

SHIRE OF JERRAMUNGUP
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue				
Rates	8	3,004,607	2,924,117	2,918,114
Operating Grants, Subsidies and Contributions		975,738	2,257,795	1,505,264
Fees and Charges	11	724,570	800,228	761,962
Service Charges	10	0	0	0
Interest Earnings	2(a)	66,703	69,636	77,614
Other Revenue	2(a)	502,480	548,070	505,774
		<u>5,274,098</u>	<u>6,599,846</u>	<u>5,768,728</u>
Expenses				
Employee Costs		(1,521,657)	(1,745,741)	(1,738,388)
Materials and Contracts		(2,136,745)	(2,178,629)	(1,826,464)
Utility Charges		(167,914)	(172,641)	(136,619)
Depreciation on Non-Current Assets	2(a)	(1,828,030)	(1,828,029)	(1,371,430)
Interest Expenses	2(a)	(46,938)	(38,865)	(52,705)
Insurance Expenses		(235,078)	(286,244)	(275,275)
Other Expenditure		(362,265)	(431,604)	(389,555)
		<u>(6,298,627)</u>	<u>(6,681,753)</u>	<u>(5,790,436)</u>
		(1,024,529)	(81,907)	(21,708)
Non-Operating Grants, Subsidies and Contributions		1,557,389	1,042,886	936,418
Profit on Asset Disposals	3	48,997	0	69,000
Loss on Asset Disposals	3	(116,525)	(28,224)	(49,055)
NET RESULT		465,332	932,755	934,655
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>465,332</u>	<u>932,755</u>	<u>934,655</u>

Notes:

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

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

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

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

SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget	2014/15 Actual	2014/15 Budget
		\$	\$	\$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		10,843	34,027	11,185
General Purpose Funding		3,448,782	3,935,851	3,647,492
Law, Order, Public Safety		87,262	101,323	96,051
Health		2,748	3,632	4,144
Education and Welfare		944	23,557	55,224
Housing		82,173	77,015	81,107
Community Amenities		366,820	374,721	342,002
Recreation and Culture		83,280	123,629	64,446
Transport		483,594	1,112,998	761,010
Economic Services		27,371	28,032	34,134
Other Property and Services		680,281	785,064	671,933
		<u>5,274,098</u>	<u>6,599,849</u>	<u>5,768,728</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(286,373)	(226,814)	(170,367)
General Purpose Funding		(75,635)	(95,073)	(93,643)
Law, Order, Public Safety		(554,727)	(572,450)	(452,049)
Health		(246,573)	(253,912)	(262,769)
Education and Welfare		(102,732)	(141,265)	(119,036)
Housing		(52,365)	(50,831)	(61,183)
Community Amenities		(1,035,174)	(1,014,783)	(920,855)
Recreation and Culture		(1,031,344)	(1,063,257)	(802,034)
Transport		(2,451,220)	(2,550,902)	(2,428,224)
Economic Services		(202,009)	(252,743)	(185,235)
Other Property and Services		(228,757)	(420,861)	(242,336)
		<u>(6,266,909)</u>	<u>(6,642,891)</u>	<u>(5,737,731)</u>
Finance Costs (Refer Notes 2 & 5)				
Housing		(16,383)	(29,460)	(19,269)
Community Amenities		(13,694)	3,175	(15,069)
Transport		(16,861)	(12,580)	(18,367)
		<u>(46,938)</u>	<u>(38,865)</u>	<u>(52,705)</u>
Non-operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		32,000	221,478	125,000
Community Amenities		91,760	14,200	61,418
Recreation and Culture		0	1,057	0
Transport		1,433,629	806,150	750,000
		<u>1,557,389</u>	<u>1,042,885</u>	<u>936,418</u>

SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 3)				
Governance		(10,639)	0	0
Law, Order, Public Safety		0	(12,544)	0
Health		(8,227)	0	0
Housing		(41,437)	0	0
Community Amenities		(5,184)	0	0
Transport		13,179	(15,680)	19,945
		<u>(52,308)</u>	<u>(28,224)</u>	<u>19,945</u>
NET RESULT		465,332	932,754	934,655
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>465,332</u>	<u>932,754</u>	<u>934,655</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

