



Shire of
Peppermint Grove

Annual Report

2015 - 2016



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Introduction to the Shire of Peppermint Grove

With a rich history dating back to 1832 and the early settlement of the Swan River Colony, the Shire of Peppermint Grove is known for its beauty and heritage boasting large character homes, a stunning river foreshore, beautiful gardens and shady streets lined with peppermint trees. Many generations of families have lived in Peppermint Grove and there is a strong sense of community often not found in metropolitan communities.

With an area of only 1.36 square kilometres, the Shire prides itself on providing a personalised service to its 1,524 residents who reside in a predominantly residential community. Considered to be a highly desirable suburb, Peppermint Grove has an above average socio economic profile. Much Shire activity relates to the development or redevelopment of large residences.

The maintenance of the suburb's amenity, particularly its trees, foreshore and reserves, are a high priority for residents.

The Shire of Peppermint Grove is guided by the following Vision

“To remain a Shire valued for its ambience and independence”

In supporting the community's aspirations, the Shire of Peppermint Grove is guided by the following Mission

“To guide the Shire's future developments and provide a range of personalised services to residents in order that our unique community and its environment is maintained, enhanced and protected”

The Shire of Peppermint Grove's Key Result Areas are



SOME INTERESTING STATISTICS ABOUT THE SHIRE INCLUDE:

Distance from Perth:	13 kms
Area:	1.36 sq kms
Length of sealed roads:	10.6 kms
Length of unsealed roads:	Nil
Population:	1,705
Number of Electors:	1,132
Number of Dwellings:	608
Total Rates Levied:	\$2.984million
Total Revenue:	\$4.706million
Number of Employees:	24



APART FROM THE PEPPERMINT TREE LINED STREETS AND PRISTINE FRESHWATER BAY, SOME ATTRACTIONS IN THE SHIRE INCLUDE:

- Freshwater Bay recreational jetty
- Freshwater Bay Foreshore beach reserve
- Keanes Point Parkland and barbeque facilities
- Manners Hill Park Reserve
- Australia Day Festivities
- Presbyterian Ladies' College
- The Grove Library
- The Grove Precinct Community Centre
- Halloween Festivities
- St Mary Star of the Sea Church
- Cottesloe Central Shopping Centre
- Freshwater Bay boating jetty
- Royal Freshwater Bay Yacht Club
- Keanes Point children's play equipment
- Manners Hill Pavilion
- Peppermint Grove Tennis Club
- Cottesloe Primary School
- Monogram Cafe
- Peppermint Grove Heritage Trail
- Carols by Candlelight
- St Columba's Church
- Whadjuk Trails Network



A Message from the Shire President

It is my pleasure to present the Annual Report for the Shire of Peppermint Grove for the 2015/2016 financial year.

Council elections were held in October 2015 and I was honoured to be re-elected to the Council for a further term of office. Cr Dawne Horrex was also re-elected and we welcomed Peter McIntosh, a long-term resident of Peppermint Grove as our new councillor. I was also honoured to be reappointed Shire President by my fellow councillors and I thank them for their trust in me and for their continued support.

I'm pleased to report that the Shire's financial position is much improved and we ended the 2015/2016 financial year in surplus. In recent years we have worked hard to correct a structural deficit in the Shire's budget caused by the increased operational costs of the library and community centre constructed in 2010 and a number of one-off unbudgeted items that substantially eroded the Shire's reserves. We have now completed the necessary budget repair with our financial position back in balance and our financial future on a secure and sustainable trajectory.

The Department of Local Government has established a set of performance ratios across all operational functions in order to compare efficiency and financial health between individual local governments. Our ratios are steadily rising to benchmark level across all ratios and we expect to be evaluated in the top 5% across the State by the end of the next financial year.

We advertised our draft Local Planning Scheme and Strategy between July and October 2015 and received around 40 submissions from residents. Council updated the draft to reflect residents' comments and approved an updated version of the Scheme at our March 2016 meeting. We are awaiting final approval from the WA Planning Commission and the Minister of Planning. In the meantime, we are working on our planning policies to ensure

that they reflect the new Scheme and support the Scheme objective of ensuring that the Shire's unique character and amenity is maintained and protected.

The Shire continued its efforts to have the unfinished building at 2 Bay View Terrace demolished. The abandoned building has been a blight on the amenity of the area and a focus of anti-social behaviour causing disruption and distress to neighbours. The owner had appealed against the demolition order issued by the Shire but, following a number of Directions Hearings at the State Administrative Tribunal, the owner withdrew her objection in October 2015 and agreed to demolish the building by 30th September 2016.

A number of notable infrastructure works have been carried out during the year including the creation of twenty-eight car parking bays at Lilla Street replacing seven boat trailer parking bays. These additional parking spaces will be of great benefit to visitors to Keane's Point playground and Manners Hill Park.

The Shire embarked on a joint project with the Department of Parks and Wildlife to repair failing river walls above Devil's Elbow and we have submitted applications for funding from the Swan River Trust to continue renewal and replacement of river walls along the foreshore. Other projects included the continuation of maintenance and upgrades to the stormwater drainage systems in most streets as well as in rights-of-way which we are also resurfacing with road base to provide a more practical surface for residents.

I feel sure that residents will have noticed the restoration and repainting of The Pavilion in Manners Hill Park which has now been restored to its former glory.

Work has commenced on the construction of the new café on the foreshore. The old café and toilet block have been demolished and work is well underway on the new building which will boast magnificent, uninterrupted views over Freshwater Bay. We hope that the facility will be open early in 2017.

May I take this opportunity to thank all the Shire's staff for their hard work during what has been another exceptionally busy year. My particular thanks to CEO John Merrick and his senior management team for their continued focus on customer service.

I would also like to thank Deputy Shire President, Charles Hohnen and my fellow councillors, Karen Farley, Scott Fleay, Dawne Horrex, Peter McIntosh and Greg Peters for the great support that they have given to me and for their absolute commitment to the wellbeing of the Shire and residents.

A handwritten signature in blue ink that reads 'Rachel Thomas'.

Rachel Thomas
SHIRE PRESIDENT



A Message from the Chief Executive Officer

I am pleased to report a continuation of improvement in our financial position after several years of uncertainty.

I would like to express my appreciation to all staff who have assisted management in reducing costs across the board to produce a modest surplus for 2015/2016.

This has been achieved without reducing service levels to the community and has provided the resources to undertake a significant infrastructure works program into the future.

Our Infrastructure team has continued to clean and maintain our stormwater drainage system, particularly in laneways, and the experimental surface applied to the laneway off Irvine Street has been a great success.

The Grove Library continues to go from strength to strength with significant services being provided to young people throughout the year, and conversely, students from Presbyterian Ladies College kindly donate their time to provide free instruction to Grove users for all IT and communication devices.

I have continued to enjoy assisting residents with concerns and local issues and invite anyone within our community to contact me at any time for assistance.

