



2018 / 2019 Budget



Shire of
Serpentine
Jarrahdale

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SHIRE OF SERPENTINE JARRAHDALÉ
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	23,332,715	21,732,841	21,965,297
Operating grants, subsidies and contributions	9	3,371,490	1,968,966	2,051,123
Fees and charges	8	6,216,349	6,216,450	6,744,274
Interest earnings	10(a)	779,000	764,000	754,000
Other revenue	10 (b)	694,568	964,702	871,067
		<u>34,394,122</u>	<u>31,646,959</u>	<u>32,385,761</u>
Expenses				
Employee costs		(15,785,404)	(14,473,734)	(14,904,524)
Materials and contracts		(12,744,627)	(13,908,108)	(14,102,794)
Utility charges		(1,008,390)	(916,923)	(934,423)
Depreciation on non-current assets	5	(6,339,545)	(5,305,661)	(5,305,661)
Interest expenses	6 (a)	(160,000)	(62,923)	(118,162)
Insurance expenses		(431,079)	(411,915)	(411,916)
Other expenditure		(1,146,535)	(1,189,066)	(1,205,723)
		<u>(37,615,580)</u>	<u>(36,268,330)</u>	<u>(36,983,203)</u>
		<u>(3,221,458)</u>	<u>(4,621,371)</u>	<u>(4,597,442)</u>
Non-operating grants, subsidies and contributions	9	7,474,171	4,037,850	7,646,905
Profit on asset disposals	4(b)	0	0	49,686
Loss on asset disposals	4(b)	(175,200)	(19,138)	(27,788)
Net result		4,077,513	(602,659)	3,071,361
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		4,077,513	(602,659)	3,071,361

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

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 Shire of Serpentine Jarrahdale 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 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

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. Exclude 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.

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.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (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, rebates etc.

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 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
General purpose funding		26,996,415	24,101,276	24,313,558
Law, order, public safety		633,590	561,260	446,289
Health		197,650	197,650	181,650
Education and welfare		500	500	500
Community amenities		4,929,799	4,881,700	5,219,541
Recreation and culture		368,768	440,927	385,565
Transport		325,000	335,094	504,052
Economic services		671,900	680,700	777,372
Other property and services		270,500	447,852	462,852
		34,394,122	31,646,959	32,291,379
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(2,518,663)	(1,966,254)	(2,178,613)
General purpose funding		(662,952)	(902,063)	(862,398)
Law, order, public safety		(3,099,495)	(2,854,954)	(2,563,704)
Health		(1,016,299)	(1,087,023)	(1,112,124)
Education and welfare		(38,859)	(20,639)	(20,639)
Community amenities		(9,110,173)	(10,508,025)	(10,575,569)
Recreation and culture		(9,416,154)	(7,800,177)	(7,975,618)
Transport		(8,712,886)	(8,346,637)	(8,340,610)
Economic services		(2,535,676)	(2,568,683)	(2,719,645)
Other property and services		(344,423)	(150,952)	(421,740)
		(37,455,580)	(36,205,407)	(36,770,660)
Finance costs	6, 10(d)			
Governance		(27,000)	(31,181)	(31,181)
Recreation and culture		(23,000)	(31,742)	(31,742)
Transport		(110,000)	0	(55,238)
		(160,000)	(62,923)	(118,161)
		(3,221,458)	(4,621,371)	(4,597,442)
Non-operating grants, subsidies and contributions	9	7,474,171	4,037,850	7,646,905
Profit on disposal of assets	4(b)	0	0	49,686
(Loss) on disposal of assets	4(b)	(175,200)	(19,138)	(27,788)
Net result		4,077,513	(602,659)	3,071,361
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		4,077,513	(602,659)	3,071,361

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

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.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Members of Council and Chief Executive Office
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rate revenue, late payment penalty, general purpose grants, untied road grants, commissions, interest on investments, reimbursements and banking costs.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Volunteer bushfire brigades, fire prevention, animal control, emergency management and public safety.
HEALTH	To provide an operational framework for environmental and community health.	Health services including infant health, inspection of premises, pest control, and preventative maintenance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Pre-schools, community services and family centres.
COMMUNITY AMENITIES	To provide services required by the community.	Waste management including household refuse and recycling, bulk verge green and hard waste collections, environmental and sustainability, town planning, public conveniences and cemeteries.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Provision of facilities and support of organisations with leisure activities and sport including halls, sports grounds, parks and gardens, community development and the Mundijong Library.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, bridges, footpaths, Council depot, purchases of plant and equipment and engineering design.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	Rural services such as weed control of reserves, tourism and area promotion, management of building applications and economic development.
OTHER PROPERTY AND SERVICES	To monitor and control overhead operating accounts.	Private works, public works overheads, plant operation, Jarrahdale Heritage Park development, finance and administration costs.

