370)		
Ex-gratia rates							3,287,460	3,280,348	3,280,348	3,280,348	3,221,398		
Totals							46,456	3,280,348	3,280,348	3,280,348	47,976		
							3,333,916	3,280,348	3,280,348	3,280,348	3,269,374		

SIGNIFICANT ACCOUNTING POLICIES

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

SHIRE OF JERRAMUNGUP
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22. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
Small interest write off			157	0	370	Write off small balances under the CEO's delegated authority
			157	0	370	

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One	27 Sep 2018	0	0.00%	11.00%
Option Two	27 Sep 2018	0	0.00%	11.00%
	24 Jan 2019	8.00	5.50%	11.00%
Option Three	27 Sep 2018	0	0.00%	11.00%
	29 Nov 2018	8.00	5.50%	11.00%
	24 Jan 2019	8.00	5.50%	11.00%
	28 Mar 2019	8.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	10,470	12,400	11,449
Interest on instalment plan	16,392	16,000	16,718
Charges on instalment plan	6,240	6,700	6,552
	33,102	35,100	34,719

23. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19	2018/19
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)	(30 June 2018 Carried Forward)
	\$	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.

Adjustments to operating activities

Less: Profit on asset disposals	10(a)	0	(65,027)	0	0
Less: Movement in liabilities associated with restricted cash		1,256	0	0	0
Less: Fair value adjustments to financial assets at amortised cost	7	(6,151)	0	0	0
Movement in employee benefit provisions (non-current)		12,680	0	(43,718)	(43,718)
Add: Loss on disposal of assets	10(a)	182,664	175,948	64,104	64,104
Add: Depreciation on assets	10(b)	1,934,757	1,796,522	1,924,754	1,924,754
Non cash amounts excluded from operating activities		2,125,206	1,907,443	1,945,140	1,945,140

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(1,488,969)	(1,190,535)	(1,467,213)	(1,467,213)
Less: Leave Provision		65,222	0	63,966	299,687
Add: Borrowings	13(a)	178,127	0	203,031	203,031
Add: Current Liabilities not expected to be cleared at end of year		0	319,202	0	0
Total adjustments to net current assets		(1,245,620)	(871,333)	(1,200,216)	(964,495)

Net current assets used in the Rate Setting Statement

Total current assets		6,859,905	1,842,160	3,703,503	3,703,503
Less: Total current liabilities		(4,104,743)	(970,827)	(1,253,688)	(1,253,688)
Less: Total adjustments to net current assets		(1,245,620)	(871,333)	(1,200,216)	(964,495)
Net current assets used in the Rate Setting Statement		1,509,542	0	1,249,599	1,485,320

During the year the Shire realised the full current provision for leave was excluded from the net current assets used in the Rate Setting Statement at 30 June 2019. This exceeded the amount held in the leave reserve at 30 June 2019. The opening net current assets used in the Rate Setting Statement at 1 July 2019 has been adjusted to only exclude the leave provision to the extent it is covered by funds held in the Leave Reserve.

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24. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest 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 risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents 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
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.30%	6,520,565	0	6,520,565	0
2018					
Cash and cash equivalents	1.52%	2,227,581	0	2,227,581	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.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	65,206	22,276

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The Shire 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 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

No expected credit loss was forecast on 1 July 2018 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 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	133,692	4,093	144	48,557	186,486
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	1,269,904	10,495	0	17,445	1,297,844
Loss allowance	0	0	0	0	0

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(d).

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
	\$	\$	\$	\$	\$
2019					
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>
2018					
Payables	750,970	0	0	750,970	750,970
Borrowings	239,742	668,949	207,648	1,116,339	992,328
	<u>990,712</u>	<u>668,949</u>	<u>207,648</u>	<u>1,867,309</u>	<u>1,743,298</u>

25. 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 2018	Amounts Received	Amounts Paid	Amounts transferred to muni	30 June 2019
	\$	\$	\$	\$	\$
Key bonds	650	0	(650)	0	0
Building bonds	24,000	18,000	(27,000)	(15,000)	0
Housing bonds	440	460	(900)	0	0
Subdivision bonds	55,658	65,140	0	(106,018)	14,780
Other bonds	1,250	0	0	(1,250)	0
CLGF Regional Grant funding	2,812,001	37,796	(549,020)	(2,300,777)	0
	<u>2,893,999</u>	<u>121,396</u>	<u>(577,570)</u>	<u>(2,423,045)</u>	<u>14,780</u>

In previous years bonds and deposits were held in trust. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events that occurred after the end of the reporting period that would have a material effect on the financial statements.