I would like to thank Shire President, Rachel Thomas and her fellow elected members for the provision of resources and support to enable the administration to continue improving our operations for the benefits of the broader community.

John Merrick JP

A handwritten signature in blue ink, appearing to be 'J. Merrick', written in a cursive style.

CHIEF EXECUTIVE OFFICER



Councillors and Staff

At 30th June 2015

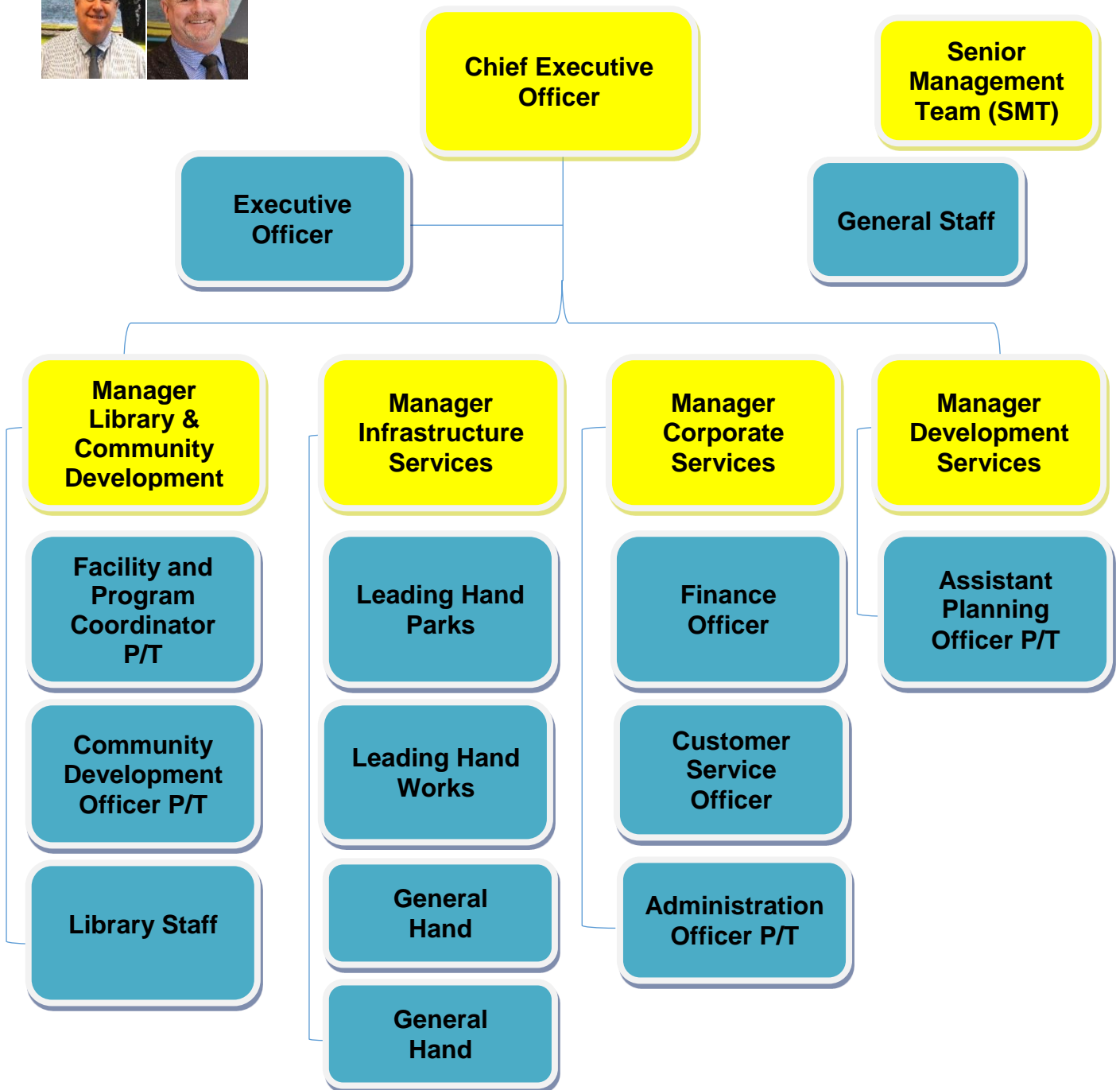
ELECTED MEMBERS:

- PRESIDENT:** - COUNCILLOR R (RACHEL) THOMAS
- DEPUTY PRESIDENT:** - COUNCILLOR C (CHARLES) HOHNEN
- COUNCILLORS:**
- K (KAREN) FARLEY
 - S (SCOTT) FLEAY
 - D (DAWNE) HORREX
 - G (GREG) PETERS
 - P (PETER) MACINTOSH

PRINCIPAL STAFF MEMBERS:

- CHIEF EXECUTIVE OFFICER - JOHN MERRICK
- MANAGER DEVELOPMENT SERVICES - MICHAEL WHITBREAD
- MANAGER CORPORATE SERVICES - PAUL RAWLINGS
- MANAGER LIBRARY AND COMMUNITY DEVELOPMENT - DEBRA BURN
- MANAGER INFRASTRUCTURE - DONOVAN NORGARD

Organisational Structure



Strategic Plan

RESPONSE TO KEY RESULT AREAS OF THE COMMUNITY PLAN

1. Community Development

- Actively encourage community participation in local events such as, the Australia Day celebrations, Citizenship Ceremonies, Citizen of the Year Awards, Carols by Candlelight and Halloween.
- Provide assistance to local residents wishing to hold street celebrations within the local neighbourhood.
- Provide a range of activities within the Grove Library, including 'meet the author', children's programs, guest speakers and musical recitals.
- Produce at least three editions of "PepTalk", each year for delivery to every household within the Shire.
- Actively participate in "ewatch", an online community crime prevention initiative, and continue a close liaison with the local WA Police.
- Continue to provide financial support to SHINE, for the management of in-house services to aged residents, and actively support CAPH in the provision of aged accommodation and services at the Wearne Centre.
- Encourage residents to contact the Chief Executive Officer and Senior Management personally, to ensure community concerns are resolved promptly.

2. Infrastructure

- Continue to administer the Asset Management Plan in conjunction with Council's auditor to comply with ever changing regulations.
- Completed major maintenance to a 150 metre section of the riverwall adjacent to the Esplanade.
- Created 28 new parking bays in Lilla Street in an area that formally catered for seven boat trailers.
- Continued with the maintenance and upgrade of the stormwater drainage system, including the installation of new grates.
- Completed a revegetation project on the Bush Forever site at Devil's Elbow, resulting in reduced watering and mowing requirements.
- Completed a major renovation of the Pavilion at Manners Hill Park, including removal and replacement of deteriorated woodwork, new concrete footings, new seating and a complete paint job.

- Constructed a nursery within the Johnston Street sump to propagate Peppermint trees to ensure an ongoing supply of healthy mature trees.