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

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

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

**SHIRE OF JERRAMUNGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,036,607	2,924,117	2,918,114
Operating Grants, Subsidies and Contributions		1,092,738	2,079,075	1,480,264
Fees and Charges		724,570	800,228	761,962
Service Charges		0	0	0
Interest Earnings		66,703	69,636	77,614
Goods and Services Tax		45,000	42,509	88,551
Other Revenue		502,480	548,070	505,774
		<u>5,468,098</u>	<u>6,463,635</u>	<u>5,832,279</u>
Payments				
Employee Costs		(1,521,657)	(1,784,758)	(1,738,388)
Materials and Contracts		(2,121,745)	(2,065,191)	(1,856,557)
Utility Charges		(167,914)	(172,641)	(136,619)
Interest Expenses		(46,938)	(38,865)	(52,705)
Insurance Expenses		(235,078)	(286,244)	(275,275)
Goods and Services Tax		(59,781)	(45,407)	(63,551)
Other Expenditure		(362,264)	(431,604)	(389,555)
		<u>(4,515,377)</u>	<u>(4,824,710)</u>	<u>(4,512,651)</u>
Net Cash Provided By Operating Activities	15(b)	<u>952,721</u>	<u>1,638,925</u>	<u>1,319,628</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	4	0	0	0
Payments for Purchase of Property, Plant & Equipment	4	(990,725)	(715,070)	(808,423)
Payments for Construction of Infrastructure	4	(2,458,631)	(1,705,050)	(1,700,000)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,572,170	1,042,886	936,418
Proceeds from Sale of Plant & Equipment	3	676,632	51,563	211,000
Net Cash Used in Investing Activities		<u>(1,200,555)</u>	<u>(1,325,671)</u>	<u>(1,361,005)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(127,004)	(101,827)	(100,780)
Advances to Community Groups		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	120,000	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(7,004)</u>	<u>(101,827)</u>	<u>(100,780)</u>
Net Increase (Decrease) in Cash Held		(254,838)	211,427	(142,157)
Cash at Beginning of Year		1,640,680	1,429,254	1,434,145
Cash and Cash Equivalents at the End of the Year	15(a)	<u>1,385,842</u>	<u>1,640,681</u>	<u>1,291,988</u>

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

**SHIRE OF JERRAMUNGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue	1,2			
Governance		10,843	34,027	11,185
General Purpose Funding		444,175	1,011,734	729,378
Law, Order, Public Safety		119,262	322,801	221,051
Health		2,748	3,632	4,144
Education and Welfare		944	23,557	55,224
Housing		82,173	77,015	81,107
Community Amenities		458,580	388,921	403,420
Recreation and Culture		83,280	124,686	64,446
Transport		1,966,220	1,919,148	1,580,010
Economic Services		27,371	28,032	34,134
Other Property and Services		680,281	785,064	671,933
		<u>3,875,877</u>	<u>4,718,617</u>	<u>3,856,032</u>
Expenses	1,2			
Governance		(297,012)	(226,814)	(170,367)
General Purpose Funding		(75,635)	(95,073)	(93,643)
Law, Order, Public Safety		(554,727)	(584,994)	(452,049)
Health		(254,800)	(253,912)	(262,769)
Education and Welfare		(102,732)	(141,265)	(119,036)
Housing		(110,185)	(80,291)	(80,452)
Community Amenities		(1,054,052)	(1,011,608)	(935,924)
Recreation and Culture		(1,031,344)	(1,063,257)	(802,034)
Transport		(2,503,899)	(2,579,162)	(2,495,646)
Economic Services		(202,009)	(252,743)	(185,235)
Other Property and Services		(228,757)	(420,860)	(242,337)
		<u>(6,415,152)</u>	<u>(6,709,979)</u>	<u>(5,839,492)</u>
Net Result Excluding General Rates		(2,539,275)	(1,991,362)	(1,983,460)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	67,528	28,224	(19,945)
Depreciation on Assets	2(a)	1,828,030	1,828,029	1,371,430
Movement in Non-Current Staff Leave Provisions		0	(15,730)	0
Capital Expenditure and Revenue				
Purchase Land Held for Resale	4	0	0	0
Purchase Property, Plant and Equipment	4	(990,725)	(715,070)	(808,423)
Purchase Infrastructure	4	(2,458,631)	(1,705,050)	(1,700,000)
Proceeds from Disposal of Assets	3	676,632	51,563	211,000
Repayment of Debentures	5	(127,004)	(101,827)	(100,780)
Proceeds from New Debentures	5	120,000	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(333,146)	(209,259)	(289,867)
Transfers from Reserves (Restricted Assets)	6	220,500	134,883	110,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	546,112	317,595	295,021
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	14,627	546,112	3,090
Amount Required to be Raised from General Rate	8	<u>(3,004,607)</u>	<u>(2,924,117)</u>	<u>(2,918,114)</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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The Local Government Reporting Entity

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

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

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

(b) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) Goods and Services Tax (GST)

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

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

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

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 7 - Net Current Assets.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(j) Fixed Assets

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

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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

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 Council 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 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation Methodology*** section as detailed above.

