

**SHIRE OF JERRAMUNGUP**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2020**

**TABLE OF CONTENTS**

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	11
Reconciliation of Cash	14
Fixed Assets - Acquisitions	15
Fixed Assets - Disposals	16
Asset Depreciation	17
Borrowings	18
Cash Backed Reserves	20
Fees and Charges	22
Grant Revenue	22
Other Information	23
Major Land Transactions	24
Major Trading Undertaking	24
Interests in Joint Arrangements	24
Trust	25
Significant Accounting Policies - Other	26
Significant Accounting Policies - Change in Accounting Policies	27

**SHIRE'S VISION**

Progressive, Prosperous and a Premium Place to Live and Visit

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	3,396,372	3,333,944	3,280,348
Operating grants, subsidies and contributions	9	1,941,594	1,785,616	1,078,873
Fees and charges	8	801,909	836,271	801,051
Interest earnings	10(a)	75,308	87,157	76,400
Other revenue	10(b)	23,850	20,230	78,029
		6,239,033	6,063,218	5,314,701
<b>Expenses</b>				
Employee costs		(2,046,153)	(1,861,183)	(1,947,406)
Materials and contracts		(1,671,815)	(1,461,503)	(1,981,151)
Utility charges		(187,058)	(173,620)	(187,058)
Depreciation on non-current assets	5	(1,884,684)	(1,924,939)	(1,796,522)
Interest expenses	10(d)	(43,625)	(37,193)	(44,786)
Insurance expenses		(234,724)	(216,904)	(224,770)
Other expenditure		(156,888)	(202,125)	(240,425)
		(6,224,947)	(5,877,467)	(6,422,118)
<b>Subtotal</b>		14,086	185,751	(1,107,417)
Non-operating grants, subsidies and contributions	9	3,386,193	2,422,028	2,824,604
Profit on asset disposals	4(b)	110,027	0	65,027
Loss on asset disposals	4(b)	(94,607)	(123,555)	(175,948)
		3,401,613	2,298,473	2,713,683
<b>Net result</b>		<b>3,415,699</b>	<b>2,484,224</b>	<b>1,606,266</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>3,415,699</b>	<b>2,484,224</b>	<b>1,606,266</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**BASIS OF PREPARATION**

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire 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 15 to the budget.

**2018/19 ACTUAL BALANCES**

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 17.

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE****REVENUES****RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**PROFIT ON ASSET DISPOSAL**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**REVENUES (CONTINUED)****OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**FEES AND CHARGES**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES****EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation expense raised on all classes of assets.

**INTEREST EXPENSES**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**
**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		0	2,657	0
General purpose funding		4,141,722	4,768,449	4,000,992
Law, order, public safety		165,030	185,322	236,321
Health		7,363	14,108	7,363
Education and welfare		1,088	1,289	1,088
Housing		129,233	85,553	129,233
Community amenities		502,976	541,213	578,085
Recreation and culture		927,225	62,470	12,911
Transport		168,221	206,998	126,500
Economic services		69,895	62,437	61,895
Other property and services		126,280	132,722	160,313
		6,239,033	6,063,218	5,314,701
<b>Expenses excluding finance costs</b>	5, 10(c)(e)(f)(g)			
Governance		(334,675)	(336,670)	(393,160)
General purpose funding		(243,278)	(106,506)	(125,603)
Law, order, public safety		(537,417)	(543,562)	(617,322)
Health		(281,260)	(284,351)	(269,267)
Education and welfare		(127,807)	(84,661)	(84,569)
Housing		(227,402)	(18,975)	(211,659)
Community amenities		(1,360,361)	(1,118,386)	(1,374,960)
Recreation and culture		(742,767)	(915,398)	(778,096)
Transport		(2,141,888)	(2,072,438)	(2,365,032)
Economic services		(188,164)	(235,633)	(90,208)
Other property and services		3,697	(123,694)	(67,456)
		(6,181,322)	(5,840,274)	(6,377,332)
<b>Finance costs</b>	6, 10(d)			
Housing		(9,005)	(9,284)	(13,253)
Community amenities		0	0	(9,423)
Transport		(33,628)	(27,909)	(22,110)
Other property and services		(992)	0	0
		(43,625)	(37,193)	(44,786)
<b>Subtotal</b>		14,086	185,751	(1,107,417)
Non-operating grants, subsidies and contributions	9	3,386,193	2,422,028	2,824,604
Profit on disposal of assets	4(b)	110,027	0	65,027
(Loss) on disposal of assets	4(b)	(94,607)	(123,555)	(175,948)
		3,401,613	2,298,473	2,713,683
<b>Net result</b>		<b>3,415,699</b>	<b>2,484,224</b>	<b>1,606,266</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>3,415,699</b>	<b>2,484,224</b>	<b>1,606,266</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