3. Governance

- Completed a compliant Asset Management Plan in conjunction with Council's auditor and the Local Government Insurance Service.
- Revised and amended the Corporate Business Plan.
- Completed the Risk Management Plan and initiated an independent review of all operations within the administration and finance sections.
- Commenced a resource sharing program with the Town of Claremont through the implementation of a new IT system and associated financial functions.
- Completed a "clean" compliance return to the Department of Local Government and Communities.

4. Organisation Capacity

- Conducted formal Performance Review of all staff in administration, Library and Infrastructure sections.
- Developed and implemented a new Enterprise Bargaining Agreement for the three years commencing July 2016.
- Initiated a new Records Management System, which meets compliance regulations and is accessible to all staff across the organisation.
- Continue to develop resource sharing opportunities with the Town of Claremont and Cottesloe.
- Renewed an agreement with the Town of Cottesloe for the provision of Ranger, Health and Building services.

5. Built Environment

- .Conducted several consultation sessions with members of the Community in the development of the final conditions of TPS4.
- Worked closely with the Department of Planning and the WA Planning Commission to finalise TPS4 and to forward to the Minister for signing.
- Conducted a review of the Municipal Inventory and examined the appropriateness of category listings of all heritage listed properties.
- Commenced the development of local planning strategies to compliment the new TPS and protect the amenity and heritage values of Peppermint Grove.
- Continue to process building applications at benchmark level of approval timings.

6. Natural Environment

- Continue working with WESROC in the implementation of the Foreshore Management Plan, to ensure the best opportunity for the attraction of grant funds for foreshore protection.
- Support the development of plans for the re-use of stormwater across the Western Suburbs in conjunction with WESROC and Water Corp.
- Continue with the annual maintenance and replacement program for Peppermint trees throughout the Shire, including a tree nursery.
- Actively protect the Bush Forever sites existing at Devil's Elbow.
- Continue to monitor and maintain the bores providing water to parks and gardens and promote the Shire as an accredited "Waterwise Council".
- Continue to manage the dingy storage facility on the Esplanade to protect the foreshore.

Statutory Reports

Recordkeeping

The Shire's ongoing commitment to recordkeeping in accordance with the *State Records Act 2000* and *Records Management Standard AS ISO 15489* is supported through the use of a corporate electronic document management system (EDRMS).

The Shire's Recordkeeping Plan details the process for management and disposal of records which are entered into the EDRMS.

The EDMRS enables recorded information to be retrieved quickly, accurately and cheaply as well as protect and preserve local government records.

The Recordkeeping Plan is currently being reviewed to ensure practices are still meeting the needs of Council with completion anticipated by the end of 2016.

National Competition Policy

The application of national competition policy (NCP) in Western Australian local government is guided by the *Clause 7 Statement* which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies and legislative review.

Competitive Neutrality

Competitive neutrality principles apply to business activities that generate income in excess of \$200,000 per annum for one or more local governments.

In the 2015/16 financial year the Shire undertook no activities that met the financial benchmark.

Structural Reform of Public Monopolies

The Shire of Peppermint Grove is not classified as a natural monopoly nor does it conduct any business activities that could be classified as public monopolies.

Legislative Review

All local laws have been reviewed for compliance with NCP and all amendments to existing, and all future local laws are monitored to ensure no anti-competitive practices are included.

Freedom of Information

The *Freedom of Information Act 1992* allows the public the right to apply for access to information held by the Shire of Peppermint Grove.

The *Act* requires the adoption of a Freedom of Information Statement, to be reviewed annually. A copy of the current statement is available on the Shire website.

During 2015/16 the Shire received no applications for information under the *Act*.

Equal Employment Opportunity Management Plan

The Shire of Peppermint Grove has prepared an Equal Employment Opportunity Management Plan for the period 2015 to 2020 in accordance with Part IX of the *Equal Opportunity Act 1984*, a copy of which is available on the Shire website.

This Plan will assist the Council in building a workforce and supporting a workplace culture that reflects the diversity of the local community.

Disability Access and Inclusion

The Shire is committed to facilitating the inclusion of people with disabilities through the improvement of access to its services and facilities.

The Shire adopted a Disability Access and Inclusion Plan covering 2012 – 2016 on 22nd May 2012.

The following access improvements and initiative were undertaken during 2015/16:

- The Shire engages a private contractor to place waste bins on the verge for those requiring assistance.
- The Shire's Australia Day event was planned using the accessible events checklist and event advertising encouraged people to identify any additional needs including: catering for dietary requirements, providing assistance to seniors and to those with disability; providing accessible parking and drop-off bays.
- The Children's Librarian held a special Storytime during *Disability Awareness Week* with an Auslan interpreter signing for children with a hearing impairment.
- Seniors' events held in the library and Community Centre are facilitated to have easy access for those less mobile
- When organising events, the Shire and library ensure accessibility and cater for people with disability by providing accessible parking.
- The Shire has ACROD parking freely available.
- The Grove Precinct is wheelchair accessible.
- A *Hearing Awareness Week* seminar is held in the Community Centre each year for residents in our local community.
- The library provides a venue ('The Pod'), free of charge for Ronald McDonald Tutors to tutor children with disabilities who have fallen behind in their school work in the library.
- The Grove Library co-ordinates a home delivery service of library resources to housebound and people with disabilities in the local community.
- The Library staff offer alternatives to self-service for people with disabilities.

- Vegetarian, vegan and gluten-free food options are available at Library and Community Centre events.
- The Grove library provides a growing collection of digital content to patrons including e-books, e-audiobooks and e-magazines available for loan online.
- Very elderly residents receive above the level and quality of service usually given to residents and staff assist them as required.
- A volunteer with an intellectual disability assists with shelving in the library on a regular basis.
- The Library recently employed a high school graduate with a cognitive disability under a "traineeship".

Register of Complaints

Minor breaches of the rules of conduct or a local law adopted in accordance with the *Local Government Act 1995* by Council members and any action taken are recorded in a register of complaints.

No complaints were received by the Shire of Peppermint Grove in the 2015/16 financial year.

Employee Remuneration

In accordance with Regulation 19B of the *Local Government (Administration) Regulations 1996* the Shire is required to disclose the number of employees with an annual cash salary of more than \$100,000.

The number of employees with an annual salary entitlement that falls within each band for 2015/16 is as follows:

Salary Band	Number of employees
\$100,000 - \$109,999	3
\$110,000 - \$119,999	1
\$120,000 - \$129,999	0
\$130,000 - \$139,999	0
\$140,000 to \$149,999	0
\$150,000 to \$159,999	1

Development Services

Strategic Planning

Council received approval to commence the three month long public consultation for the draft Local Planning Scheme and Local Planning Strategy from the Minister for Planning. This process began in July 2015 and continued to October 2015 and although the Town Planning Regulations only required a notice in the local newspaper advising of the 90 day advertising period, Council wrote to each landowner on the matter, and included detailed information on the implications of the new scheme.