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 Council.

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.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

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

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

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$ 2,000 is not capitalised.

(k) Fair Value of Assets and Liabilities

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

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

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council 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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's 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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Council's 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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2016.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council'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 Council'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 Council'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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Leases

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

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

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

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

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

(s) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council'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 17.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 Council's intentions to release for sale.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUES AND EXPENSES	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	15,000	19,500	15,000
Other Services	8,000	1,200	8,000
Depreciation			
<u>By Program</u>			
Governance	50,239	50,239	19,397
General Purpose Funding	0	0	0
Law, Order, Public Safety	97,560	97,560	82,170
Health	8,912	8,911	17,882
Education and Welfare	37,391	37,390	6,669
Housing	16,548	16,548	22,406
Community Amenities	99,998	99,998	27,741
Recreation and Culture	303,921	303,921	98,449
Transport	1,168,552	1,168,552	1,081,546
Economic Services	44,910	44,910	15,171
Other Property and Services	0	0	0
	<u>1,828,030</u>	<u>1,828,029</u>	<u>1,371,430</u>
<u>By Class</u>			
Land and Buildings	614,827	614,827	204,638
Furniture and Equipment	5,118	5,118	2,438
Plant and Equipment	292,575	292,575	290,288
Roads	869,223	869,223	863,682
Footpaths	5,870	5,870	4,688
Drainage	5,696	5,696	5,696
Other	34,721	34,720	15,940
	<u>1,828,030</u>	<u>1,828,029</u>	<u>1,387,370</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	46,938	52,664	52,705
Other		(13,799)	
	<u>46,938</u>	<u>38,865</u>	<u>52,705</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	25,491	28,347	25,491
- Other Funds	16,479	16,806	25,000
Other Interest Revenue (<i>refer note 13</i>)	24,733	24,483	27,123
	<u>66,703</u>	<u>69,636</u>	<u>77,614</u>
(iii) Other Revenue			
Reimbursements and Recoveries	0	0	0
Other	502,480	548,070	505,774
	<u>502,480</u>	<u>548,070</u>	<u>505,774</u>

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources.
Activities: Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.
Activities: Rates, general purpose government grants & interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.
Activities: Supervision of various by-laws, fire prevention, emergency services & animal control.

HEALTH

Objective: To provide an operational framework for good community health.
Activities: Food quality and pest control, maintenance and contributions to health services and facilities.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.
Activities: Operation and provision of services to seniors and child care centres within the Shire.

HOUSING

Objective: Help ensure adequate housing for key community personnel such as police.
Activities: Maintenance of staff and rental housing.

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 television 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.

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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

Activities: Private works operations, plant repairs, and operations costs. Also provides for Department of Transport Licensing.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

3. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET	2015/16 BUDGET	2015/16 BUDGET
	\$	\$	\$
Governance			
JP00 - Toyota Prado	45,000	39,545	(5,455)
JP0036 - Toyota Kluger	27,000	21,816	(5,184)
Law Order and Public Safety			
JP0084 - Mitsubishi Triton	23,220	8,000	(15,220)
Health			
JP0021 - Toyota Kluger	35,500	27,273	(8,227)
Housing			
1 Coral Sea Road	59,190	45,000	(14,190)
6 Memorial Ave/2 Coral Sea Road	152,247	125,000	(27,247)
Community Amenities			
JP0025 - Toyota Kluger	27,000	21,816	(5,184)
Transport			
JP001 - Toyota Hilux SR5	34,000	28,182	(5,818)
Cat Grader	160,000	130,000	(30,000)
John Deere Loader	31,000	60,000	29,000
JP0015 - Isuzu 3T Truck	24,000	25,000	1,000
2 Bennett Street	126,003	145,000	18,997
	744,160	676,632	(67,528)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET	2015/16 BUDGET	2015/16 BUDGET
	\$	\$	\$
Plant and Equipment			
JP00 - Toyota Prado	45000	39,545	(5,455)
JP0036 - Toyota Kluger	27000	21,816	(5,184)
JP0084 - Mitsubishi Triton	23220	8,000	(15,220)
JP0021 - Toyota Kluger	35500	27,273	(8,227)
JP0025 - Toyota Kluger	27000	21,816	(5,184)
JP001 - Toyota Hilux SR5	34000	28,182	(5,818)
Cat Grader	160000	130,000	(30,000)
John Deere Loader	31000	60,000	29,000
JP0015 - Isuzu 3T Truck	24000	25,000	1,000
Land and Buildings			
1 Coral Sea Road	59189.5	45,000	(14,190)
6 Memorial Ave/2 Coral Sea Road	152247	125,000	(27,247)
2 Bennett Street	126003	145,000	18,997
	744,160	676,632	(67,528)