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.

**OBJECTIVE****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 that relate to the tasks 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 & interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer community.

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

**HEALTH**

To provide an operational framework for good community health.

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

**EDUCATION AND WELFARE**

To meet the needs of the community in these areas,

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

**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 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**

To establish and effectively manage infrastructure and resources which will help the social wellbeing 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 repeater services.

**TRANSPORT**

To provide safe and efficient transport services to the community.

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

**ECONOMIC SERVICES**

To help promote the shire and improve 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**

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

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

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

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,423,291	3,267,025	3,286,179
Operating grants, subsidies and contributions		2,040,654	1,586,556	1,078,873
Fees and charges		801,909	836,271	1,611,484
Interest earnings		75,308	87,157	137,850
Goods and services tax		187,150	155,522	229,928
Other revenue		23,850	20,230	3,321,591
		6,552,162	5,952,761	9,665,905
<b>Payments</b>				
Employee costs		(2,046,153)	(1,861,183)	(1,947,406)
Materials and contracts		(2,574,127)	1,096,312	(1,981,151)
Utility charges		(187,058)	(173,620)	(438,334)
Interest expenses		(163,625)	82,807	(79,441)
Insurance expenses		(234,724)	(216,904)	(427,163)
Goods and services tax		(187,150)	(155,522)	(229,928)
Other expenditure		(156,888)	(202,125)	(3,135,565)
		(5,549,725)	(1,430,235)	(8,238,988)
<b>Net cash provided by (used in) operating activities</b>	3	1,002,437	4,522,526	1,426,917
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(5,752,267)	(796,698)	(3,327,092)
Payments for construction of infrastructure	4(a)	(2,707,947)	(2,488,046)	(2,845,979)
Non-operating grants, subsidies and contributions used for the development of assets	9	3,386,193	2,422,028	2,824,604
Proceeds from sale of plant & equipment	4(b)	779,410	206,091	607,000
<b>Net cash provided by (used in) investing activities</b>		(4,294,611)	(656,625)	(2,741,467)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(220,884)	(202,494)	(224,406)
Proceeds from new borrowings	6(b)	1,000,000	0	500,000
<b>Net cash provided by (used in) financing activities</b>		779,116	(202,494)	275,594
<b>Net increase (decrease) in cash held</b>		(2,513,058)	3,663,407	(1,038,956)
Cash at beginning of year		6,615,772	2,952,365	2,229,491
<b>Cash and cash equivalents at the end of the year</b>	3	<b>4,102,714</b>	<b>6,615,772</b>	<b>1,190,535</b>