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,582,715	21,682,545	22,165,297
Operating grants, subsidies and contributions		3,371,492	2,011,213	2,136,123
Fees and charges		6,216,349	6,216,450	6,744,274
Interest earnings		779,000	764,000	754,000
Goods and services tax		12,500	90,139	0
Other revenue		694,568	964,702	871,067
		<u>34,656,624</u>	<u>31,729,049</u>	<u>32,670,761</u>
Payments				
Employee costs		(15,760,404)	(14,482,716)	(15,271,506)
Materials and contracts		(12,744,127)	(14,108,185)	(14,339,556)
Utility charges		(1,008,390)	(916,923)	(934,423)
Interest expenses		(159,700)	(62,272)	(118,162)
Insurance expenses		(431,079)	(411,915)	(411,916)
Other expenditure		(1,146,535)	(1,189,066)	(1,205,723)
		<u>(31,250,235)</u>	<u>(31,171,077)</u>	<u>(32,281,286)</u>
Net cash provided by (used in) operating activities	3	<u>3,406,389</u>	<u>557,972</u>	<u>389,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(3,175,642)	(1,947,199)	(2,484,274)
Payments for construction of infrastructure	4(a)	(18,116,105)	(9,176,718)	(19,610,703)
Non-operating grants, subsidies and contributions used for the development of assets	9	7,474,171	4,037,850	7,646,905
Proceeds from sale of plant & equipment	4(b)	353,400	107,000	449,000
Net cash provided by (used in) investing activities		<u>(13,464,176)</u>	<u>(6,979,067)</u>	<u>(13,999,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(652,000)	(408,008)	(547,756)
Proceeds from new borrowings	6(b)	2,974,000	2,761,924	2,761,924
Net cash provided by (used in) financing activities		<u>2,322,000</u>	<u>2,353,916</u>	<u>2,214,168</u>
Net increase (decrease) in cash held		<u>(7,735,787)</u>	<u>(4,067,179)</u>	<u>(11,395,429)</u>
Cash at beginning of year		20,522,167	24,589,346	24,012,456
Cash and cash equivalents at the end of the year	3	<u><u>12,786,380</u></u>	<u><u>20,522,167</u></u>	<u><u>12,617,027</u></u>

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	441,441	3,105,535	2,735,736
		441,441	3,105,535	2,735,736
Revenue from operating activities (excluding rates)				
General purpose funding		3,663,700	2,368,435	2,348,261
Law, order, public safety		633,590	561,260	457,004
Health		197,650	197,650	185,307
Education and welfare		500	500	500
Community amenities		4,929,799	4,881,700	5,225,200
Recreation and culture		368,768	440,927	385,565
Transport		325,000	335,094	511,751
Economic services		671,900	680,700	784,670
Other property and services		270,500	447,852	477,510
		11,061,407	9,914,118	10,375,768
Expenditure from operating activities				
Governance		(2,545,663)	(1,997,435)	(2,211,076)
General purpose funding		(662,952)	(902,063)	(862,398)
Law, order, public safety		(3,130,345)	(2,854,954)	(2,564,961)
Health		(1,016,299)	(1,087,023)	(1,112,124)
Education and welfare		(38,859)	(20,639)	(20,639)
Community amenities		(9,138,673)	(10,508,025)	(10,585,822)
Recreation and culture		(9,439,154)	(7,831,919)	(8,010,246)
Transport		(8,849,236)	(8,346,637)	(8,401,904)
Economic services		(2,548,326)	(2,568,683)	(2,719,645)
Other property and services		(421,273)	(170,090)	(427,795)
		(37,790,780)	(36,287,468)	(36,916,610)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	0	0	(49,686)
Loss on disposal of assets	4(b)	175,200	19,138	27,788
Depreciation on assets	5	6,339,545	5,305,661	5,305,661
Amount attributable to operating activities		(19,773,187)	(17,943,016)	(18,521,343)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	7,474,171	4,037,850	7,646,905
Purchase property, plant and equipment	4(a)	(3,175,642)	(1,947,199)	(2,484,274)
Purchase and construction of infrastructure	4(a)	(18,116,105)	(9,176,718)	(19,610,703)
Proceeds from disposal of assets	4(b)	353,400	107,000	449,000
Amount attributable to investing activities		(13,464,176)	(6,979,067)	(13,999,072)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(652,000)	(408,008)	(547,756)
Proceeds from new borrowings	6(b)	2,974,000	2,761,924	2,761,924
Transfers to cash backed reserves (restricted assets)	7(a)	(2,394,668)	(4,791,565)	(4,513,176)
Transfers from cash backed reserves (restricted assets)	7(a)	9,977,316	6,068,332	12,849,867
Amount attributable to financing activities		9,904,648	3,630,683	10,550,859
Budgeted deficiency before general rates		(23,332,715)	(21,291,400)	(21,969,556)
Estimated amount to be raised from general rates	1(a)	23,332,715	21,732,841	21,965,297
Net current assets at end of financial year - surplus/(deficit)	2	0	441,441	(4,259)

