

**SHIRE OF JERRAMUNGUP**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**TABLE OF CONTENTS**

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue</b>				
Rates	8	3,222,342	3,124,361	3,124,811
Operating grants, subsidies and contributions	15	4,226,643	3,727,319	2,168,709
Fees and charges	14	706,559	872,006	744,143
Interest earnings	2(a)	76,400	79,311	61,755
Other revenue	2(a)	25,000	136,717	482,000
		<u>8,256,944</u>	<u>7,939,714</u>	<u>6,581,418</u>
<b>Expenses</b>				
Employee costs		(1,824,223)	(1,913,020)	(1,872,687)
Materials and contracts		(4,871,455)	(2,878,222)	(2,691,434)
Utility charges		(186,469)	(165,285)	(159,763)
Depreciation on non-current assets	2(a)	(1,732,628)	(1,986,081)	(1,638,717)
Interest expenses	2(a)	(45,503)	(41,900)	(42,194)
Insurance expenses		(228,465)	(224,882)	(233,928)
Other expenditure		(206,882)	102,214	56,352
		<u>(9,095,625)</u>	<u>(7,107,176)</u>	<u>(6,582,371)</u>
		(838,681)	832,538	(953)
Non-operating grants, subsidies and contributions	15	1,977,104	1,103,269	1,886,784
Profit on asset disposals	6	0	46,433	66,654
Loss on asset disposals	6	(100,535)	(41,060)	(36,074)
<b>Net result</b>		<b>1,037,888</b>	<b>1,941,180</b>	<b>1,916,411</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b><u>1,037,888</u></b>	<b><u>1,941,180</u></b>	<b><u>1,916,411</u></b>

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue (refer notes 1,2,8,10 to 15)</b>				
Governance		0	2,521	0
General purpose funding		4,014,967	3,687,721	4,454,816
Law, order, public safety		149,388	184,753	158,004
Health		7,363	5,058	0
Education and welfare		1,088	1,903	1,093
Housing		135,643	124,468	132,673
Community amenities		532,168	423,276	396,511
Recreation and culture		112,134	101,563	56,567
Transport		3,100,367	2,531,360	654,645
Economic services		37,895	91,392	91,068
Other property and services		165,931	785,699	636,041
		<u>8,256,944</u>	<u>7,939,714</u>	<u>6,581,418</u>
<b>Expenses excluding finance costs (refer notes 1, 2 &amp; 16)</b>				
Governance		(292,195)	(209,906)	(241,458)
General purpose funding		(139,774)	(90,177)	(86,150)
Law, order, public safety		(647,110)	(635,274)	(643,924)
Health		(298,952)	(265,682)	(285,311)
Education and welfare		(80,707)	(70,972)	(83,264)
Housing		(215,599)	(171,246)	(126,274)
Community amenities		(1,144,415)	(916,173)	(948,810)
Recreation and culture		(837,029)	(837,453)	(638,233)
Transport		(5,026,705)	(3,137,492)	(2,756,756)
Economic services		(253,988)	(244,662)	(156,476)
Other property and services		(113,648)	(486,239)	(573,521)
		<u>(9,050,122)</u>	<u>(7,065,276)</u>	<u>(6,540,177)</u>
<b>Finance costs (refer notes 2 &amp; 7)</b>				
Housing		(9,041)	(11,781)	(24,865)
Transport		(25,622)	(18,230)	(17,329)
Other property and services		0	0	0
		<u>(45,503)</u>	<u>(41,900)</u>	<u>(42,194)</u>
		(838,681)	832,538	(953)
Non-operating grants, subsidies and contributions:	15	1,977,104	1,103,269	1,886,784
Profit on disposal of assets	6	0	46,433	66,654
(Loss) on disposal of assets	6	(100,535)	(41,060)	(36,074)
		<u>1,876,569</u>	<u>1,108,642</u>	<u>1,917,364</u>
<b>Net result</b>		<b>1,037,888</b>	<b>1,941,180</b>	<b>1,916,411</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b><u>1,037,888</u></b>	<b><u>1,941,180</u></b>	<b><u>1,916,411</u></b>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,262,342	3,075,959	3,124,811
Operating grants, subsidies and contributions		4,899,499	3,118,796	2,168,709
Fees and charges		706,559	872,006	744,143
Interest earnings		76,400	79,311	61,755
Goods and services tax		837,599	575,605	0
Other revenue		25,000	136,717	482,000
		<u>9,807,399</u>	<u>7,858,394</u>	<u>6,581,418</u>
<b>Payments</b>				
Employee costs		(1,824,223)	(2,116,506)	(1,872,687)
Materials and contracts		(4,687,604)	(3,028,800)	(2,691,434)
Utility charges		(186,469)	(165,285)	(159,763)
Interest expenses		(45,503)	(42,195)	(42,194)
Insurance expenses		(228,465)	(224,882)	(233,928)
Goods and services tax		(812,294)	(635,906)	0
Other expenditure		(206,882)	102,214	56,352
		<u>(7,991,440)</u>	<u>(6,111,360)</u>	<u>(4,943,654)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>1,815,959</u>	<u>1,747,034</u>	<u>1,637,764</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5	(438,964)	(446,611)	(576,024)
Payments for construction of infrastructure	5	(4,127,063)	(3,606,596)	(5,107,244)
Non-operating grants, subsidies and contributions used for the development of assets		1,977,104	1,103,269	1,886,784
Proceeds from sale of plant & equipment	6	193,855	104,202	295,000
<b>Net cash provided by (used in) investing activities</b>		<u>(2,395,068)</u>	<u>(2,845,736)</u>	<u>(3,501,484)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(194,239)	(156,492)	(156,493)
Proceeds from new borrowings	7	0	350,000	350,000
<b>Net cash provided by (used in) financing activities</b>		<u>(194,239)</u>	<u>193,508</u>	<u>193,507</u>
<b>Net increase (decrease) in cash held</b>		(773,348)	(905,194)	(1,670,213)
Cash at beginning of year		<u>2,441,501</u>	<u>3,346,695</u>	<u>3,346,695</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>1,668,153</u></u>	<u><u>2,441,501</u></u>	<u><u>1,676,482</u></u>