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

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020**
**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	4,211,721	1,485,152	1,485,152
		4,211,721	1,485,152	1,485,152
<b>Revenue from operating activities (excluding rates)</b>				
General purpose funding		745,350	1,434,505	720,644
Law, order, public safety		165,030	185,322	236,321
Health		7,363	14,108	7,363
Education and welfare		1,088	1,289	1,088
Housing		129,233	85,553	129,233
Community amenities		502,976	541,213	578,085
Recreation and culture		927,225	62,470	12,911
Transport		168,221	206,998	126,500
Economic services		69,895	62,437	61,895
Other property and services		236,307	132,722	225,340
		2,952,688	2,729,274	2,099,380
<b>Expenditure from operating activities</b>				
Governance		(334,675)	(336,670)	(393,160)
General purpose funding		(243,278)	(106,506)	(125,603)
Law, order, public safety		(537,417)	(543,562)	(617,322)
Health		(281,260)	(284,351)	(269,267)
Education and welfare		(127,807)	(84,661)	(84,569)
Housing		(236,407)	(28,259)	(224,912)
Community amenities		(1,366,849)	(1,118,386)	(1,384,383)
Recreation and culture		(742,767)	(915,398)	(778,096)
Transport		(2,252,458)	(2,195,343)	(2,491,922)
Economic services		(188,164)	(235,633)	(90,208)
Other property and services		(8,472)	(152,253)	(138,624)
		(6,319,554)	(6,001,022)	(6,598,066)
Non-cash amounts excluded from operating activities	2 (b)(ii)	(489,462)	4,488,615	1,907,443
<b>Amount attributable to operating activities</b>		355,393	2,702,019	(1,106,091)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	3,386,193	2,422,028	2,824,604
Purchase property, plant and equipment	4(a)	(5,752,267)	(796,698)	(3,327,092)
Purchase and construction of infrastructure	4(a)	(2,707,947)	(2,488,046)	(2,845,979)
Proceeds from disposal of assets	4(b)	779,410	206,091	607,000
<b>Amount attributable to investing activities</b>		(4,294,611)	(656,625)	(2,741,467)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(220,884)	(202,494)	(224,406)
Proceeds from new borrowings	6(b)	1,000,000	0	500,000
Transfers to cash backed reserves (restricted assets)	7(a)	(824,653)	(151,032)	(612,214)
Transfers from cash backed reserves (restricted assets)	7(a)	591,670	95,000	903,830
<b>Amount attributable to financing activities</b>		546,133	(258,526)	567,210
<b>Budgeted deficiency before general rates</b>		(3,393,085)	1,786,868	(3,280,348)
<b>Estimated amount to be raised from general rates</b>	1	3,396,372	3,333,944	3,280,348
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>3,287</b>	<b>5,120,812</b>	<b>0</b>

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 1. RATES AND SERVICE CHARGES

### (a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>General rate</b>									
<b>Gross rental valuations</b>									
GRV Properties	0.098994	847	6,606,492	654,003	0	0	654,003	652,805	648,421
<b>Unimproved valuations</b>									
UV Properties	0.010125	323	241,314,600	2,443,310	0	0	2,443,310	2,391,989	2,389,206
<b>Sub-Totals</b>		1,170	247,921,092	3,097,313	0	0	3,097,313	3,044,794	3,037,627
<b>Minimum</b>									
<b>Minimum payment</b>									
<b>Gross rental valuations</b>									
GRV Properties	685	314	1,287,349	215,090	0	0	215,090	213,885	213,885
<b>Unimproved valuations</b>									
UV Properties	801	40	1,261,440	32,040	0	0	32,040	28,836	28,836
<b>Sub-Totals</b>		354	2,548,789	247,130	0	0	247,130	242,721	242,721
		1,524	250,469,881	3,344,443	0	0	3,344,443	3,287,515	3,280,348
<b>Total amount raised from general rates</b>							3,344,443	3,287,515	3,280,348
Ex-gratia payment CBH							52,079	46,456	0
Rates written off							(150)	(27)	0
<b>Total rates</b>							3,396,372	3,333,944	3,280,348

All land (other than 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 for the 2019/20 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 local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
One payment	27/09/2019	0	0.0%	11.0%
<b>Option two</b>				
Two Instalments	27/09/2019	0	0.0%	11.0%
	31/01/2020	8	5.5%	11.0%
<b>Option three</b>				
Four instalments	27/09/2019	0	0.0%	11.0%
	29/11/2019	8	5.5%	11.0%
	31/01/2020	8	5.5%	11.0%
	3/04/2020	8	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	6,500	6,240	6,700
Instalment plan interest earned	16,000	16,392	16,000
Unpaid rates interest earned	10,000	10,081	12,400
	32,500	32,713	35,100

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**1. RATES AND SERVICE CHARGES (CONTINUED)**

The Shire did not raise specified area rates for the year ended 30th June 2020.

**(c) Service Charges**

The Shire did not raise service charges for the year ended 30th June 2020.