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 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
GRV Improved	0.090135	6,815	131,379,238	11,841,868	737,529	0	12,579,397	12,624,612
GRV Vacant	0.178467	492	5,762,696	1,028,451	0	0	1,028,451	619,285
GRV Commercial/Industrial	0.103331	119	13,436,783	1,388,436	0	0	1,388,436	
UV Rural	0.003818	2,842	1,822,420,000	6,958,000	0	0	6,958,000	6,621,136
UV Intensive Farming	0.007599	18	14,325,001	108,856	0	0	108,856	
Sub-Totals		10,286	1,987,323,718	21,325,611	737,529	0	22,063,140	19,865,033
Minimum								
	\$							
Minimum payment								
GRV Improved	1,260	308	4,305,542	388,080	0	0	388,080	342,000
GRV Vacant	960	454	2,442,132	435,840	0	0	435,840	1,092,000
GRV Commercial/Industrial	1,416	19	260,367	26,904	0	0	26,904	0
UV Rural	1,365	489	174,825,825	667,485	0	0	667,485	663,000
UV Intensive Farming	1,365	0	0	0	0	0	0	0
Sub-Totals		1,270	181,833,866	1,518,309	0	0	1,518,309	2,097,000
		11,556	2,169,157,584	22,843,920	737,529	0	23,581,449	21,962,033
Discounts/Concessions (refer to note 1 (h) and (i))							(248,734)	(229,192)
Total amount raised from general rates							23,332,715	21,732,841
Specified area rates (Refer note 1(f))							0	0
Total rates							23,332,715	21,732,841

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

The general rates detailed for the 2018/19 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 2019

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
Payment in full	15/08/2018	\$ 0	% 0.00%	% 0.00%
Option two				
Instalment 1	15/08/2018	0	0.00%	0.00%
Instalment 2	16/10/2018	10	5.50%	11.00%
Option three				
Instalment 1	15/08/2018	0	0.00%	0.00%
Instalment 2	16/10/2018	10	5.50%	11.00%
Instalment 3	18/12/2018	10	5.50%	11.00%
Instalment 4	19/02/2019	10	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	110,000	110,000
Instalment plan interest earned	120,000	117,000
Unpaid rates and service charge interest earned	185,000	204,000
	415,000	431,000

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
GRV Improved	This category covers all GRV improved properties for residential housing.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	This is considered to be the base rate above which all other GRV rated properties are assessed.
GRV Vacant	This category covers all GRV Vacant properties on vacant land.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	The rate is set higher than GRV Improved to promote and encourage land owners to develop vacant land to its full potential.
GRV Commercial Industrial	This category covers GRV properties including commercial and industrial properties.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	The commercial/industrial rate is set higher than all other GRV categories to ensure that these properties make a reasonable contribution to the rate base of the Shire, given the additional impact on infrastructure provided by Council.
UV Rural	This category includes all properties with a land use of rural, conservation and farmland.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	This is considered to be the base rate above which all other UV rated properties are assessed.
UV Intensive Farming	This category includes land which is used primarily for intensive farming which generates high traffic volumes with heavy loads on infrastructure.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	The intensive farming rate is set higher than the rural rate to ensure that a fair contribution is made to the rate base of the shire. Intensive farming generates high traffic volumes with heavy loads on infrastructure, therefore this sector should contribute a greater share of the costs associated with road construction, maintenance and refurbishment as a result of their activities and require greater administration in relation to compliance and complaints.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
GRV Improved	This category covers all GRV improved properties for residential housing.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	A minimum payment of \$1260 has been imposed. The minimum payment is imposed on the basis that all ratepayers must make a reasonable contribution to the cost of local government services and facilities.
GRV Vacant	This category covers all GRV Vacant properties on vacant land.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	A minimum payment of \$960 has been imposed. The minimum payment is imposed on the basis that all ratepayers must make a reasonable contribution to the cost of local government services and facilities.
GRV Commercial Industrial	This category covers GRV properties including commercial and industrial properties.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	A minimum payment of \$1416 has been imposed. The minimum payment is imposed on the basis that all ratepayers must make a reasonable contribution to the cost of local government services and facilities.
UV Rural	This category includes all properties with a land use of rural, conservation and farmland.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	A minimum payment of \$1365 has been imposed. The minimum payment is imposed on the basis that all ratepayers must make a reasonable contribution to the cost of local government services and facilities.
UV Intensive Farming	This category includes land which is used primarily for intensive farming which generates high traffic volumes with heavy loads on infrastructure.	The object of the rate is to ensure that all ratepayers in this category make an equitable contribution to rate revenue, to provide for the net funding requirements of the Shire's services, activities, financing costs, and the current and future capital requirements of the Shire as outlined in the Strategic Community Plan and Corporate Business Plan.	A minimum payment of \$1365 has been imposed. The minimum payment is imposed on the basis that all ratepayers must make a reasonable contribution to the cost of local government services and facilities.

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
GRV Improved	9.066000	9.013500	Reduced as a result of public consultation and a change to growth expectations.
GRV Vacant	18.041400	17.846700	Reduced as a result of public consultation and a change to growth expectations.
GRV Commercial/Industrial	10.858600	10.333100	Reduced as a result of public consultation and a change to growth expectations.

Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
GRV Vacant	970	960	Reduced as a result of public consultation and a change to growth expectations.
GRV Commercial/Industrial	1612	1416	Reduced as a result of public consultation and a change to growth expectations.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(g) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

(h) Rates discounts

Rate or fee to which discount is granted	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which discount is granted
General rates	\$2,000	\$ 2,000	\$ 2,000	Two prizes of \$1000 each, for payment of rates in full by 4.30pm on 15th August 2018. By paying on time rate payers automatically go in the draw to win.
		2,000	2,000	

(i) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
UV Rural	Farmland Concession	31%	\$ 241,943	\$ 226,573	Where properties meet the council farmland concession policy criteria.	Council provides a rate concession to properties maintaining genuine farming interests. It ensures that Council is protecting and developing appropriate agricultural and horticultural industries and pursuits within the Shire.
UV Rural	Conservation	50%	4,791	619	Where properties meet the conservation eligibility criteria.	Conservation zoning allows landowners with areas of high conservation value to receive reductions in council rates. The initiative has been established by Council to reward landowners who have retained and maintained bushland and wetland.
			246,734	227,192		

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	2,198,857	2,351,996
Cash - reserves	3	10,494,881	18,077,529
Cash - restricted reserves	3	92,642	92,642
Receivables		1,616,134	1,878,636
Inventories		16,193	21,693
		14,418,707	22,422,496
Less: current liabilities			
Trade and other payables		(1,879,568)	(1,884,268)
Long term borrowings		(653,523)	(652,000)
Provisions		(1,951,616)	(1,926,616)
		(4,484,707)	(4,462,884)
Unadjusted net current assets		9,934,000	17,959,612
Adjustments			
Less: Cash - reserves	3	(10,494,881)	(18,077,529)
Less: Cash - restricted reserves	3	(92,642)	(92,642)
Add: Current portion of borrowings		653,523	652,000
Adjusted net current assets - surplus/(deficit)		0	441,441

Reason for Adjustments

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

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

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Serpentine Jarrahdale 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.

PROVISIONS

Provisions are recognised when the Shire of Serpentine Jarrahdale 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 Serpentine Jarrahdale contributes to a number of superannuation funds on behalf of employees.

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

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Serpentine Jarrahdale'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 Serpentine Jarrahdale'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 Serpentine Jarrahdale'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 2019**

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:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	2,198,857	2,351,996	1,548,418
Cash - reserves	10,494,881	18,077,529	10,977,768
Cash - restricted	92,642	92,642	90,841
	<u>12,786,380</u>	<u>20,522,167</u>	<u>12,617,027</u>

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

Administration Building	1,745	124,611	12,767
Briggs Park	913	65,936	64,618
Buildings Asset Management	702,984	903,466	708,002
Byford BMX Track	255,206	251,478	313,037
Byford Developer Contribution Fund	2,494,497	7,228,012	2,575,496
Car Parking	87,273	87,273	0
Committed Works	0	81,018	0
Community Facilities	391	284,178	280,276
Community Grants Reserve	242,317	429,943	376,115
Community Infrastructure Reserve	500,000	0	0
Drainage Asset Management	62,872	254,105	111,481
Emergency Management	259,181	255,395	253,365
Fire Asset Management	5,246	30,790	33,076
Investment	535,707	675,690	666,204
Jarrahdale Communications Tower	178,345	172,285	165,688
Jarrahdale Community Infrastructure Reserve	50,741	50,000	0
Leave Reserve	0	316,667	113,280
Light Fleet & Plant Acquisition	233,756	1,083,099	683,477
Local Government Election Reserve	21,000	0	0
Miscellaneous Developer Contribution	941,673	927,917	960,172
Multi Use Trails	18,088	17,824	17,580
Mundijong Whitby Shire Contribution	205,155	202,158	201,346
Parks & Gardens Asset Management	42,229	113,546	218,533
Public Art	17,759	17,500	0
Rates Revaluation	21,000	0	0
Renewable Energy	33,754	33,261	32,805
Road Asset Management	588,010	1,058,433	603,501
Serpentine Jarrahdale Locality Funding	27,771	27,365	26,989
Serpentine Jarrahdale Sporting Precinct	324,999	394,156	389,187
Unspent Grants & Contributions	0	852,948	67,766
Waste	2,642,269	2,138,475	2,103,007
	<u>10,494,881</u>	<u>18,077,529</u>	<u>10,977,768</u>

Reconciliation of net cash provided by operating activities to net result

Net result	4,077,513	(602,659)	3,071,360
Depreciation	6,339,545	5,305,661	5,305,661
(Profit)/loss on sale of asset	175,200	19,138	(21,898)
(Increase)/decrease in receivables	262,502	82,088	285,000
(Increase)/decrease in inventories	5,500	39,728	12,100
Increase/(decrease) in payables	(4,700)	(239,152)	(248,861)
Increase/(decrease) in employee provisions	25,000	(8,982)	(366,982)
Grants/contributions for the development of assets	(7,474,171)	(4,037,850)	(7,646,905)
Net cash from operating activities	<u>3,406,389</u>	<u>557,972</u>	<u>389,475</u>

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 2019

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual 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		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>													
Buildings - specialised	0	0	90,000	0	57,000	0	40,000	249,842	0	0	245,000	681,842	1,403,061
Furniture and equipment	0	0	0	0	0	0	0	0	0	0	15,000	15,000	30,640
Plant and equipment	0	0	0	0	0	0	0	0	970,000	0	0	970,000	400,000
Motor Vehicles	0	0	251,980	0	0	0	53,980	0	66,490	66,490	409,860	848,800	113,498
Computer Equipment	0	0	0	0	0	0	0	0	0	0	660,000	660,000	0
	0	0	341,980	0	57,000	0	93,980	249,842	1,036,490	66,490	1,329,860	3,175,642	1,947,199
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	12,651,488	0	0	12,651,488	8,469,341
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	414,000	0	0	414,000	214,007
Infrastructure - Drainage	0	0	0	0	0	0	0	0	195,000	0	0	195,000	195,895
Infrastructure - Parks and ovals	0	0	0	0	0	0	0	4,855,617	0	0	0	4,855,617	297,475
	0	0	0	0	0	0	0	4,855,617	13,260,488	0	0	18,116,105	9,176,718
Total acquisitions	0	0	341,980	0	57,000	0	93,980	5,105,459	14,296,978	66,490	1,329,860	21,291,747	11,123,917