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

**SHIRE OF JERRAMUNGUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	<u>1,782,007</u>	<u>1,813,924</u>	<u>1,593,010</u>
		<b>1,782,007</b>	<b>1,813,924</b>	<b>1,593,010</b>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		0	2,521	0
General purpose funding		792,625	563,360	1,330,005
Law, order, public safety		149,388	184,753	158,004
Health		7,363	5,058	0
Education and welfare		1,088	1,903	1,093
Housing		135,643	124,468	132,673
Community amenities		532,168	423,276	396,511
Recreation and culture		112,134	101,563	56,567
Transport		3,100,367	2,577,793	721,299
Economic services		37,895	91,392	91,068
Other property and services		165,931	785,700	636,041
		<u>5,034,602</u>	<u>4,861,787</u>	<u>3,523,261</u>
<b>Expenditure from operating activities</b>				
Governance		(292,195)	(209,906)	(241,458)
General purpose funding		(139,774)	(90,177)	(86,150)
Law, order, public safety		(647,110)	(653,320)	(643,924)
Health		(298,952)	(265,682)	(285,311)
Education and welfare		(80,707)	(70,972)	(83,264)
Housing		(224,640)	(183,027)	(151,139)
Community amenities		(1,166,655)	(928,062)	(948,810)
Recreation and culture		(837,029)	(837,453)	(638,233)
Transport		(5,130,947)	(3,171,191)	(2,801,159)
Economic services		(253,988)	(244,662)	(156,476)
Other property and services		(124,164)	(493,784)	(582,522)
		<u>(9,196,161)</u>	<u>(7,148,236)</u>	<u>(6,618,445)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on asset disposals	6	0	(46,433)	(66,654)
Loss on disposal of assets	6	100,535	41,060	36,074
Depreciation on assets	2(a)	<u>1,732,628</u>	<u>1,986,081</u>	<u>1,638,717</u>
<b>Amount attributable to operating activities</b>		<b>(546,389)</b>	<b>1,508,184</b>	<b>105,963</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	15	1,977,104	1,103,269	1,886,784
Purchase property, plant and equipment	5	(438,964)	(446,611)	(576,024)
Purchase and construction of infrastructure	5	(4,127,063)	(3,606,596)	(5,107,244)
Proceeds from disposal of assets	6	193,855	104,202	295,000
<b>Amount attributable to investing activities</b>		<b>(2,395,068)</b>	<b>(2,845,736)</b>	<b>(3,501,484)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(194,239)	(156,492)	(156,493)
Proceeds from new borrowings	7	0	350,000	350,000
Transfers to cash backed reserves (restricted assets)	9	(717,050)	(331,900)	(305,519)
Transfers from cash backed reserves (restricted assets)	9	630,403	133,591	141,670
<b>Amount attributable to financing activities</b>		<b>(280,886)</b>	<b>(4,801)</b>	<b>29,658</b>
<b>Budgeted deficiency before general rates</b>		<u><b>(3,222,343)</b></u>	<u><b>(1,342,353)</b></u>	<u><b>(3,365,863)</b></u>
<b>Estimated amount to be raised from general rates</b>	8	<u><b>3,222,342</b></u>	<u><b>3,124,361</b></u>	<u><b>3,124,811</b></u>
<b>Net current assets at end of financial year - surplus/(deficit)</b>		<u><b>0</b></u>	<u><b>1,782,007</b></u>	<u><b>(241,052)</b></u>