**(d) Rates discounts**

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2020.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019	
Note		\$	\$	\$	\$	
<b>Composition of estimated net current assets</b>						
<b>Current assets</b>						
	Cash - unrestricted	3	2,346,486	5,092,527	5,092,527	0
	Cash - restricted reserves	3	1,756,228	1,523,245	1,523,245	1,190,535
	Receivables		140,000	265,979	265,979	628,954
	Inventories		32,306	32,306	32,306	22,671
			4,275,020	6,914,057	6,914,057	1,842,160
<b>Less: current liabilities</b>						
	Trade and other payables		(2,596,900)	(2,710,121)	(2,710,121)	(651,625)
	Contract liabilities		0	(909,091)	0	0
	Provisions		(299,687)	(299,687)	(299,687)	(299,687)
			(2,896,587)	(3,918,899)	(3,009,808)	(951,312)
	<b>Net current assets</b>		1,378,433	2,995,158	3,904,249	890,848

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>					
<b>Net current assets</b>	2	1,378,433	2,995,158	3,904,249	890,848
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
<b>Adjustments to net current assets</b>					
Less: Cash - restricted reserves	3	(1,756,228)	(1,523,245)	(1,523,245)	(1,190,535)
Add: Current liabilities not expected to be cleared at end of year					
- Employee benefit provisions		299,687	299,687	299,687	299,687
- Bonds and deposits liabilities		81,395	2,440,121	2,440,121	0
<b>Adjusted net current assets - surplus/(deficit)</b>		<b>3,287</b>	<b>4,211,721</b>	<b>5,120,812</b>	<b>0</b>
<b>(ii) Operating activities excluded from budgeted deficiency</b>					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	4(b)	(110,027)	0	0	(65,027)
Less: Movement in liabilities associated with restricted cash		(2,358,726)	2,440,121	2,440,121	0
Add: Loss on disposal of assets	4(b)	94,607	123,555	123,555	175,948
Add: Change in accounting policies	17	0	964,749	0	0
Add: Depreciation on assets	5	1,884,684	1,924,939	1,924,939	1,796,522
<b>Non cash amounts excluded from operating activities</b>		<b>(489,462)</b>	<b>5,453,364</b>	<b>4,488,615</b>	<b>1,907,443</b>

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.

Refer to note 17 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**2 (c). NET CURRENT ASSETS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

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

**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.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

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

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

**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.

**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.

**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.

**CONTRACT LIABILITIES**

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

**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.

**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.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**3. 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>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Cash - unrestricted	2,346,486	5,092,527	0
Cash - restricted	1,756,228	1,523,245	1,190,535
	<b>4,102,714</b>	<b>6,615,772</b>	<b>1,190,535</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave reserve	46,056	65,221	34,803
Plant reserve	8,057	7,955	7,864
Community recreation reserve	16,436	163,778	133,117
Bremer Bay youth camp reserve	54,111	53,427	53,084
Building reserve	506,439	184,083	7,900
Bremer Bay retirement units reserve	5,084	98,819	3,184
JMP entertainment centre reserve	8,823	8,711	8,656
Effluent reserve	729,828	655,162	645,331
Point Henry fire levy reserve	3,329	3,041	523
Jerramungup retirement units reserve	97,500	96,268	95,650
Bremer Bay boat ramp reserve	118,352	116,856	116,105
Capital works reserve	9,519	9,399	9,338
Swimming pool reserve	8,424	8,318	8,264
Roe park reserve	62,875	52,207	51,778
Restricted cash reserve	0	0	14,938
Developer contributions reserve	80,145	0	0
Carpark payment in lieu reserve	1,250	0	0
	<b>1,756,228</b>	<b>1,523,245</b>	<b>1,190,535</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>3,415,699</b>	<b>2,484,224</b>	<b>1,606,266</b>
Depreciation	1,884,684	1,924,939	1,796,522
(Profit)/loss on sale of asset	(15,420)	123,555	110,921
(Increase)/decrease in receivables	125,979	(265,979)	805,831
(Increase)/decrease in inventories	0	(32,306)	0
Increase/(decrease) in payables	(1,077,970)	2,710,121	(68,019)
Change in accounting policies transferred to retained surplus (refer to Note 17)	964,749	0	0
Grants/contributions for the development of assets	(3,386,193)	(2,422,028)	(2,824,604)
<b>Net cash from operating activities</b>	<b>1,002,437</b>	<b>4,522,526</b>	<b>1,426,917</b>