Furthermore, two public information evenings were conducted in July and September 2015, with a third meeting for those residents affected by the proposed zoning changes to Lot 2 Bay View Terrace. These meetings were well attended by interested residents and resulted in 43 submissions being received. These have been forwarded to the Minister for Planning for consideration as part of the process for the final adoption of the Scheme and Strategy.

Although the Shire had provided final drafts of its Local Planning Scheme and Local Planning Strategy following negotiations with the Western Australian Planning Commission, following the close of advertising, further changes were necessary as a result of the introduction in October 2015 of the Planning and Development Regulations (Local Planning Schemes). These new regulations seek to standardise Local Planning Scheme throughout Western Australia and allow any changes thought necessary by the Western Australian Planning Commission to be automatically incorporated into Schemes. This resulted in substantial alterations to the text and layout of the new Scheme, without necessarily changing the development control standards that are unique to the Shire and guide the maintenance of its character.

During the recently completed review phase of the Scheme, the community as well as the Council, identified several areas of planning where new policies are required and older policies need to be reviewed and updated. These will be drafted during 2016/17 and advertised extensively to the community before being adopted by Council.

A new Local Planning Scheme and Local Planning Strategy, become the key documents for decision making by the Shire on planning issues, such as, protecting the highly valued heritage, and garden suburb characteristics of Peppermint Grove.

Development Approvals

All development in the Shire is assessed under Town Planning Scheme No.3 and Council's policies. This year maintained the high level of applications with 30 development applications being processed in 2015/16, slightly down on the 37 planning applications approved in 2014/15. Although the number of applications were down, the value of projects in fact increased from \$21million in 2014/15 to \$23 million during 2015/16 pointing to higher value projects seeking approval from Council.

The majority of the development approved by Council was for new dwellings, with the remainder being substantial renovations to some of the Shire's heritage houses.

There was a corresponding decrease in the number of building permits issued, down from 34 permit in 2014/15 to 29 permits. However, the value of the works decreased sharply from \$37.5 million in 2014/15 to \$16.5 million in 2015/16.

These wide swings in the value of development applications and building permits is often the result of timing, as construction drawings can take up to six to 12 months to complete following the issue of a development approval. In other cases despite there being a planning approval granted owners.

Environmental Health Services

The protection, promotion, and maintenance of public health in the Shire of Peppermint Grove is the fundamental role of Environmental Health. The Shire has for several years contracted out its Environmental Health Officer services to the Town of Cottesloe for the assessment and inspection of food premises, as well as all public buildings. Environmental Health Officers have investigated several other environmental health issues in the Shire over the year involving noise issues from commercial premises, light overspill, and early morning bin collections from commercial premises. These issues have been resolved with assistance and co-operation of the landowners involved.

In addition, monthly tests of the Presbyterian Ladies College pool and food sampling, assess plans and share expertise and also handle complaints and enquiries. The total food premises and public building activities was fifty six. Sampling activities amounted to twenty four. Other activities including complaints and enquiries totalled sixty one to June 2016, up from forty in the previous financial year.

Compliance Services

Under the Building Act it is compulsory for the Shire to undertake four yearly inspections of swimming pool barriers. The Royal Life Saving Society commenced routine inspections in early 2016 of the 260 pools in the Shire to ensure the fencing requirements under the Australian Standards were being met.

Recent statistics had confirmed an increase in drownings of children under five years of age and two factors were found to be involved in these tragic accidents. The first was poor supervision of young children, and inadequate or poorly maintained pool barriers and fences to family swimming pools. About 41 pools were found to have shortcomings and Council

staff worked with home owners to ensure that these were remedied. By the end of June 2016 this had been reduced to four pools and these often involved substantial upgrades in order to be acceptable. Discussions with owners have continued to ensure these are upgraded as needed to meet the safety standards under the Building Act. In some cases landowners simply chose to remove the swimming pools that were no longer wanted and required substantial investment to be both safe and functional.

Parking and enforcement issues around PLC and Cottesloe Primary School continued to be an issue creating parking and access problems. The principals of both schools have again worked closely with Shire staff to educate new parents unfamiliar with the road network to find the safest way to pick up and drop off students without creating unnecessary congestion.

The new and upgraded parking signage, including line marking, carried out in late 2014 meets current standards throughout Peppermint Grove.

In addition to the shared ranger services from the Town of Cottesloe improving traffic flows around busy school pick up and drop off times, they have also been active in ensuring vacant land is cleared before the fire season. At the same time they have dealt with a number of complaints related to stray and barking dog incidents during the year and several fines to owners whose dogs were not on leads as required under the Dog Act or had behaved aggressively to people or other animals.

Infrastructure Services

The ongoing maintenance and renewal of the Shire's ageing assets continue to be a priority and many improvements have been made in this area. Some key achievements include:

Street Trees

The Shire's comprehensive tree maintenance and replacement program continued throughout 2015/2016 resulting in many new Peppermint trees being planted on verges throughout the area. This ongoing process will ensure Peppermint Grove's beautiful streetscapes continue to be enjoyed for many years to come.



Lilla Street Parking



The Lilla Street west car park was modified from parallel to right angle parking. This resulted in seven trailer bays being transformed into a total of 28 new car parking bays. This will make it easier for those visiting for the popular Keanes Point playground, Manners Hill Park and new the Café development.

Freshwater Bay Riverwall Repairs

The Shire embarked a joint project with the Department of Parks and Wildlife to repair failing sections of riverwall. This work was placed on hold during winter, but will resume in 2016/2017 when weather and tidal conditions are more favourable.



Drainage

Work continues on cleaning and maintaining the Shire's stormwater drainage system. New grates and pits are being installed on an ongoing basis with a focus on laneways.



Plant and Equipment

The Shire replaced its ageing loader with a new compact skid steer loader. This machine is a true 'multi-tasker', performing the role of loader, crane, street sweeper and forklift.



Rather than replacing the Shire's tipper truck, it was decided to refurbish it instead. Rusted sections were cut out and re-plated, then it was sandblasted and painted which will significantly extend the working life of this important vehicle.



The speed trailer received an overhaul as well with a software and hardware upgrade, plus sand-blasting and galvanizing of the chassis. New speed signage completes the picture.

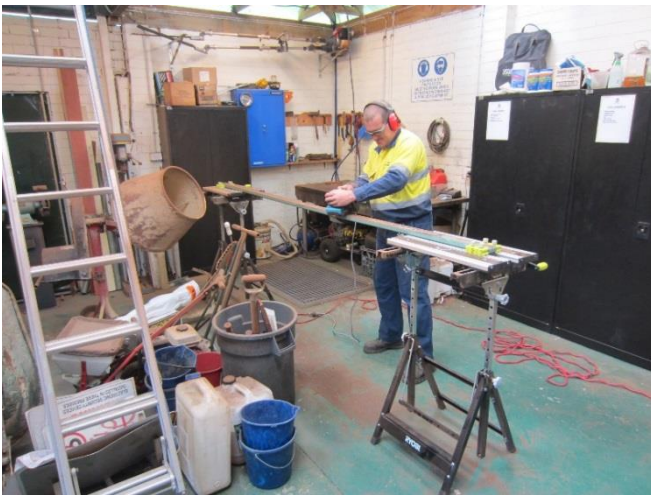
Foreshore re-vegetation

Work continues on the Bush Forever site No.403 at Devil's Elbow to preserve the natural area in line with the Shire's Riverside Management Strategy, with the added benefit of reduced water use and mowing requirements. Weed eradication and replanting of native species is ongoing.