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

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

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

**Critical accounting estimates**

The preparation of a budget 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 eEntity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to the budget.

**(b) 2016/17 actual balances**

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding off figures**

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

**(d) Comparative figures**

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

**(e) Budget comparative figures**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Forecast fair value adjustments**

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

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

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

**(g) Rates, grants, donations and other contributions**

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

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

**(h) 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.

**(i) Superannuation**

The Shire of Jerramungup contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Jerramungup contributes are defined contribution plans.

**(j) Cash and cash equivalents**

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

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

**(k) Trade and other receivables**

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Inventories**

**General**

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

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

**Land held for resale**

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

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

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

**(m) Fixed assets**

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

**Mandatory requirement to revalue non-current assets**

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

During the year ended 30 June 2013, the Shire of Jerramungup commenced the process of adopting fair value in accordance with the Regulations.

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

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

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

**Initial recognition and measurement between mandatory revaluation dates**

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Fixed assets (continued)**

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Fixed assets (continued)**

**Depreciation**

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Fair value of assets and liabilities**

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

Fair value is the price that the Shire of Jerramungup 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. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The Shire of Jerramungup 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 of Jerramungup are consistent with one or more of the following valuation approaches:

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Fair value of assets and liabilities (continued)**

**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 an asset at its current service capacity.

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

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

**(o) Financial instruments**

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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

Amortised cost is calculated as:

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Financial instruments (continued)**

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Financial instruments (continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(p) Impairment of assets**

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Impairment of assets (continued)**

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

**(q) 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 of Jerramungup becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**(r) Employee benefits**

**Short-term employee benefits**

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

**Other long-term employee benefits**

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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.

**(t) Provisions**

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

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

**(u) 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 of Jerramungup, are classified as finance leases.

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

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

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

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

**(v) Investment in associates**

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) Investment in associates (continued)**

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

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

**(x) Interests in joint arrangements**

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Jerramungup's interests, in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 20.