**SIGNIFICANT ACCOUNTING POLICES**

**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 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 4. FIXED ASSETS

### (a) Acquisition of Assets

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

#### Reporting program

Asset class	Law, order, public safety	Housing	Community amenities	Recreation and culture	Transport	Other property and services	2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>									
Buildings	150,000	10,300	152,492	1,112,500	0	3,486,020	4,911,312	267,914	2,744,750
Furniture and equipment	0		0	0	0	0	0	13,114	87,117
Plant and equipment	0		53,000	0	731,955	56,000	840,955	515,670	495,225
	150,000	10,300	205,492	1,112,500	731,955	3,542,020	5,752,267	796,698	3,327,092
<i>Infrastructure</i>									
Infrastructure - Roads	0		0	0	2,575,117	0	2,575,117	1,833,754	2,273,686
Infrastructure - Footpaths	0		0	0	132,830	0	132,830	30,016	61,034
Infrastructure - Parks and ovals	0		0	0	0	0	0	624,276	511,259
	0	0	0	0	2,707,947	0	2,707,947	2,488,046	2,845,979
<b>Total acquisitions</b>	150,000	10,300	205,492	1,112,500	3,439,902	3,542,020	8,460,214	3,284,744	6,173,071

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Community amenities	32,588	26,100	0	(6,488)	0	0	0	0	0	0	0	0
Transport	290,252	213,310	0	(76,942)	208,359	113,363	0	(94,996)	209,780	105,000	0	(104,780)
Other property and services	441,150	540,000	110,027	(11,177)	121,287	92,728	0	(28,559)	508,141	502,000	65,027	(71,168)
	763,990	779,410	110,027	(94,607)	329,646	206,091	0	(123,555)	717,921	607,000	65,027	(175,948)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Buildings - non-specialised	386,855	384,973	0	(1,882)	0	0	0	0	386,855	400,000	65,027	(51,882)
Plant and equipment	377,135	394,437	110,027	(92,725)	329,646	206,091	0	(123,555)	331,066	207,000	0	(124,066)
	763,990	779,410	110,027	(94,607)	329,646	206,091	0	(123,555)	717,921	607,000	65,027	(175,948)

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**5. ASSET DEPRECIATION**

**By Program**

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**By Class**

Buildings
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Parks and ovals
Infrastructure - Drainage
Infrastructure - Sewerage
Infrastructure - Other
Infrastructure - Aerodromes

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
33,669	24,088	33,669
3,050	3,050	3,050
39,555	41,747	39,555
67,635	68,373	67,501
32,568	72,892	49,825
267,907	389,694	272,160
1,083,554	1,051,985	1,083,554
48,211	59,680	48,211
308,535	213,430	198,997
<b>1,884,684</b>	<b>1,924,939</b>	<b>1,796,522</b>
522,776	533,943	544,152
17,453	17,826	17,453
288,955	295,127	179,417
532,924	544,306	532,924
18,672	19,071	18,672
117,022	119,521	117,022
312,511	319,186	312,511
26,315	26,877	26,315
25,147	25,684	25,147
22,909	23,398	22,909
<b>1,884,684</b>	<b>1,924,939</b>	<b>1,796,522</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

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

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

Buildings	20 years
Furniture and equipment	5 to 20 years
Plant and equipment	5 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
gravel sheet	8 years
Formed roads	
formation	not depreciated
pavement	50 years
Water supply piping & drainage systems	75 years
Other Infrastructure	5 to 70 years

**DEPRECIATION (CONTINUED)**

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.