Manners Hill Park Pavilion

Manners Hill Park Pavilion underwent a major renovation, with sections of rotted woodwork replaced, new concrete footings poured, all seating refurbished and a new paintjob.



Footpath Maintenance

A systematic footpath maintenance and replacement program continues, with many cracked or uneven sections replaced.



Sculpture

Public art was installed at the Shire Offices



Plant Nursery

A nursery was constructed in the Shire's sump. This allows us to keep a good stock of healthy peppermint trees available for planting whenever required.



Library Services

The Grove Library and Community Learning Centre is jointly owned and funded by the Shire of Peppermint Grove and the Towns of Cottesloe and Mosman Park. By agreement between the three Councils, the Shire manages the day to day operations of the Library and Community Learning Centre, including the employment and management of staff.

The Grove also has a cooperative arrangement with the neighbouring local authorities of Subiaco, Nedlands and Claremont, jointly known as the “Western Suburbs Library Group”, offering one membership card and seamless access to the resources of all libraries, via a combined catalogue.

The three strategic themes of the Grove of Leading, Learning, Living, were built on and extended throughout 2015-2016:

Leading:

As at 30 June 2016, the Library had 9,681 active members. This included 531 Peppermint Grove residents (32% of all residents).

A total of 237,971 loans were recorded from The Grove Library in 2015-2016. This represents a small decrease in physical loan items, but includes increasing e-loans of books, audiobooks and e-magazines, which now total 5% of overall loans.

The Grove’s Community History section continued to produce leading results, collecting the Maritime Museum Director’s Award for Excellence for the digitization project of the Royal Freshwater Bay Yacht Club’s archival collection, with 545 images digitally harvested and made available on-line.



The Grove Precinct’s sustainability education focus continued with the hosting of the 4th “Less is More” Festival; the launch of Plastic Free July event with environmental activist Tim Silverman; and the WESROC Water Forum event. The Grove also continued to host the Millennium Kids, a children’s sustainable action group, made up of many students from local schools.

Learning:

The Grove Library's youth services continued to support the educational needs of children and students. The Youth Librarian spoke monthly to new parents in conjunction with the Child Health Centre, on the importance of early literacy activities.

All measures of youth and children's services have increased over this period, including memberships, loans and attendance at storytimes and other children's programs. Of particular note is the strong interest in early literacy resources, resulting in lending increases in this area of 8.5% in this period, in addition to the previous two years' increases of 11.5% and 20% respectively.

During Children's Book Week, 740 students from seven local schools attended sessions at the Grove to listen to authors, illustrators and storytellers and to be motivated to read and write for pleasure. The Youth Librarian also visited local schools, kindergartens, playgroups and day care centres for storytelling sessions and to promote library services to an additional 578 children.

The Grove provided a broad range of school holiday activities in July, October and December. Keane's Point was a popular venue for outdoor story time sessions in November and at Easter.

In a partnership project with the State Library, "Better Beginnings" bags were distributed to new parents via the Grove Child Health Centre.

For adults, The Grove hosted two book launches, four literary dinners, as well as the Fellowship of Australian Writers (WA) Short Story Awards presentation, and a Friends of the R.F.D.S. fundraising event which successfully raised thousands of dollars for the Royal Flying Doctors Service.

Gallery@The Grove was also launched with an exhibition by local artist James Tinsley in November. Future exhibitions of local artists' work are anticipated

Living:

Volunteers contributed a total of 454 hours to assisting programs in Community History, general library administration and events, and home delivery to housebound clients.

The Grove was host to ten book groups, five facilitated by the Library and five private clubs. The Shakespeare Society also met monthly to read excerpts from the Bard's works.

Cappuccino Concerts presented its sixth year of concerts at The Grove with a series of five classical and contemporary music recitals held over June and July. These were well patronized by local residents.

The Grove Community Learning Centre continued to offer high quality community programs such as seniors programs and activities, parenting programs, drop-in child health clinics, immunization clinics, school holiday activities and sustainability programs in 2015-2016.

The main tenant, West Coast Community Centre, provided 261 adult learning and social events with total attendances of 7,323. This group is volunteer based, actively encouraging resident participation and engagement.

Other groups regularly utilizing the Community Learning Centre were Men and Women's Probus Clubs and University of the Third Age. These club meetings provided a hub for social activities and companionship with interesting guest speakers talking on a variety of subjects.

The facility was also available for "one off" hires for the purpose of educational seminars, association meetings, AGMs and conferences. In addition, supplementary income was generated by the booking of private hirers when the Community Centre was not required for community activities.

In total the Community Learning Centre achieved 22,555 attendances (a 19% increase) over 685 individual events in 2015-2016.

Community Events

The aim of Council's Community Development section is to bring people together to identify and respond to problems and opportunities; to participate with other local governments and organisations to deliver community programs and to generally improve the quality of life of Peppermint Grove residents. In 2015/16 Community Development activities conducted by Council supported community events including Australia Day, Anzac Day, Carols by Candlelight, community safety initiatives such as Halloween; improving access and inclusion for people with disabilities; youth, seniors and health and fitness programs.

Community Events

The annual Carols by Candlelight was held at Manners Hill Park on 13 December 2015. Supported by Lotterywest and led by the Camelot Choir and Salvation Army Band, this proves to be a very successful event each year, attracting approximately 1,000 people. As has been the tradition for over twenty years, the Salvation Army gives all proceeds from the night to the Balga Early Learning Centre who in turn uses these funds to support those families in need of assistance.

The 2016 Combined Councils' Australia Day event was held at Manners Hill Park with the Shire of Peppermint Grove as the lead council and was supported by Lotterywest. Over 400 people attended the event which included a citizenship ceremony welcoming 62 new citizens in to the community, an Affirmation ceremony and a free community barbecue breakfast. The Shire awarded Mr Ian Andrews as Citizen of the Year for his tireless work as leader for the Mosman Bay Sea Scouts. Mr & Mrs Basil and Jenny Twine accepted the Community Group of the Year Award for the committee's work in archiving documents for the Royal Freshwater Bay Yacht Club while the *Carols by Candlelight* event, having run for thirty years, was awarded with the Community Event of the Year.