**(y) Current and non-current classification**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>REVENUES AND EXPENSES</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
<b>Net result</b>			
The net result includes:			
Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	15,500	18,450	15,500
Other services	4,000	10,095	8,000
<b>Depreciation by program</b>			
Law, order, public safety	82,450	90,262	101,500
Health	1,200	4,342	9,942
Education and welfare	33,500	34,587	42,000
Housing	77,415	73,690	30,000
Community amenities	30,945	31,868	24,750
Recreation and culture	230,215	358,524	68,250
Transport	1,059,011	1,197,177	1,149,000
Economic services	55,000	52,192	0
Other property and services	162,892	143,439	213,275
	<u>1,732,628</u>	<u>1,986,081</u>	<u>1,638,717</u>
<b>Depreciation by asset class</b>			
Land and buildings	476,460	400,200	238,942
Furniture and equipment	14,783	5,136	10,500
Plant and equipment	202,792	197,248	279,275
Roads	1,038,593	904,030	1,110,000
Footpaths	0	10,317	0
Drainage	0	293,971	0
Parks and ovals	0	120,844	0
Other	0	20,761	0
Sewerage	0	9,576	0
Aerodromes	0	23,998	0
Investment LG Unit Equity	0	0	0
	<u>1,732,628</u>	<u>1,986,081</u>	<u>1,638,717</u>
<b>Interest expenses (finance costs)</b>			
- Borrowings (refer note 7(a))	45,503	41,900	42,194
	<u>45,503</u>	<u>41,900</u>	<u>42,194</u>
Crediting as revenues:			
<b>Interest earnings</b>			
Investments			
- Reserve funds	18,000	16,780	22,000
- Other funds	30,000	34,273	12,000
Other interest revenue (refer note 12)	28,400	28,258	27,755
	<u>76,400</u>	<u>79,311</u>	<u>61,755</u>
<b>Other revenue</b>			
Other	25,000	0	482,000
	<u>25,000</u>	<u>0</u>	<u>482,000</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**REVENUES AND EXPENSES (Continued)**

**(b) Statement of objective**

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

**COMMUNITY VISION**

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants & interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for good community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

To meet the needs of the community in these areas.

**Activities:**

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

**HOUSING**

**Objective:**

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

**Activities:**

Maintenance of staff and rental housing.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**REVENUES AND EXPENSES (Continued)**

**(b) Statement of objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

Provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

To provide effective and efficient transport services to the community.

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and improve its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY & SERVICES**

**Objective:**

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

**Activities:**

Private works operations, plant repairs, and operations costs, administration expenses.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
Cash - unrestricted	202,573	1,050,027	331,356
Cash - restricted	1,463,341	1,391,474	1,345,126
	<u>1,665,914</u>	<u>2,441,501</u>	<u>1,676,482</u>

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

Leave Reserve	63,591	33,226	33,428
Plant Reserve	42,234	41,774	42,025
Community Recreation	181,196	148,922	114,391
Bremer Bay Youth Camp Reserve	52,303	51,734	52,045
Building Reserve	180,209	178,248	177,025
Bremer Bay Retirement Units Reserve	96,740	95,687	96,262
JMP Entertainment Centre Reserve	8,528	8,435	8,486
Effluent Reserve	573,453	508,262	506,806
Point Henry Fire Levy Reserve	291	26,494	14,334
Jerramungup Retirement Units Reserve	94,241	93,216	93,777
Bremer Bay Boat Ramp Reserve	114,396	113,151	113,833
Capital Works Reserve	6,937	38,750	39,070
Swimming Pool Reserve	8,143	8,054	8,102
Roe Park Reserve	41,079	30,741	30,761
Restricted cash	0	14,780	0
	<u>1,463,341</u>	<u>1,391,474</u>	<u>1,330,346</u>