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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, assessed as not material, and therefore no adjustment was required to be made.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the effect was not considered to be material, therefore no adjustment was made.

28. CHANGE IN ACCOUNTING POLICY

Paragraph 17A (5) of *Local Government (Financial Management) Regulations 1996* came into operation on the 1 July 2018. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

As the amount of the total values of assets purchased prior to 1 July 2018 for less than \$5000 was immaterial Council have written off those assets in 18/19 and you will see those items in Note 10, Disposal of Assets. The disposal of those assets resulted in a loss of \$59,109 which is reflected in the Statement of Comprehensive Income.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

(b) 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 the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

(c) Income For Not-For-Profit Entities

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

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 give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be 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 occurs the financial liability will be extinguished and the Shire will recognise 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. Such assets are not required to be remeasured at fair value.

30. CORRECTION OF ERRORS

The Shire together with the State Housing Commission (Homeswest) have a joint venture 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 Jerramungup Shire owns 17% share of the Jerramungup units and 14.64% share of the Bremer Bay units. In previous years the full value of the assets have been shown in the Statement of Financial Position in error. A prior year correction has been made to the Property, Plant and Equipment at 1 July 2017 and to depreciation expense charged during the 2017/18 financial year.

Previously when land was valued as part of Fair Valuation three blocks of land were shown as freehold land assets however they are crown land so they should not of been valued and included as an asset. A prior year correction of \$637,425 has been made to the Property, Plant and equipment at 1 July 2017 to correct this.

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Property, plant and equipment	25,719,679	(1,863,092)	23,856,587	26,276,625	(1,886,379)	24,390,246
TOTAL NON CURRENT ASSETS	25,719,679	(1,863,092)	23,856,587	26,276,625	(1,886,379)	24,390,246
Revaluation surplus	187,372,948	(1,886,379)	185,486,569	150,119,865	(1,886,379)	148,233,486
Retained surplus	53,538,685	23,287	53,561,972	51,770,270	0	51,770,270
TOTAL EQUITY	240,911,633	(1,863,092)	239,048,541	201,890,135	(1,886,379)	200,003,756

Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
<i>By Nature or Type</i>			
Depreciation expense	(1,948,041)	23,287	(1,924,754)
<i>By program</i>			
Governance	(273,776)	0	(273,776)
General purpose funding	(123,913)	0	(123,913)
Law, order, public safety	(661,548)	0	(661,548)
Health	(334,347)	0	(334,347)
Education and welfare	(86,367)	23287	(63,080)
Housing	(5,579)	0	(5,579)
Community amenities	(1,049,011)	0	(1,049,011)
Recreation and culture	(904,647)	0	(904,647)
Transport	(4,732,343)	0	(4,732,343)
Economic services	(316,836)	0	(316,836)
Other property and services	(184,629)	0	(184,629)
Net result for the period	1,858,933	23,287	1,882,220
Total comprehensive income for the period			39,135,303

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31. 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.

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health.

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

EDUCATION AND WELFARE

To meet the needs of the community in these areas.

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

HOUSING

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

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

To provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

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

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overheads and operating accounts.

Private works operation, plant repair and operation costs and engineering operation costs.

33. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	2.88	1.56	1.24
Asset consumption ratio	0.87	0.88	0.74
Asset renewal funding ratio	1.65	2.10	2.52
Asset sustainability ratio	1.04	0.98	1.07
Debt service cover ratio	7.92	8.27	7.85
Operating surplus ratio	(0.02)	(0.01)	(0.12)
Own source revenue coverage ratio	0.71	0.47	0.52

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$