<u>Summary</u>	2015/16 BUDGET \$
Profit on Asset Disposals	48,997
Loss on Asset Disposals	(116,525)
	<u>(67,528)</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

4. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program										Total \$	
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$		Other Property and Services \$
<u>Property, Plant and Equipment</u>												
Land and Buildings			27,000			6,000		5,000	31,250			69,250
Furniture and Equipment	23,750											23,750
Plant and Equipment	89,090			43,181			35,454		730,000			897,725
<u>Infrastructure</u>												
Roads												
Footpaths												
Waste Facilities									2,263,000			2,263,000
Parks & Ovals							195,631					195,631
<u>Land Held for Resale</u>												
	112,840	0	27,000	43,181	0	6,000	231,085	5,000	3,024,250	0	0	3,449,356

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-15	New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
		2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Housing									
Loan 259 - Key Personnel Housing	236,208	52,200	49,003	184,008	236,208	16,383	19,270		
Community Amenities									
Loan 258 - JIMP Community Centre	0	0	9,739	0	0	0	283		
Loan 261 - Housing Bremer Bay	321,323	29,934	0	291,389	321,323	13,694	14,745		
Transport									
Loan 260 - Bremer Bay Town Centre	415,542	44,870	43,085	370,672	415,542	16,861	18,366		
Loan 262 - New Grader		120,000		120,000	0	0	0		
	973,073	127,004	101,827	966,069	973,073	46,938	52,664		

All debenture repayments will be financed by general purpose revenue.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 262 - Grader	120,000	WATC	Debenture	5 Years	13,489	3.5%	120,000	0
					13,489		120,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2015 nor is it expected to have unspent debenture funds as at 30th June 2016.