**Reconciliation of net cash provided by operating activities to net result**

Net result	1,037,888	1,941,180	1,916,411
Depreciation	1,732,628	1,986,081	1,638,717
(Profit)/loss on sale of asset	100,535	(5,373)	(30,580)
Loss on revaluation of non current assets	0	(101,665)	0
(Increase)/decrease in receivables	738,161	(717,226)	0
(Increase)/decrease in inventories	0	0	0
Increase/(decrease) in payables	183,851	(252,694)	0
Increase/(decrease) in employee provisions	0	0	0
Grants/contributions for the development of assets	(1,977,104)	(1,103,269)	(1,886,784)
<b>Net cash from operating activities</b>	<u>1,815,959</u>	<u>1,747,034</u>	<u>1,637,764</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	0	0	0
<b>Total amount of credit unused</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
<b>Loan facilities</b>			
Loan facilities in use at balance date	<u>992,327</u>	<u>1,186,566</u>	<u>992,327</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>
	<b>Note</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>NET CURRENT ASSETS</b>			
<b>Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash - unrestricted	3(a)	202,573	1,050,027
Cash - restricted reserves	3(a)	1,463,341	1,361,914
Receivables		268,952	1,007,113
Inventories		<u>31,982</u>	<u>31,982</u>
		1,966,848	3,451,036
<b>Less: current liabilities</b>			
Trade and other payables		(476,186)	(292,335)
Long term borrowings		(203,031)	(194,239)
Provisions		<u>(287,428)</u>	<u>(287,428)</u>
		(966,645)	(774,002)
<b>Unadjusted net current assets</b>		<b>1,000,203</b>	<b>2,677,034</b>
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with <i>Local Government (Financial Management) Regulation 32</i> as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
<b>Adjustments</b>			
Less: Cash - restricted reserves	3(a)	(1,463,341)	(1,376,694)
Add: Current portion of borrowings		203,031	194,239
Add: Current liabilities not expected to be cleared at end of year		<u>287,428</u>	<u>287,428</u>
<b>Adjusted net current assets - surplus/(deficit)</b>		<u><b>27,321</b></u>	<u><b>1,782,007</b></u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**5. ACQUISITION OF ASSETS**

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

Asset class	Reporting program					Other property and services \$	2017/18 Budget total \$	2016/17 Actual total \$
	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$				
<i>Property, Plant and Equipment</i>								
Land and buildings	35,250	35,953	7,900	0	0	79,103	9,147	
Furniture and equipment	0	0	3,200	0	8,250	11,450	6,499	
Plant and equipment	0	41,101	0	307,310	0	348,411	430,965	
	<b>35,250</b>	<b>77,054</b>	<b>11,100</b>	<b>307,310</b>	<b>8,250</b>	<b>438,964</b>	<b>446,611</b>	
<i>Infrastructure</i>								
Roads	0	0	0	2,116,646	0	2,116,646	3,166,198	
Footpaths	0	0	0	208,992	0	208,992	285,773	
Drainage	0	0	0	0	0	0	0	
Parks and ovals	0	0	1,801,425	0	0	1,801,425	124,808	
Other	0	0	0	0	0	0	29,817	
Aerodromes	0	0	0	0	0	0	8,327	
Investment LG Unit Equity	0	0	0	0	0	0	131,226	
	<b>0</b>	<b>0</b>	<b>1,801,425</b>	<b>2,325,638</b>	<b>0</b>	<b>4,127,063</b>	<b>3,606,596</b>	
<b>Total acquisitions</b>	<b>35,250</b>	<b>77,054</b>	<b>1,812,525</b>	<b>2,632,948</b>	<b>8,250</b>	<b>4,566,027</b>	<b>4,053,207</b>	

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**6. DISPOSALS OF ASSETS**

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

<b><u>By Program</u></b>	<b>Net book</b>	<b>Sale</b>	<b>2017/18 Budget</b>		<b>2016/17 Actual</b>		<b>2016/17 Budget</b>	
	<b>value</b>	<b>proceeds</b>	<b>Profit</b>	<b>Loss</b>	<b>Profit</b>	<b>Loss</b>	<b>Profit</b>	<b>Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Law,order, public safety	0	0	0	0	0	(18,046)	0	0
Community amemities	34,400	23,000	0	(11,400)	0	0	0	0
Transport	224,720	146,100	0	(78,620)	46,433	(15,469)	66,654	(27,074)
Other property and services	35,270	24,755	0	(10,515)	0	(7,545)	0	(9,000)
	<b>294,390</b>	<b>193,855</b>	<b>0</b>	<b>(100,535)</b>	<b>46,433</b>	<b>(41,060)</b>	<b>66,654</b>	<b>(36,074)</b>

<b><u>By Class</u></b>	<b>Net book</b>	<b>Sale</b>	<b>2017/18 Budget</b>		<b>2016/17 Actual</b>		<b>2016/17 Budget</b>	
	<b>value</b>	<b>proceeds</b>	<b>Profit</b>	<b>Loss</b>	<b>Profit</b>	<b>Loss</b>	<b>Profit</b>	<b>Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Land and buildings</b>	0	0	0	0	4,722	0	61,654	0
<b>Plant and equipment</b>	294,390	193,855	0	(100,535)	41,711	(41,060)	5,000	(36,074)
	<b>294,390</b>	<b>193,855</b>	<b>0</b>	<b>(100,535)</b>	<b>46,433</b>	<b>(41,060)</b>	<b>66,654</b>	<b>(36,074)</b>