A detailed breakdown of acquisitions can be found in the Schedule of Capital Expenditure included in the supplementary information attached to this budget document.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book	Sale	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	value	proceeds	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	0	0	0	0	0	0	0	(1,282)
Law, order, public safety	121,100	90,250	0	(30,850)	0	0	10,715	(1,257)
Health	0	0	0	0	0	0	3,657	0
Community amenities	58,100	29,600	0	(28,500)	0	0	5,659	(10,253)
Recreation and culture	0	0	0	0	0	0	0	(2,886)
Transport	60,900	34,550	0	(26,350)	0	0	7,699	(6,055)
Economic services	47,200	34,550	0	(12,650)	0	0	7,298	0
Other property and services	241,300	164,450	0	(76,850)	0	(19,138)	14,658	(6,055)
	528,600	353,400	0	(175,200)	0	(19,138)	49,686	(27,788)
By Class								
<u>Property, Plant and Equipment</u>								
Plant and equipment	0	0	0	0	0	(19,138)	0	0
Motor Vehicles	528,600	353,400	0	(175,200)	0	0	49,686	(27,788)
	528,600	353,400	0	(175,200)	0	(19,138)	49,686	(27,788)

A detailed breakdown of acquisitions can be found in the Schedule of Capital Expenditure included in the supplementary information attached to this budget document.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

5. ASSET DEPRECIATION

By Program

Law, order, public safety
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Buildings - specialised
Furniture and equipment
Plant and equipment
Motor Vehicles
Computer Equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks and ovals

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
	280,100	176,196	176,196
	14,625	5,893	5,893
	308,935	287,953	287,953
	1,366,995	727,261	727,261
	4,064,200	3,781,378	3,781,378
	10,437	2,279	2,279
	294,253	324,701	324,701
	6,339,545	5,305,661	5,305,661
	630,537	527,706	527,706
	17,722	14,832	14,832
	332,644	278,395	278,395
	161,496	135,158	135,158
	1,446	1,210	1,210
	4,314,433	3,610,814	3,610,814
	215,580	180,422	180,422
	329,620	275,864	275,864
	336,067	281,260	281,260
	6,339,545	5,305,661	5,305,661

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 of the lease or the estimated useful life of the improvements.

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

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

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

DEPRECIATION (CONTINUED)

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

Land	Not depreciated
Buildings	
Structural	50 - 100 years
Internal Fit-Out	15 - 25 years
Mechanical Services	25 - 35 years
Security	15 years
Fire systems	15 years
Other Building Structures	15 - 25 years
Plant and Equipment	5 - 15 years
Motor Vehicles	2 - 5 years
Furniture and Equipment	4 - 10 years
Computer Equipment	2 - 5 years
Roads	
Subgrade	Not depreciated
Pavement	
Unsealed	5 - 10 years
Urban and Regional	60 - 100 years
Surface	5 - 20 years
Surface Water Channel	
Kerbing	20 - 40 years
Drains	8 - 15 years
Drainage	
Culvert	80 years
Stormwater Drainage	50 - 100 years
Footpaths	40 - 80 years
Parks and Reserves	
Land	Not depreciated
Softscapes	50 years
Hardscapes	40 - 80 years
Reticulation	10 - 20 years
Parks Furniture	10 - 20 years
Lighting	15 - 25 years
Other Structures	10 - 40 years

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Governance								
Loan 117 - Council Chambers Refurbishment	641,827	0	117,000	113,627	524,827	641,827	27,000	31,181
Recreation and culture								
Loan 91 - Recreation Centre	314,123	0	305,000	294,381	9,123	314,123	23,000	31,742
Briggs Park Upgrade	0	2,974,000	0	0	2,974,000	0	0	0
Transport								
Loan 121A - Abernethy Road	2,761,924	0	230,000	0	2,531,924	2,761,924	110,000	0
	3,717,874	2,974,000	652,000	408,008	6,039,874	3,717,874	160,000	62,923
	3,717,874	2,974,000	652,000	408,008	6,039,874	3,717,874	160,000	62,923

All borrowing repayments will be financed by general purpose revenue.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Briggs Park Lower Oval Upgrade	WA Treasury Corporation		10	4	2,974,000	0	0	2,974,000
					2,974,000	0	0	2,974,000

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	29,000	29,000	29,000
Credit card balance at balance date	(8,500)	(8,500)	(8,500)
Total amount of credit unused	120,500	120,500	120,500
Loan facilities			
Loan facilities in use at balance date	6,039,874	3,717,874	3,964,849