(d) Overdraft

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	32,132	31,320	31,233
Amount Set Aside / Transfer to Reserve	719	812	781
Amount Used / Transfer from Reserve	0	0	0
	<u>32,851</u>	<u>32,132</u>	<u>32,014</u>
(b) Plant Reserve			
Opening Balance	40,396	39,375	39,268
Amount Set Aside / Transfer to Reserve	904	1,021	982
Amount Used / Transfer from Reserve	0	0	0
	<u>41,300</u>	<u>40,396</u>	<u>40,249</u>
(c) Community Recreation			
Opening Balance	103,856	112,365	112,054
Amount Set Aside / Transfer to Reserve	75,260	71,491	69,632
Amount Used / Transfer from Reserve	(130,500)	(80,000)	(110,000)
	<u>48,616</u>	<u>103,856</u>	<u>71,686</u>
(d) Bremer Bay Youth Camp Reserve			
Opening Balance	50,028	48,764	48,629
Amount Set Aside / Transfer to Reserve	1,119	1,264	1,216
Amount Used / Transfer from Reserve	0	0	0
	<u>51,147</u>	<u>50,028</u>	<u>49,845</u>
(e) Building Reserve			
Opening Balance	30,784	40,824	40,718
Amount Set Aside / Transfer to Reserve	208,189	960	145,977
Amount Used / Transfer from Reserve	0	(11,000)	0
	<u>238,972</u>	<u>30,784</u>	<u>186,695</u>
(f) Bremer Bay Retirement Units Reserve			
Opening Balance	92,531	90,193	89,945
Amount Set Aside / Transfer to Reserve	2,070	2,338	2,249
Amount Used / Transfer from Reserve	0	0	0
	<u>94,601</u>	<u>92,531</u>	<u>92,193</u>
(g) JMP Entertainment Centre Reserve			
Opening Balance	8,157	7,951	7,930
Amount Set Aside / Transfer to Reserve	182	206	198
Amount Used / Transfer from Reserve	0	0	0
	<u>8,340</u>	<u>8,157</u>	<u>8,128</u>
(h) Effluent Reserve			
Opening Balance	444,959	428,172	426,992
Amount Set Aside / Transfer to Reserve	27,173	33,151	32,248
Amount Used / Transfer from Reserve	0	(16,364)	0
	<u>472,132</u>	<u>444,959</u>	<u>459,239</u>
Total Reserves C/Fwd	<u>987,958</u>	<u>802,842</u>	<u>940,050</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES (Continued)			
Total Reserves B/Fwd	<u>987,958</u>	<u>802,842</u>	<u>940,050</u>
(i) Point Henry Fire Levy Reserve			
Opening Balance	43,378	49,129	48,992
Amount Set Aside / Transfer to Reserve	970	21,768	21,176
Amount Used / Transfer from Reserve	<u>(30,000)</u>	<u>(27,519)</u>	<u>0</u>
	<u>14,348</u>	<u>43,378</u>	<u>70,168</u>
(j) Jerramungup Retirement Units Reserve			
Opening Balance	89,750	87,482	87,241
Amount Set Aside / Transfer to Reserve	2,008	2,268	2,181
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>91,758</u>	<u>89,750</u>	<u>89,422</u>
(k) Bremer Bay Boat Ramp Reserve			
Opening Balance	109,420	106,655	106,361
Amount Set Aside / Transfer to Reserve	2,448	2,765	2,659
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>111,868</u>	<u>109,420</u>	<u>109,020</u>
(l) Capital Works Reserve			
Opening Balance	76,162	15,232	15,190
Amount Set Aside / Transfer to Reserve	1,704	60,930	380
Amount Used / Transfer from Reserve	<u>(60,000)</u>	<u>0</u>	<u>0</u>
	<u>17,866</u>	<u>76,162</u>	<u>15,570</u>
(m) Swimming Pool Reserve			
Opening Balance	7,789	7,592	7,570
Amount Set Aside / Transfer to Reserve	174	197	189
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>7,963</u>	<u>7,789</u>	<u>7,759</u>
(n) Roe Park Reserve			
Opening Balance	10,089	0	0
Amount Set Aside / Transfer to Reserve	10,226	10,089	10,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>20,315</u>	<u>10,089</u>	<u>10,000</u>
Total Reserves	<u><u>1,252,075</u></u>	<u><u>1,139,428</u></u>	<u><u>1,241,989</u></u>

All of the above reserve accounts are to be supported by money held in financial institutions.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES (Continued)			
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	719	812	781
Plant Reserve	904	1,021	982
Community Recreation	75,260	71,491	69,632
Bremer Bay Youth Camp Reserve	1,119	1,264	1,216
Building Reserve	208,189	960	145,977
Bremer Bay Retirement Units Reserve	2,070	2,338	2,249
JMP Entertainment Centre Reserve	182	206	198
Effluent Reserve	27,173	33,151	32,248
Point Henry Fire Levy Reserve	970	21,768	21,176
Jerramungup Retirement Units Reserve	2,008	2,268	2,181
Bremer Bay Boat Ramp Reserve	2,448	2,765	2,659
Capital Works Reserve	1,704	60,930	380
Swimming Pool Reserve	174	197	189
Roe Park Reserve	10,226	10,089	10,000
	<u>333,146</u>	<u>209,259</u>	<u>289,867</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	0	0	0
Community Recreation	(130,500)	(80,000)	(110,000)
Bremer Bay Youth Camp Reserve	0	0	0
Building Reserve	0	(11,000)	0
Bremer Bay Retirement Units Reserve	0	0	0
JMP Entertainment Centre Reserve	0	0	0
Effluent Reserve	0	(16,364)	0
Point Henry Fire Levy Reserve	(30,000)	(27,519)	0
Jerramungup Retirement Units Reserve	0	0	0
Bremer Bay Boat Ramp Reserve	0	0	0
Capital Works Reserve	(60,000)	0	0
Swimming Pool Reserve	0	0	0
Roe Park Reserve	0	0	0
	<u>(220,500)</u>	<u>(134,883)</u>	<u>(110,000)</u>
Total Transfer to/(from) Reserves	<u>112,646</u>	<u>74,376</u>	<u>179,867</u>

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

6. 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:

Leave Reserve

- to be used to fund annual and long service leave requirements

Plant Reserve

- to be used for the purchase of major plant

Community Recreation Reserve

- to be used to assist local sporting groups to upgrade their facilities.