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**7. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

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

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
<b>Housing</b>								
Loan 259 - Key Personnel Housing	155,403	0	59,232	55,605	96,171	155,403	9,041	11,781
<b>Community amenities</b>								
Loan 261 - Housing Bremer Bay	260,144	0	32,592	31,234	227,552	260,144	10,840	11,889
<b>Transport</b>								
Loan 260 - Bremer Bay Town Centre	323,943	0	48,665	46,729	275,278	323,943	12,788	14,114
Loan 262 - Grader	97,076	0	23,450	22,924	73,626	97,076	2,080	2,593
Loan 263 - Bremer Bay Town Centre Stage 2	350,000		30,300	0	319,700	350,000	10,754	1,523
	<b>1,186,566</b>	<b>0</b>	<b>194,239</b>	<b>156,492</b>	<b>992,327</b>	<b>1,186,566</b>	<b>45,503</b>	<b>41,900</b>
	<b>1,186,566</b>	<b>0</b>	<b>194,239</b>	<b>156,492</b>	<b>992,327</b>	<b>1,186,566</b>	<b>45,503</b>	<b>41,900</b>

All borrowing repayments will be financed by general purpose revenue.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**7. INFORMATION ON BORROWINGS (Continued)**

**(b) New borrowings - 2017/18**

No new borrowings are planned for 2017/18.

**(c) Unspent borrowings**

The Shire of Jerramungup had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

**(d) Overdraft**

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

Council will utilise the Effluent Reserve Funds to cover cash flow requirements associated with WANDRRA event AGRN 743 as per section 6.11 of the Local Government Act 1995. It is expected that the cash flow requirements will be short term and there will be no material impact on the end of year balance of the Effluent Reserve.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

LGA S6.2(4)(b)  
FM Reg 23(a)

**8. RATING INFORMATION**

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
<b>General rate</b>								
GRV Properties	0.114850	555	6,431,590	738,668	0	0	738,668	690,204
UV Properties	0.010870	324	204,626,500	2,224,290	(451)	0	2,223,839	2,155,226
<b>Sub-Totals</b>		879	211,058,090	2,962,958	(451)	0	2,962,507	2,845,430
<b>Minimum payment</b>	<b>\$</b>							
GRV Properties	785	291	1,398,238	228,435	0	0	228,435	247,428
UV Properties	785	40	1,190,870	31,400	0	0	31,400	32,103
<b>Sub-Totals</b>		331	2,589,108	259,835	0	0	259,835	279,531
		<b>1,210</b>	<b>213,647,198</b>	<b>3,222,793</b>	<b>(451)</b>	<b>0</b>	<b>3,222,342</b>	<b>3,124,961</b>
Discounts/concessions (Refer note 13)							(150)	(600)
<b>Total amount raised from general rates</b>							<b>3,222,192</b>	<b>3,124,361</b>
Specified area rates (Refer note 10)							0	0
<b>Total rates</b>							<b>3,222,192</b>	<b>3,124,361</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**8(a). RATING INFORMATION**