Health and Fitness

In 2015/16, the Shire of Peppermint Grove and the Town of Mosman Park continued their partnership program with the Heart Foundation to provide support for walking groups within our local communities. The program has been very successful with three registered Walk Organisers each hosting weekly walks. A well-attended Morning Tea was provided for the Heart Foundation Walking Groups at the Pavilion in Manners Hill Park in February 2016.

Sportlink is an inclusive program that teaches basic sports skills and confidence to children with disabilities from 7 to 12 years of age. Qualified coaches and student volunteers worked with participants to have fun and develop friendships while providing a positive opportunity for children with disabilities to engage in physical activity with a view to making a transition to other community sporting groups. The program was funded by the Department of Sport and Recreation and was run by staff and students from Presbyterian Ladies' College.

Seniors

During 2015, a Seniors' Week Morning Tea was held in collaboration with the Towns of Mosman Park and Cottesloe and the Mosman Park Bowling Club. Seniors were entertained by a professional musician and the children from Beehive Montessori School while provided with a free morning tea.

The Intergenerational Internet Classes for seniors were conducted throughout the year in partnership with St Hilda's Anglican School for Girls and other neighbouring councils. This continues to be a very popular program.

A Seniors' First Aid Workshop, presented by St John Ambulance Australia, was held at the Alf Adams Pavilion in Mosman Park for those seniors who were keen to refresh their first aid knowledge or learn basic first aid to gain a better understanding of basic skills for common injuries and illnesses that can occur in everyday life. St John Ambulance provided information, advice and hands-on demonstrations including the recovery position, CPR and common heart conditions.

Youth

A very popular self-defence workshop was held in October 2015 for the Youth of Peppermint Grove. Young people in the 12-25 year old age group bracket were able to learn the art of self-defence for free at The Grove library.

Community Safety

The Shire continued to maintain and enhance a strong working relationship with Cottesloe Police and the Central Metropolitan Crime Prevention Unit. The Community Development Officer attended regular meetings with the Western Suburbs' Community Safety Coordinators' Networking Group to ensure a proactive and integrated approach to community safety.

A number of community safety initiatives were held in the library during 2015-16 including Child Car Restraint, Distracted Driver and vehicle safety displays. A Self Defence Workshop was held for the over 18 year olds.

Sponsored by Neighbourhood Watch and in partnership with The Grove library, Towns of Cottesloe, Mosman Park, Claremont, Cambridge and Cities of Subiaco and Nedlands, a very successful Halloween HotSpot Safety Project promoted Halloween as a fun, safe, creative event for youth and families for the seven communities. The event, held on 31 October, was used as a means to promote the Neighbourhood Watch program and ensured that children could visit neighbours to "trick or treat" in a safe way. The Grove library offered a meeting place for families to enjoy an afternoon of spooky stories, scary competitions, SciTech demonstrations and tours through the Spooky Maze. A sausage sizzle provided was by the Mosman Bay Sea Scouts.

Business Beat is an initiative of the Shire of Peppermint Grove and the WA Police. The program supports the Shire's Community Safety and Crime Prevention Strategy and aims to contribute to raising awareness on protecting businesses against theft and other crimes. The Business Beat kit is a free resource designed to help businesses protect their property, profits and staff from crime.

A major strategy for community safety is based on the simple fact that neighbours who know one another are more likely to “look out” for each other and take note of activities around their neighbourhood. Street parties are a great way for neighbours to keep in touch with each other and meet new neighbours. Both Keane Street and Irvine Street enjoyed street parties prior to Christmas.

Ewatch has become a popular way for residents to keep up with community safety issues and events. Ewatch is an email based system that connects residents to their local police and council in an effort to monitor crime and encourages neighbours to be proactive in making their community a safe and vibrant place to live. Residents who join ewatch receive regular email updates on crime trends and statistics, safety initiatives, emerging issues and events that are specific to their area. Ewatch is a free service provided through WA Police and Neighbourhood Watch and is proudly supported by WALGA.

Volunteers

Since February 2016, a Volunteer Resource Centre has been located in the “Pod” in the library each Monday, providing the community with a free, informative service about volunteering and will assist residents in finding a suitable volunteer role.

Sustainability

The Shire continues to partner with Earth Carers and in 2016 participated in assisting with the sustainable activities held for the school children from Cottesloe Primary School with their Green Day, helping to promote environmental issues and to make a difference in our community through increasing student awareness. The children enjoyed their morning learning to identify how and what to recycle, reuse and reduce, while also participating in a range of games and activities helping them to understand more about worms, recycling and waste free living.

Access and Inclusion

The Shire is committed to facilitating the inclusion of people with disabilities through the improvement of access and inclusion to its services and facilities. Implementation of the DAIP across all areas of council is an ongoing process. The seven outcomes of the DAIP are:

1. People with disability have the same opportunities as other people to access the services of, and any events organised by the Shire of Peppermint Grove.
2. People with disability have the same opportunities as other people to access the Shire of Peppermint Grove buildings, facilities and infrastructure.
3. People with disability receive information from the Shire of Peppermint Grove in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Peppermint Grove as other people receive from the staff of the Shire of Peppermint Grove.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Peppermint Grove.
6. People with disability have the same opportunities as other people to participate in public consultation by the Shire of Peppermint Grove.

7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.
8. People with disability have the same opportunities as other people to make complaints to the Shire of Peppermint Grove.
9. People with disability have the same opportunities as other people to participate in public consultation by the Shire of Peppermint Grove.
10. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

Committee Membership

AUDIT COMMITTEE

MEMBERS	SENIOR MANAGEMENT STAFF
Cr R Thomas, Shire President	John Merrick, CEO
Cr C Hohnen, Deputy Shire President	Paul Rawlings, Manager Corporate Services
Cr S Fleay	

CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE

MEMBERS
All Elected Members

COTTESLOE-PEPPERMINT GROVE-MOSMAN PARK COMBINED LIBRARY COMMITTEE

MEMBERS	SENIOR MANAGEMENT STAFF
Cr K Farley	Debra Burn, Manager Library Services and Community Development
DEPUTY MEMBERS	
Cr D Horrex	

DEVELOPMENT ASSESSMENT PANEL (DAP)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr R Thomas, Shire President	John Merrick, CEO
Cr C Hohnen, Deputy Shire President	
Alternate Delegate	
Cr K Farley	

LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr G Peters	John Merrick, CEO

LOCAL GOVERNMENT ASSOCIATION CENTRAL ZONE

MEMBERS	SENIOR MANAGEMENT STAFF
Cr S Fleay	John Merrick, CEO
Cr C Hohnen, Deputy Shire President	

MEMBER COUNCIL LIAISON GROUP

MEMBERS	SENIOR MANAGEMENT STAFF
Cr R Thomas, Shire President	John Merrick, CEO
	Michael Whitbread, Manager Development Services

PEPPERMINT GROVE NEIGHBOURHOOD WATCH AND COMMUNITY SAFETY & CRIME PREVENTION WORKING PARTY (IN RECESS)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr G Peters	
DEPUTY MEMBERS	
Cr D Horrex	