Bremer Bay Youth Camp Reserve

- for the ongoing management and future upgrade of the reserve land on
Lot 70 Borden Bremer Bay Road

Building Reserve

- to be used for the construction of new Council buildings.

Bremer Bay Retirement Units Reserve

- to be used for the provisions required at the units.

Jerramungup Entertainment Centre Reserve

- to be used for capital building improvements.

Effluent Reserve

- to be used to maintain the efficient running of the facility.

Point Henry Fire Levy Reserve

- to be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula.

Jerramungup Retirement Units Reserve

- to be used for the provisions required at the units.

Fishery Beach Boat Ramp Reserve

- to be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay

Capital Works Reserve

- to be used to supplement future capital works programs.

Swimming Pool Reserve

- to preserve any surplus funds from the Jerramungup Swimming Pool's operations for future financial requirements of the Jerramungup Swimming Pool and associated facilities.

Roe Park Reserve

- to provide funding for the replacement of assets within Roe Park Jerramungup.

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

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	133,768	501,252
Cash - Restricted Reserves	15(a)	1,252,074	1,139,428
Receivables		72,883	221,883
Inventories		21,398	36,398
		1,480,123	1,898,961
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(213,421)	(213,421)
Short Term Borrowings		0	0
Long Term Borrowings		(120,000)	(127,004)
Provisions		(246,999)	(246,999)
		(580,420)	(587,424)
NET CURRENT ASSET POSITION		899,703	1,311,537
Less: Cash - Restricted Reserves	15(a)	(1,252,075)	(1,139,428)
Less: Land Held for Resale		0	0
Less: Current Loans - Clubs / Institutions		0	0
Add: Current Portion of Debentures		120,000	127,004
Less: Elimination of Leave Provisions funded by Annual Budget		246,999	246,999
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		14,627	546,112

The estimated surplus c/fwd in the 2014/15 actual column represents the surplus (deficit) brought forward as at 1 July 2015.

The estimated surplus c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2016.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2015/16 Budgeted Rate Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Actual \$
Differential General Rate/General Rate								
GRV Properties	0.1082	522	6,043,094	654,032	0	0	654,032	623,952
UV Properties	0.0113	330	184,398,493	2,080,015	0	0	2,080,015	2,032,073
Sub-Totals		852	190,441,587	2,734,047	0	0	2,734,047	2,656,025
Minimum Payment	Minimum \$							
GRV Properties	760	308	1,523,848	234,080	0	0	234,080	236,256
UV Properties	760	48	1,234,085	36,480	0	0	36,480	32,384
Sub-Totals		356	2,757,933	270,560	0	0	270,560	268,640
Discounts (Note 12)							0	(548)
Total Amount Raised from General Rate							3,004,607	2,924,117
Specified Area Rates							0	0
Total Rates							3,004,607	2,924,117

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2015/16 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 30TH JUNE 2016**

9. JERRAMUNGUP EFFLUENT CHARGES - 2015/16 FINANCIAL YEAR

	Rate in \$	Rateable Value	2015/16 Budgeted Revenue \$	Budget Applied to Costs \$	2014/15 Actual \$
Jerramungup Effluent Charges	0.04365	918,320	52,747	35,528	52,491
Minimum Rate	\$ 285.00	212,922			
First Fixture - Non rateable	\$ 285.00				
Additional Fixtures - non rateable	\$ 160.00				
			52,747	35,528	52,491

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

	Amount of Charge \$	2015/16 Budgeted Revenue \$	Budget Applied to Costs \$	2014/15 Actual \$
Nil		0	0	0

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
Governance	5,250	4,965
General Purpose Funding	14,022	5,090
Law, Order, Public Safety	25,262	26,825
Health	0	500
Education and Welfare	0	22,326
Housing	82,173	76,888
Community Amenities	353,820	353,621
Recreation and Culture	31,858	31,547
Transport	30,470	64,286
Economic Services	22,251	23,189
Other Property and Services	159,464	190,991
	<u>724,570</u>	<u>800,228</u>

12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR

	Type	Disc %	2015/16 Budget \$	2014/15 Actual \$
Nil			0	0
Small interest write-offs			0	548

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	2015/16 Budget \$	2014/15 Actual \$
Interest on Unpaid Rates	11.00%		9,222	8,972
Interest on Instalments Plan	5.50%		15,511	15,511
Charges on Instalment Plan		8	6,840	6,840
			31,573	31,323

An interest rate of 11% will be charged on all rate payments which are paid late.