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 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
Administration Building	\$ 124,611	\$ 322,134	\$ (445,000)	\$ 1,745	\$ 296,173	\$ 6,390	\$ (177,952)	\$ 124,611	\$ 279,011	\$ 3,756	\$ (270,000)	\$ 12,767
Briggs Park	65,936	977	(66,000)	913	162,431	3,505	(100,000)	65,936	162,431	2,187	(100,000)	64,618
Buildings Asset Management	903,466	17,518	(218,000)	702,984	851,169	208,590	(156,293)	903,466	846,605	201,621	(340,224)	708,002
Byford BMX Track	251,478	3,728	0	255,206	330,594	7,134	(86,250)	251,478	328,613	4,424	(20,000)	313,037
Byford Developer Contribution Fund	7,228,012	107,160	(4,840,675)	2,494,497	7,480,762	288,812	(541,562)	7,228,012	7,511,190	101,115	(5,036,809)	2,575,496
Byford Locality Funding	0	0	0	0	33,505	0	(33,505)	0	33,485	0	(33,485)	0
Car Parking	87,273	0	0	87,273	0	87,273	0	87,273	0	0	0	0
Committed Works	81,018	0	(81,018)	0	1,212,470	0	(1,131,452)	81,018	1,332,599	0	(1,332,599)	0
Community Facilities	284,178	4,213	(288,000)	391	278,176	6,002	0	284,178	276,553	3,723	0	280,276
Community Grants Reserve	429,943	6,374	(194,000)	242,317	0	524,808	(94,865)	429,943	0	590,115	(214,000)	376,115
Community Infrastructure Reserve	0	500,000	0	500,000	0	0	0	0	0	0	0	0
Drainage Asset Management	254,105	3,767	(195,000)	62,872	0	450,000	(195,895)	254,105	0	451,481	(340,000)	111,481
Emergency Management	255,395	3,786	0	259,181	250,000	5,395	0	255,395	250,000	3,365	0	253,365
Footpaths Asset Management	0	0	0	0	0	99,921	(99,921)	0	0	140,800	(140,800)	0
Fire Asset Management	30,790	456	(26,000)	5,246	0	46,652	(15,862)	30,790	0	53,076	(20,000)	33,076
Investment	675,690	10,017	(150,000)	535,707	661,419	14,271	0	675,690	657,355	8,849	0	666,204
Jarrahdale Communications Tower	172,285	55,554	(49,494)	178,345	157,358	58,177	(43,250)	172,285	155,031	53,787	(43,130)	165,688
Jarrahdale Community Infrastructure Reser	50,000	741	0	50,741	0	50,000	0	50,000	0	0	0	0
Jarrahdale Locality Funding	0	0	0	0	96,455	0	(96,455)	0	96,067	0	(96,067)	0
Keysbrook Locality Funding	0	0	0	0	63,461	0	(63,461)	0	63,265	0	(63,265)	0
Leave Reserve	316,667	0	(316,667)	0	309,978	6,689	0	316,667	358,455	4,825	(250,000)	113,280
Light Fleet & Plant Acquisition	1,083,099	616,057	(1,465,400)	233,756	1,023,081	464,019	(404,001)	1,083,099	740,763	451,914	(509,200)	683,477
Local Government Election Reserve	0	21,000	0	21,000	0	0	0	0	0	0	0	0
Miscellaneous Developer Contribution	927,917	13,756	0	941,673	1,150,683	19,106	(241,872)	927,917	972,089	13,083	(25,000)	960,172
Multi Use Trails	17,824	264	0	18,088	17,448	376	0	17,824	17,346	234	0	17,580
Mundijong Locality Funding	0	0	0	0	93,915	0	(93,915)	0	93,542	0	(93,542)	0
Mundijong Whitby Shire Contribution	202,158	2,997	0	205,155	100,000	102,158	0	202,158	100,000	101,346	0	201,346
Oakford Locality Funding	0	0	0	0	128,530	0	(128,530)	0	127,955	0	(127,955)	0
Parks & Gardens Asset Management	113,546	41,683	(113,000)	42,229	65,630	227,016	(179,100)	113,546	215,630	228,503	(225,600)	218,533
Polocrosse Grounds Redevelopment	0	75,000	(75,000)	0	0	0	0	0	0	0	0	0
Public Art	17,500	259	0	17,759	0	17,500	0	17,500	0	0	0	0
Rates Revaluation	0	21,000	0	21,000	0	0	0	0	0	0	0	0
Renewable Energy	33,261	493	0	33,754	32,559	702	0	33,261	32,369	436	0	32,805
Road Asset Management	1,058,433	15,691	(486,114)	588,010	365,728	2,041,912	(1,349,207)	1,058,433	595,485	2,042,036	(2,034,020)	603,501
Serpentine Jarrahdale Locality Funding	27,365	406	0	27,771	26,788	577	0	27,365	26,632	357	0	26,989
Serpentine Jarrahdale Sporting Precinct	394,156	5,843	(75,000)	324,999	385,831	8,325	0	394,156	384,018	5,169	0	389,187
Serpentine Locality Funding	0	0	0	0	100,572	0	(100,572)	0	108,760	0	(108,760)	0
Tourism	0	0	0	0	21,056	454	(21,510)	0	13,125	177	(13,302)	0
Unspent Grants & Contributions	852,948	0	(852,948)	0	1,475,773	0	(622,825)	852,948	1,327,281	17,867	(1,277,382)	67,766
Waste	2,138,475	543,794	(40,000)	2,642,269	2,122,674	45,801	(30,000)	2,138,475	2,149,077	28,930	(75,000)	2,103,007
Workers Compensation Premium	0	0	0	0	60,077	0	(60,077)	0	59,727	0	(59,727)	0
	18,077,529	2,394,668	(9,977,316)	10,494,881	19,354,296	4,791,565	(6,068,332)	18,077,529	19,314,459	4,513,176	(12,849,867)	10,977,768