**RECOGNITION OF ASSETS**

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 6. INFORMATION ON BORROWINGS

## (a) Borrowing repayments

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

Purpose	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
<b>Housing</b>															
Loan 259 Key Personnel	33,075	0	33,075	1,061	0	96,171	0	63,096	5,177	33,075	155,403	0	63,095	5,178	92,308
Loan 264 Staff Housing and Seniors Independent Living	0	500,000	21,379	8,075	478,621	0	0	0	0	0	0	500,000	21,379	8,075	478,621
Loan 265 Key Worker Accommodation	0	500,000	21,379	8,075	478,621	0	0	0	0	0	0	0	0	0	0
<b>Community amenities</b>															
Loan 261 Housing Bremer Bay Town Centre	193,543	0	35,486	7,944	158,057	227,552	0	34,009	9,423	193,543	260,144	0	34,008	9,423	226,136
<b>Transport</b>															
Loan 260 Bremer Bay Town Centre	224,599	0	52,780	8,673	171,819	275,279	0	50,680	10,772	224,599	323,943	0	50,679	10,772	273,264
Loan 262 Grader	73,626	0	24,537	992	49,089	97,076	0	23,450	1,543	73,626	97,076	0	23,987	1,543	73,089
Loan 263 Bremer Bay Town Centre Stage 2	288,441	0	32,248	8,805	256,193	319,700	0	31,259	10,278	288,441	350,000	0	31,258	9,795	318,742
	813,284	1,000,000	220,884	43,625	1,592,400	1,015,778	0	202,494	37,193	813,284	1,186,566	500,000	224,406	44,786	1,462,160

All borrowing repayments will be financed by general purpose revenue.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Loan 264 - Key worker accomodation	WATC	Debenture	10	2.07%	500,000	29,454	500,000	0
Loan 265 - Seniors Independent Living	WATC	Debenture	10	2.07%	500,000	29,454	500,000	0
					1,000,000	58,908	1,000,000	0

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
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>	15,000	15,000	15,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	1,592,400	813,284	1,462,160

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
Leave reserve	\$ 65,221	\$ 835	\$ (20,000)	\$ 46,056	\$ 63,965	\$ 1,256	\$ 0	\$ 65,221	\$ 63,966	\$ 837	\$ (30,000)	\$ 34,803
Plant reserve	7,955	50,102	(50,000)	8,057	42,311	644	(35,000)	7,955	42,311	15,553	(50,000)	7,864
Community recreation reserve	163,778	82,658	(230,000)	16,436	182,258	41,520	(60,000)	163,778	182,258	83,019	(132,160)	133,117
Bremer Bay youth camp reserve	53,427	684	0	54,111	52,399	1,028	0	53,427	52,399	685	0	53,084
Building reserve	184,083	497,356	(175,000)	506,439	180,539	3,544	0	184,083	180,539	402,361	(575,000)	7,900
Bremer Bay retirement units reserve	98,819	1,265	(95,000)	5,084	96,917	1,902	0	98,819	96,917	1,267	(95,000)	3,184
JMP entertainment centre reserve	8,711	112	0	8,823	8,543	168	0	8,711	8,544	112	0	8,656
Effluent reserve	655,162	74,666	0	729,828	572,128	83,034	0	655,162	572,128	73,203	0	645,331
Point Henry fire levy reserve	3,041	21,958	(21,670)	3,329	516	2,525	0	3,041	516	21,677	(21,670)	523
Jerramungup retirement units reserve	96,268	1,232	0	97,500	94,415	1,853	0	96,268	94,415	1,235	0	95,650
Bremer Bay boat ramp reserve	116,856	1,496	0	118,352	114,606	2,250	0	116,856	114,606	1,499	0	116,105
Capital works reserve	9,399	120	0	9,519	9,218	181	0	9,399	9,218	120	0	9,338
Swimming pool reserve	8,318	106	0	8,424	8,158	160	0	8,318	8,157	107	0	8,264
Roe park reserve	52,207	10,668	0	62,875	41,240	10,967	0	52,207	41,239	10,539	0	51,778
Restricted cash reserve	0	0	0	0	0	0	0	0	14,938	0	0	14,938
Developer contributions reserve	0	80,145	0	80,145	0	0	0	0	0	0	0	0
Carpark payment in lieu reserve	0	1,250	0	1,250	0	0	0	0	0	0	0	0
	1,523,245	824,653	(591,670)	1,756,228	1,467,213	151,032	(95,000)	1,523,245	1,482,151	612,214	(903,830)	1,190,535