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

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES**

	<b>2017/18 Budget Opening balance</b>	<b>2017/18 Budget Transfer to</b>	<b>2017/18 Budget Transfer (from)</b>	<b>2017/18 Budget Closing balance</b>	<b>2016/17 Actual Opening balance</b>	<b>2016/17 Actual Transfer to</b>	<b>2016/17 Actual Transfer (from)</b>	<b>2016/17 Actual Closing balance</b>	<b>2016/17 Budget Opening balance</b>	<b>2016/17 Budget Transfer to</b>	<b>2016/17 Budget Transfer (from)</b>	<b>2016/17 Budget Closing balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Leave Reserve	33,226	30,365	0	63,591	32,804	422	0	33,226	32,804	624	0	33,428
Plant Reserve	41,774	460	0	42,234	41,242	532	0	41,774	41,242	783	0	42,025
Community Recreation	148,922	82,274	(50,000)	181,196	111,647	82,441	(45,166)	148,922	111,647	82,744	(80,000)	114,391
Bremer Bay Youth Camp Reserve	51,734	569	0	52,303	51,075	659	0	51,734	51,075	970	0	52,045
Building Reserve	178,248	1,961	0	180,209	31,428	146,820	0	178,248	31,428	145,597	0	177,025
Bremer Bay Retirement Units Reserve	95,687	1,053	0	96,740	94,468	1,219	0	95,687	94,468	1,794	0	96,262
JMP Entertainment Centre Reserve	8,435	93	0	8,528	8,328	107	0	8,435	8,328	158	0	8,486
Effluent Reserve	508,262	565,191	(500,000)	573,453	471,618	63,399	(26,755)	508,262	471,618	35,188	0	506,806
Point Henry Fire Levy Reserve	26,494	21,961	(48,164)	291	25,955	22,209	(21,670)	26,494	14,066	21,938	(21,670)	14,334
Jerramungup Retirement Units Reserve	93,216	1,025	0	94,241	92,029	1,187	0	93,216	92,029	1,748	0	93,777
Bremer Bay Boat Ramp Reserve	113,151	1,245	0	114,396	111,710	1,441	0	113,151	111,710	2,123	0	113,833
Capital Works Reserve	38,750	426	(32,239)	6,937	77,756	994	(40,000)	38,750	77,756	1,314	(40,000)	39,070
Swimming Pool Reserve	8,054	89	0	8,143	7,951	103	0	8,054	7,951	151	0	8,102
Roe Park Reserve	30,741	10,338	0	41,079	20,374	10,367	0	30,741	20,374	10,387	0	30,761
	<b>1,376,694</b>	<b>717,050</b>	<b>(630,403)</b>	<b>1,463,341</b>	<b>1,178,385</b>	<b>331,900</b>	<b>(133,591)</b>	<b>1,376,694</b>	<b>1,166,497</b>	<b>305,519</b>	<b>(141,670)</b>	<b>1,330,346</b>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES (Continued)**

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

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Leave Reserve	ongoing	- to be used to fund annual and long service leave requirements
Plant Reserve	ongoing	- to be used for the purchase of major plant
Community Recreation	Sep-17	- to be used to assist local sporting groups to upgrade their facilities.
Bremer Bay Youth Camp Reserve	ongoing	- for the ongoing management and future upgrade of the reserve land on Lot 70 Borden Bremer Bay Road
Building Reserve	ongoing	- to be used for the construction of new Council buildings.
Bremer Bay Retirement Units Reserve	ongoing	- to be used for the provisions required at the units.
JMP Entertainment Centre Reserve	ongoing	- to be used for capital building improvements.
Effluent Reserve	Jul-17	- to be used to maintain the efficient running of the facility.
Point Henry Fire Levy Reserve	Sep-17	- to be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
Jerramungup Retirement Units Reserve	ongoing	- to be used for the provisions required at the units.
Bremer Bay Boat Ramp Reserve	ongoing	- to be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
Capital Works Reserve	ongoing	- to be used to supplement future capital works programs.
Swimming Pool Reserve	ongoing	- to preserve any surplus funds from the Jerramungup Swimming Pool's operations for future financial requirements of the Jerramungup Swimming Pool and associated facilities.
Roe Park Reserve	ongoing	- to provide funding for the replacement of assets within Roe Park Jerramungup.
Restricted Cash Account	ongoing	- to be used for holding funds associated with subdivision works.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**10. SPECIFIED AREA RATE**

There are no specified area rates budgeted for 2017/2018. The Shire of Jerramungup does charge an effluent area rate for the limited effluent system in Jerramungup however this is recorded as a fee and charge in Council's accounts.

**11. SERVICE CHARGES**

There are no service charges budgeted for 2017/2018.

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES**

The following instalment options are available to ratepayers for the payment of rates and service charges.