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

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:

Reserve name	Anticipated date of use	Purpose of the reserve
Administration Building	Ongoing	To provide for the building accommodation requirements of the Administration.
Briggs Park	2018/19	To provide for the future Briggs Park development as per the Briggs Park Master Plan
Buildings Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
Byford BMX Track	Future	To provide for the future Byford BMX track.
Byford Developer Contribution Fund	Ongoing	To provide for future community infrastructure funded from the Byford Developer Contribution Plan.
Byford Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Car Parking	Future	To provide for future public car parking infrastructure funded from Developer contributions for cash-in-lieu of car parking.
Committed Works	2018/19	To transfer unspent municipal funded expenditure on specific projects, to enable identification of carryover expenditure into the next financial year.
Community Facilities	2018/19	This reserve is for the establishment of additional facilities in the community
Community Grants Reserve	Ongoing	To provide funds for individuals and community groups to build capacity within the community, encourage volunteering and youth development, and deliver sustainable, accessible and demonstrated social, environmental and economic benefits.
Community Infrastructure Reserve	Ongoing	To provide for future community infrastructure, matching funds from the Community Infrastructure Developer Contribution Plan.
Drainage Asset Management	Ongoing	To ensure minimal funding gap to asset management plan requirements.
Emergency Management	As required	To provide for unanticipated significant emergency services events or plant repairs
Footpaths Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
Fire Asset Management	Ongoing	To provide for the future additions and maintenance required for fire fighting assets and mitigation strategies.
Investment	Ongoing	To support economic, subdivision and tourism development opportunities for the Shire
Jarrahdale Communications Tower	Ongoing	To provide for the upgrades and maintenance of the tower when required.
Jarrahdale Community Infrastructure Reser	Ongoing	To provide funds for the upgrade, renewal or replacement of community assets in the Jarrahdale locality.
Jarrahdale Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Keysbrook Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Leave Reserve	Closed	To be used to fund annual, sick (including depot EBA) and long service leave requirements.
Light Fleet & Plant Acquisition	Ongoing	To provide for the replacement of Light Fleet, Plant and Equipment as required under the replacement and acquisition program.
Local Government Election Reserve	Ongoing	To provide for Bi-Annual, and other interim local government election expenses.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

Miscellaneous Developer Contribution	Ongoing	To be used to fund capital works and administration as per each agreement
Multi Use Trails	Future date	To allow for the construction of Multi Use Trails.
Mundijong Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Mundijong Whitby Shire Contribution	Ongoing	To provide towards the future contribution requirements of the Mundijong Whitby Community Development Contribution Scheme.
Oakford Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Parks & Gardens Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
Polocrosse Grounds Redevelopment	2018/19	To fund capital expenditure on the Polocrosse Grounds.
Public Art	Ongoing	Public art development and provision
Rates Revaluation	Ongoing	To provide for the tri-ennial Gross Rental Valuation (GRV)
Renewable Energy	Future date	This reserve is to allow Council to undertake renewable energy projects.
Road Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
Serpentine Jarrahdale Locality Funding	Future date	Council initiated townscape related projects in the Serpentine Jarrahdale Shire
Serpentine Jarrahdale Sporting Precinct	Future date	To provide funds for the Serpentine Jarrahdale Regional Sporting Precinct when grant applications require contribution funding
Serpentine Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
Tourism	2017/18	To fund the implementation of the tourism strategy and development of tourism throughout the district and region
Unspent Grants & Contributions	2018/19	To restrict unspent grants & contributions.
Waste	Future date	To provide for waste management requirements and future waste infrastructure.
Workers Compensation Premium	Closed	To transfer any surplus funds returned to the Shire as a result of good performance from the workers compensation insurer to assist in funding possible future compensation claims that exceed budget allocation.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES (CONTINUED)

(c) Cash Backed Reserves - Change in Use

The Shire has resolved to make the following changes in the use of part of the money in a reserve account. This money is to be used or set aside for a purpose other than the purpose for which the account was established.

				2018/19 Budget amount to be used	2018/19 Budget amount change of purpose
Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	\$	\$
Leave Reserve	Transfer balance to Administration building reserve	To increase funds available in Administration building reserve	Leave reserve is not required as annual leave, sick leave and long service leave are already provided for in the budget and balance sheet.	316,667	316,667
				316,667	316,667

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
General purpose funding	195,700	195,100
Law, order, public safety	119,600	157,700
Health	72,650	72,650
Education and welfare	500	500
Community amenities	4,929,799	4,859,200
Recreation and culture	59,700	65,100
Transport	185,000	194,500
Economic services	652,900	661,700
Other property and services	500	10,000
	6,216,349	6,216,450