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes**

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 reserve	Ongoing	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 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 requirements
Effluent reserve	Ongoing	to be used to maintain the efficient running of the facility
Point Henry fire levy reserve	Ongoing	to be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
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 be used for holding funds associated with subdivision works
Restricted cash reserve	no longer in use	used for the quarantine of restricted cash
Developer contributions reserve	Ongoing	to be used to hold developer contributions until expenditure is complete
Carpark payment in lieu reserve	Ongoing	to be used to hold car park contributions until the funds are utilised

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 8. FEES & CHARGES REVENUE

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
General purpose funding	13,100	12,478	13,300
Law, order, public safety	24,820	23,978	25,820
Health	7,363	13,099	7,363
Education and welfare	1,088	277	1,088
Housing	129,233	138,554	129,233
Community amenities	502,476	534,257	501,918
Recreation and culture	18,134	17,320	18,134
Transport	15,800	31,643	15,800
Economic services	61,895	62,205	61,895
Other property and services	28,000	2,460	26,500
	<b>801,909</b>	<b>836,271</b>	<b>801,051</b>

## 9. 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	317	0
General purpose funding	649,092	1,328,618	568,915
Law, order, public safety	140,210	158,789	200,055
Education and welfare	0	380	0
Housing	0	7,490	0
Community amenities	500	2,700	8,500
Recreation and culture	0	43,419	5,223
Transport	152,421	174,516	110,700
Economic services	8,000	0	0
Other property and services	82,280	69,387	117,813
	<b>1,032,503</b>	<b>1,785,616</b>	<b>1,011,206</b>

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

Law, order, public safety	150,000	42,991	0
Community amenities	0	118,591	0
Recreation and culture	0	1,118,473	209,382
Transport	1,060,693	1,141,973	1,165,972
Other property and services	2,175,500	0	1,449,250
	<b>3,386,193</b>	<b>2,422,028</b>	<b>2,824,604</b>

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**10. OTHER INFORMATION**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Cash & Cash Equivalents			
- Reserve funds	19,308	20,000	18,000
- Other funds	30,000	40,684	30,000
Other interest revenue (refer note 1b)	26,000	26,473	28,400
	75,308	87,157	76,400
<b>(b) Other revenue</b>			
Other	24,000	20,229	78,029
	23,850	20,230	78,029
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	35,000	30,200	11,250
	35,000	30,200	11,250
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	43,625	37,193	44,786
	43,625	37,193	44,786
<b>(e) Elected members remuneration</b>			
Meeting fees	56,000	56,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	1,500	1,494	1,500
Telecommunications allowance	7,000	7,000	7,000
	79,500	79,494	79,500
<b>(f) Write offs</b>			
General rate	150	27	0
	150	27	0
<b>(g) Low Value lease expenses</b>			
Office equipment photocopier	15,298	0	0
Office equipment solar panel lease	5,579	0	0
	20,877	0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

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

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

**LEASES (CONTINUED)**

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**13. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS**

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

**14. INTERESTS IN JOINT ARRANGEMENTS**

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 relations to the operating cost and future capital cost 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 financial year. This is estimated to be 25%.

**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 venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in this statement are as follows:

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
Nomination Fees	\$ 0	\$ 240	\$ (240)	\$ 0

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020****16. SIGNIFICANT ACCOUNTING POLICIES - OTHER  
INFORMATION****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.

**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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

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

**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.

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 17.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**17. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains 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.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Jerramungup adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Jerramungup has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	909,091	909,091
Contract liabilities non-current			
Developer contributions	0	55,658	55,658
Adjustment to retained surplus from adoption of AASB 15		(964,749)	

The impact on the Shire of Jerramungup of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	
Adjustment to retained surplus from adoption of AASB 15	(964,749)
Adjustment to retained surplus from adoption of AASB 1058	0
Retained surplus - 01/07/2019	(964,749)