There are three options for the payment of rates for Shire of Jerramungup land owners:

Option 1 - Full Payment

Full amount of rates and charges including any amounts in arrears to be paid on or before 56 September 2015 or 35 days after the date of service appearing on the rates notice, whichever is the latter.

Option 2 - Two Instalments

The first instalment will be due on 25 September 2015 or 35 days after the date of service appearing on the rates notice, whichever is the latter and is to include all arrears and half of the current rates and charges. The second payment is to be paid four months after the due date of the first instalment.

Option 3 - Four Instalments

The first instalment will be due on 25 September 2015 or 35 days after the date of service appearing on the rates notice, whichever is the latter and is to include all arrears and a quarter of the current rates and charges. The second, third and fourth payments are to be made in two monthly intervals thereafter.

14. ELECTED MEMBERS REMUNERATION

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

	2015/16 Budget \$	2014/15 Actual \$
Meeting Fees	56,000	56,000
President's Allowance	12,000	12,000
Deputy President's Allowance	3,000	3,000
Travelling Expenses	2,500	2,000
Telecommunications Allowance	7,000	7,000
	80,500	80,000

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	133,768	501,252	50,000
Cash - Restricted	1,252,074	1,139,428	1,079,832
	<u>1,385,842</u>	<u>1,640,680</u>	<u>1,129,832</u>

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

Leave Reserve	32,851	32,132	32,014
Plant Reserve	41,300	40,396	40,249
Community Recreation	48,616	103,856	71,686
Bremer Bay Youth Camp Reserve	51,147	50,028	49,845
Building Reserve	238,972	30,784	186,695
Bremer Bay Retirement Units Reserve	94,601	92,531	92,193
JMP Entertainment Centre Reserve	8,340	8,157	8,128
Effluent Reserve	472,132	444,959	459,239
Point Henry Fire Levy Reserve	14,348	43,378	70,168
Jerramungup Retirement Units Reserve	91,758	89,750	89,422
Bremer Bay Boat Ramp Reserve	111,868	109,420	109,020
Capital Works Reserve	17,866	76,162	15,570
Swimming Pool Reserve	7,963	7,789	7,759
	<u>1,231,760</u>	<u>1,129,339</u>	<u>1,231,989</u>

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

Net Result	465,332	932,754	934,655
Depreciation	1,828,030	1,828,029	1,371,430
(Profit)/Loss on Sale of Asset	52,308	28,224	(19,945)
(Increase)/Decrease in Receivables	149,438	(178,720)	0
(Increase)/Decrease in Inventories	15,000	(23,563)	(33,458)
Increase/(Decrease) in Payables	0	137,001	(63,551)
Increase/(Decrease) in Employee Provisions	0	(39,017)	0
Grants/Contributions for the Development of Assets	(1,557,389)	(1,042,885)	(936,418)
Net Cash from Operating Activities	<u>952,719</u>	<u>1,641,823</u>	<u>1,252,713</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft Limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	15,000	15,000	15,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>966,069</u>	<u>973,073</u>	<u>1,029,262</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
BUILDING BONDS	32,000	8,000	(14,000)	26,000
POOL AND JEC KEY BOND	350	1,000	(1,350)	0
HOUSING BONDS	980	0	0	980
SUBDIVISION BONDS	59,085	0	0	59,085
OTHER BONDS.	350	0	0	350
HALL AND SHIRE PROPERTY BONDS	0	0	0	0
FOOTPATH BONDS	6,499	2,000	(4,000)	4,499
WASTE MANAGEMENT FUNDS	1,921,276	0	(1,500,000)	421,276
	<u>2,020,540</u>	<u>11,000</u>	<u>(1,519,350)</u>	<u>512,190</u>

**SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transaction undertakings will occur in 2015/16.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2015/16.