SHINE

MEMBERS	SENIOR MANAGEMENT STAFF
Cr R Thomas, Shire President	John Merrick, CEO
	Paul Rawlings, Manager Corporate Services
DEPUTY MEMBERS	
Cr K Farley	

WESTERN METROPOLITAN REGIONAL COUNCIL (WMRC)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr C Hohnen, Deputy Shire President	John Merrick, CEO
DEPUTY MEMBERS	
Cr G Peters	

WESTERN SUBURBS REGIONAL ORGANISATION OF COUNCILS (WESROC)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr R Thomas, Shire President	John Merrick, CEO
DEPUTY MEMBERS	
Cr C Hohnen, Deputy Shire President	

SWAN RIVER TRUST

MEMBERS	SENIOR MANAGEMENT STAFF
Cr G Peters	Michael Whitbread, Manager Development Services
DEPUTY MEMBERS	
Cr C Hohnen	

SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:	
1 Leake Street, PEPPERMINT GROVE WA 6011	

**SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Peppermint Grove being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire of Peppermint Grove at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *20th* day of *OCTOBER* 2016


Paul Rawlings
Acting Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	2,983,759	2,994,350	2,792,584
Operating Grants, Subsidies and Contributions	28	1,322,542	1,360,001	1,412,367
Fees and Charges	27	316,361	278,340	358,425
Interest Earnings	2(a)	85,163	43,200	81,107
Other Revenue		88,994	36,300	47,487
		<u>4,796,820</u>	<u>4,712,191</u>	<u>4,691,970</u>
Expenses				
Employee Costs		(2,121,178)	(2,126,224)	(2,105,542)
Materials and Contracts		(1,756,915)	(1,984,341)	(1,968,668)
Utility Charges		(148,590)	(158,291)	(153,089)
Depreciation on Non-Current Assets	2(a)	(362,263)	(293,500)	(328,660)
Interest Expenses	2(a)	(63,803)	(65,204)	(62,912)
Insurance Expenses		(119,683)	(121,445)	(119,207)
Other Expenditure		(63,250)	0	(2,150)
		<u>(4,635,682)</u>	<u>(4,749,005)</u>	<u>(4,740,228)</u>
		161,138	(36,814)	(48,258)
Non-Operating Grants, Subsidies and Contributions				
	28	115,901	19,140	34,334
Share of Joint Venture Net Assets		11,948	0	(2,923)
Profit on Asset Disposals	20	240	0	8,876
Loss on Asset Disposals	20	(14,311)	(405)	0
		<u>274,915</u>	<u>(18,079)</u>	<u>(7,971)</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	(40,153)	0	9,432,212
		<u>(40,153)</u>	<u>0</u>	<u>9,432,212</u>
Total Other Comprehensive Income				
		<u>(40,153)</u>	<u>0</u>	<u>9,432,212</u>
Total Comprehensive Income				
		<u><u>234,762</u></u>	<u><u>(18,079)</u></u>	<u><u>9,424,241</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance		25,284	10,060	23,786
General Purpose Funding		3,103,816	3,119,190	2,967,567
Law, Order, Public Safety		13,555	11,800	11,840
Health		15,500	13,500	14,104
Community Amenities		191,058	123,000	188,195
Recreation and Culture		1,337,378	1,344,036	1,382,710
Transport		24,226	13,225	19,611
Economic Services		79,241	77,380	66,716
Other Property and Services		6,761	0	17,440
	2(a)	<u>4,796,819</u>	<u>4,712,191</u>	<u>4,691,969</u>
Expenses				
Governance		(922,768)	(857,458)	(816,276)
General Purpose Funding		(88,005)	(85,500)	(90,776)
Law, Order, Public Safety		(39,061)	(60,150)	(52,615)
Health		(55,833)	(56,550)	(57,981)
Education and Welfare		(23,182)	(32,000)	(31,744)
Community Amenities		(625,398)	(667,624)	(675,535)
Recreation & Culture		(1,892,699)	(1,978,474)	(2,031,591)
Transport		(818,728)	(864,845)	(847,168)
Economic Services		(74,767)	(78,200)	(62,998)
Other Property and Services		(31,438)	(3,000)	(10,631)
	2(a)	<u>(4,571,879)</u>	<u>(4,683,801)</u>	<u>(4,677,315)</u>
Financial Costs				
Recreation & Culture		(63,803)	(65,204)	(62,912)
	2(a)	<u>(63,803)</u>	<u>(65,204)</u>	<u>(62,912)</u>
Non-Operating Grants, Subsidies and Contributions				
Recreation & Culture		70,000	0	0
Transport		45,901	19,140	34,334
		<u>115,901</u>	<u>19,140</u>	<u>34,334</u>
Profit/(Loss) on Disposal of Assets				
Governance		(347)	0	0
Transport		(13,724)	(405)	8,876
		<u>(14,071)</u>	<u>(405)</u>	<u>8,876</u>
Share of Joint Venture Net Assets		11,948	0	(2,923)
Net Result		<u>274,915</u>	<u>(18,079)</u>	<u>(7,971)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	(40,153)	0	9,432,212
Total Other Comprehensive Income		<u>(40,153)</u>	<u>0</u>	<u>9,432,212</u>
Total Comprehensive Income		<u><u>234,762</u></u>	<u><u>(18,079)</u></u>	<u><u>9,424,241</u></u>

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

**SHIRE OF PEPPERMINT GROVE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,170,540	727,576
Trade and Other Receivables	4	<u>146,862</u>	<u>158,099</u>
TOTAL CURRENT ASSETS		<u>1,317,402</u>	<u>885,675</u>
NON-CURRENT ASSETS			
Investments via Equity Method	5	238,570	226,622
Property, Plant and Equipment	6	15,346,901	15,388,366
Infrastructure	7	<u>12,483,429</u>	<u>12,605,185</u>
TOTAL NON-CURRENT ASSETS		<u>28,068,900</u>	<u>28,220,173</u>
TOTAL ASSETS		<u>29,386,302</u>	<u>29,105,848</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	199,710	182,258
Current Portion of Long Term Borrowings	9	24,186	22,600
Provisions	10	<u>166,919</u>	<u>114,305</u>
TOTAL CURRENT LIABILITIES		<u>390,815</u>	<u>319,163</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	839,937	864,124
Provisions	10	<u>20,827</u>	<u>22,600</u>
TOTAL NON-CURRENT LIABILITIES		<u>860,764</u>	<u>886,724</u>
TOTAL LIABILITIES		<u>1,251,579</u>	<u>1,205,887</u>
		<u>28,134,723</u>	<u>27,899,961</u>
EQUITY			
Retained Surplus		10,236,783	9,897,437
Reserves - Cash Backed	11	491,924	556,355
Revaluation Surplus	12	<u>17,406,016</u>	<u>17,446,169</u>
TOTAL EQUITY		<u>28,134,723</u>	<u>27,899,961</u>