<b>Instalment options</b>	<b>Date due</b>	<b>Instalment plan admin charge \$</b>	<b>Instalment plan interest rate %</b>	<b>Unpaid rates interest rates %</b>	
<b>Option one</b>					
One payment	27/09/2017			11.00%	
<b>Option two</b>					
Two instalments	27/09/2017 24/01/2018	8	5.50%	11.00%	
<b>Option three</b>					
Four instalments	27/09/2017 29/11/2017 24/01/2018 28/03/2018	8	5.50%	11.00%	Check this amount only applies to 4 instalment option

	<b>2017/18 Budget revenue \$</b>	<b>2016/17 Actual \$</b>
Instalment plan admin charge revenue	6,700	6,680
Instalment plan interest earned	16,000	15,921
Unpaid rates interest earned	12,400	12,337
	<u>35,100</u>	<u>34,938</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS**

**Rates discounts**

Not Discounts

Rate or fee to which discount is granted	Type	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which discount is granted
Small interest write-offs	Write Off		150	600	On small balances under the CEO's delegated authority
			<u>150</u>	<u>600</u>	

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>14. FEES &amp; CHARGES REVENUE</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
General purpose funding	13,300	13,236
Law, order, public safety	25,820	27,632
Health	7,363	3,375
Education and welfare	1,088	153
Housing	129,233	124,278
Community amenities	429,668	385,919
Recreation and culture	18,134	15,066
Transport	17,558	5,635
Economic services	37,895	40,764
Other property and services	26,500	255,948
	<u>706,559</u>	<u>872,006</u>

**15. GRANT REVENUE**

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

**By Program:**

**Operating grants, subsidies and contributions**

Governance	0	320
General purpose funding	694,925	1,895,314
Law, order, public safety	123,568	150,553
Health	0	148
Education and welfare	0	842
Housing	6,410	0
Community amenities	102,500	31,423
Recreation and culture	94,000	104,424
Transport	3,082,809	1,370,879
Economic services	0	48,000
Other property and services	122,431	125,416
	<u>4,226,643</u>	<u>3,727,319</u>

**Non-operating grants, subsidies and contributions**

Recreation and culture	741,000	0
Transport	1,236,104	1,103,269
	<u>1,977,104</u>	<u>1,103,269</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>16. ELECTED MEMBERS REMUNERATION</b>		
The following fees, expenses and allowances were paid to council members and the President.		
Meeting fees	63,000	63,000
President's allowance	12,000	12,000
Deputy President's allowance	3,000	3,000
Travelling expenses	1,500	1,293
Telecommunications allowance	7,000	7,000
	<b>86,500</b>	<b>86,293</b>

**17. TRUST FUNDS**

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

<b>Detail</b>	<b>Balance 1-Jul-17 \$</b>	<b>Estimated amounts received \$</b>	<b>Estimated amounts paid (\$)</b>	<b>Estimated balance 30-Jun-18 \$</b>
BUILDING BONDS - TRUST	22,000	10,000	(10,000)	22,000
POOL AND JEC KEY BOND - TRUST	570	580	(580)	570
HOUSING BONDS - TRUST	640	960	(960)	640
SUBDIVISION BONDS - TRUST	57,368	0	0	57,368
OTHER BONDS - TRUST	1,170	0	0	1,170
REGIONAL & STRATEGIC WASTE MANAGEMENT	3,038,646	0	(3,038,646)	0
BREMER BAY YOUTH PROJECT FUNDRAISING	20,813	0	(20,813)	0
	<b>3,141,207</b>	<b>11,540</b>	<b>(3,070,999)</b>	<b>81,748</b>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**18. MAJOR LAND TRANSACTIONS**

There are no planned major land transactions for 2017/18

**19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

**20. INTERESTS IN JOINT ARRANGEMENTS**

The Shire of Jerramungup is currently finalising a joint project with the Shire of Ravensthorpe to construct a Regional Waste Facility and the closure and rehabilitation of waste sites for the Shire's of Gnowangerup, Nyabing and Jerramungup. The Regional Waste Project is nearly complete and it is expected to cost approximately \$3M which is funded by Royalties for Regions.