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	2,559,000	1,208,835
Law, order, public safety	513,490	402,560
Community amenities	0	17,500
Recreation and culture	150,000	190,477
Transport	140,000	140,594
Economic services	9,000	9,000
	3,371,490	1,968,966
Non-operating grants, subsidies and contributions		
Law, order, public safety	90,000	133,700
Community amenities	0	197,273
Recreation and culture	1,200,000	50,000
Transport	6,184,171	3,656,877
	7,474,171	4,037,850

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
The net result includes as revenues	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	268,000	260,000	260,000
- Other funds	206,000	183,000	200,000
Other interest revenue (refer note 1b)	305,000	321,000	294,000
	<u>779,000</u>	<u>764,000</u>	<u>754,000</u>
(b) Other revenue			
Reimbursements and recoveries	694,568	964,702	871,067
	<u>694,568</u>	<u>964,702</u>	<u>871,067</u>
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	42,000	21,400	21,400
Other services	12,500	12,500	12,500
	<u>54,500</u>	<u>33,900</u>	<u>33,900</u>
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	160,000	62,923	118,162
	<u>160,000</u>	<u>62,923</u>	<u>118,162</u>
(e) Elected members remuneration			
Meeting fees	161,229	171,233	214,814
Mayor/President's allowance	47,045	50,001	62,727
Deputy Mayor/President's allowance	11,761	12,500	15,682
Travelling expenses	35,000	35,000	35,000
Telecommunications allowance	31,500	31,500	31,500
	<u>286,535</u>	<u>300,234</u>	<u>359,723</u>
(f) Operating lease expenses			
Office equipment	230,962	279,184	192,022
Plant and equipment	206,693	420,830	401,257
	<u>437,655</u>	<u>700,014</u>	<u>593,279</u>

SIGNIFICANT ACCOUNTING POLICIES

LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Serpentine Jarrahdale 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.

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19.

14. 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 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Maintenance Bonds	145,000	20,000	0	165,000
Builders Registration Board Levy	15,000	245,000	(248,000)	12,000
BCITF Collections	12,150	265,000	(255,000)	22,150
Footpath Bonds	443,786	65,000	(100,000)	408,786
Halls / Ovals Bonds	20,000	40,000	(48,000)	12,000
Sundry Bonds	22,000	10,000	(12,000)	20,000
Road Closures / Street Events	0	2,000	(2,000)	0
Fence Bonds	1,000	500	(500)	1,000
Excavation Bonds	28,475	1,000	0	29,475
Cash in Lieu of Public Open Space	300,000	12,000	0	312,000
Temporary Accommodation	2,000	0	(1,000)	1,000
Subdivision Clearance Bonds	90,000	5,000	(75,000)	20,000
SJ Tourism Association Trust	4,600	0	0	4,600
	1,084,011	665,500	(741,500)	1,008,011

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. 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 budget 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

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Serpentine Jarrahdale 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.

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	441,441	3,105,535	2,735,736
		441,441	3,105,535	2,735,736
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	3,371,490	1,968,966	2,051,123
Fees and charges	8	6,216,349	6,216,450	6,744,274
Interest earnings	10(a)	779,000	764,000	754,000
Other revenue	10(b)	694,568	964,702	871,067
Profit on asset disposals	4(b)	0	0	49,686
		11,061,407	9,914,118	10,470,150
Expenditure from operating activities				
Employee costs		(15,785,404)	(14,473,734)	(14,904,524)
Materials and contracts		(12,744,627)	(13,908,108)	(14,102,795)
Utility charges		(1,008,390)	(916,923)	(934,423)
Depreciation on non-current assets	5	(6,339,545)	(5,305,661)	(5,305,661)
Interest expenses	10(d)	(160,000)	(62,923)	(118,162)
Insurance expenses		(431,079)	(411,915)	(411,916)
Other expenditure		(1,146,535)	(1,189,066)	(1,205,723)
Loss on asset disposals	4(b)	(175,200)	(19,138)	(27,788)
		(37,790,780)	(36,287,468)	(37,010,992)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	0	0	(49,686)
Loss on disposal of assets	4(b)	175,200	19,138	27,788
Depreciation on assets	5	6,339,545	5,305,661	5,305,661
Amount attributable to operating activities		(19,773,187)	(17,943,016)	(18,521,343)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	7,474,171	4,037,850	7,646,905
Purchase property, plant and equipment	4(a)	(3,175,642)	(1,947,199)	(2,484,274)
Purchase and construction of infrastructure	4(a)	(18,116,105)	(9,176,718)	(19,610,703)
Proceeds from disposal of assets	4(b)	353,400	107,000	449,000
Amount attributable to investing activities		(13,464,176)	(6,979,067)	(13,999,072)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(652,000)	(408,008)	(547,756)
Proceeds from new borrowings	6	2,974,000	2,761,924	2,761,924
Transfers to cash backed reserves (restricted assets)	7(a)	(2,394,668)	(4,791,565)	(4,513,176)
Transfers from cash backed reserves (restricted assets)	7(a)	9,977,316	6,068,332	12,849,867
Amount attributable to financing activities		9,904,648	3,630,683	10,550,859
Budgeted deficiency before general rates		(23,332,715)	(21,291,400)	(21,969,556)
Estimated amount to be raised from general rates	1(a)	23,332,715	21,732,841	21,965,297
Net current assets at end of financial year - surplus/(deficit)	2	0	441,441	(4,259)

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