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

**SHIRE OF PEPPERMINT GROVE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		9,937,131	524,632	8,013,957	18,475,720
Comprehensive Income					
Net Result		(7,971)	0	0	(7,971)
Changes on Revaluation of Non-Current Assets	12	0	0	9,432,212	9,432,212
Total Comprehensive Income		(7,971)	0	9,432,212	9,424,241
Transfers from/(to) Reserves		(31,723)	31,723	0	0
Balance as at 30 June 2015		9,897,437	556,355	17,446,169	27,899,961
Comprehensive Income					
Net Result		274,915	0	0	274,915
Changes on Revaluation of Non-Current Assets	12	0	0	(40,153)	(40,153)
Total Comprehensive Income		274,915	0	(40,153)	234,762
Transfers from/(to) Reserves		64,431	(64,431)	0	0
Balance as at 30 June 2016		10,236,783	491,924	17,406,016	28,134,723

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,983,965	2,994,350	2,836,185
Operating Grants, Subsidies and Contributions		1,330,274	1,360,001	1,431,065
Fees and Charges		316,361	278,340	358,425
Interest Earnings		85,163	43,200	81,107
Goods and Services Tax		252,457	201,365	220,360
Other Revenue		88,994	36,300	47,487
		<u>5,057,214</u>	<u>4,913,556</u>	<u>4,974,629</u>
Payments				
Employee Costs		(2,052,223)	(2,111,224)	(2,117,063)
Materials and Contracts		(1,757,578)	(1,934,212)	(1,983,369)
Utility Charges		(148,590)	(158,291)	(153,089)
Interest Expenses		(63,803)	(65,204)	(62,912)
Insurance Expenses		(119,683)	(121,445)	(119,207)
Goods and Services Tax		(249,157)	(201,365)	(231,621)
Other Expenditure		(63,250)	0	(2,149)
		<u>(4,454,284)</u>	<u>(4,591,741)</u>	<u>(4,669,410)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>602,930</u>	<u>321,815</u>	<u>305,219</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(282,574)	(218,295)	(49,842)
Payments for Construction of Infrastructure		(122,371)	(247,150)	(182,191)
Non-Operating Grants, Subsidies and Contributions		115,901	19,140	34,334
Proceeds from Sale of Fixed Assets		151,678	102,000	41,700
Net Cash Provided by (Used in) Investment Activities		(137,366)	(344,305)	(155,999)
Cash Flows from Financing Activities				
Repayment of Debentures		(22,600)	(22,600)	(21,118)
Net Cash Provided By (Used In) Financing Activities		(22,600)	(22,600)	(21,118)
Net Increase (Decrease) in Cash Held		442,964	(45,090)	128,102
Cash at Beginning of Year		727,576	727,689	599,474
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,170,540</u>	<u>682,599</u>	<u>727,576</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Governance		25,284	10,060	23,786
General Purpose Funding		120,057	124,840	174,983
Law, Order, Public Safety		13,555	11,800	11,840
Health		15,500	13,500	14,104
Community Amenities		203,006	123,000	188,195
Recreation and Culture		1,407,378	1,344,036	1,382,710
Transport		70,367	32,365	62,821
Economic Services		79,241	77,380	66,716
Other Property and Services		6,761	0	17,440
		<u>1,941,149</u>	<u>1,736,981</u>	<u>1,942,595</u>
Expenses				
Governance		(923,115)	(857,458)	(816,276)
General Purpose Funding		(88,005)	(85,500)	(90,776)
Law, Order, Public Safety		(39,061)	(60,150)	(52,615)
Health		(55,833)	(56,550)	(57,981)
Education and Welfare		(23,182)	(32,000)	(31,744)
Community Amenities		(625,398)	(667,624)	(678,458)
Recreation and Culture		(1,956,502)	(2,043,678)	(2,094,503)
Transport		(832,692)	(865,250)	(847,168)
Economic Services		(74,767)	(78,200)	(62,998)
Other Property and Services		(31,438)	(3,000)	(10,631)
		<u>(4,649,993)</u>	<u>(4,749,410)</u>	<u>(4,743,150)</u>
Net Result Excluding Rates		(2,708,844)	(3,012,429)	(2,800,555)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	14,071	405	(8,876)
Share of JV Net Assets	5	(11,948)	0	2,924
Movement in Employee Benefit Provisions (Non-current)		(1,772)	0	16,188
Depreciation and Amortisation on Assets	2(a)	362,263	293,500	328,660
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(20,931)	(15,000)	(19,928)
Purchase Furniture and Equipment	6(a)	(5,115)	(40,000)	(2,017)
Purchase Plant and Equipment	6(a)	(256,528)	(163,295)	(27,897)
Purchase Roads	7(a)	(72,800)	(20,000)	(29,823)
Purchase Footpaths	7(a)	(49,571)	0	(51,242)
Purchase Drainage	7(a)	0	(47,150)	(3,500)
Purchase Parks & Ovals	7(a)	0	0	(81,470)
Purchase Other Infrastructure	7(a)	0	(180,000)	(16,156)
Proceeds from Disposal of Fixed Assets	20	151,678	102,000	41,700
Repayment of Debentures	21(a)	(22,600)	(22,600)	(21,118)
Transfers to Reserves (Restricted Assets)	11	(87,185)	(65,000)	(155,539)
Transfers from Reserves (Restricted Assets)	11	151,616	175,295	123,816
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	32,757	1,645	(54,994)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	458,850	1,721	32,757
Total Amount Raised from General Rate	22(a)	<u>(2,983,759)</u>	<u>(2,994,350)</u>	<u>(2,792,584)</u>

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), 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 financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report 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 financial report is presented in Australian dollars.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

(b) 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.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

(d) 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.

(e) 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 Sale

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.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

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

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

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire 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 at the next anniversary date in accordance with the mandatory measurement framework detailed above.

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.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings - Plant & Air Conditioning	15 years
Buildings - Other	40 years
Buildings - Long Life Structures	50 years
Furniture and Equipment	4 to 10 years
Light Vehicles	2 years
Plant and Equipment	5 to 15 years
Sealed Roads and Streets	
- formation	not depreciated
- pavement	40 years
- bituminous seals	20 years
Footpaths & Dual-Use Paths	
- formation	not depreciated
- concrete or paved	50 years
Drainage	70 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 the statement of comprehensive income in the period in which they arise.

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

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

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 (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

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 PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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 (i.e. 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 at 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.

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.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(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 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 non-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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 will have 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 to 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.

(i) 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 revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) 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.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) 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.

(o) Investment in Associates

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

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

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

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 16.

(q) 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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to 'those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) 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.

(s) 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.

(t) Rounding Off Figures

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

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

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 – Financial Instruments (incorporating AASB 2014-7 & AASB 2014-8)	December 2014	1 January 2018	The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard incorporates the principles of IFRS 15 (International Accounting Standards Board) - namely the reporting of the nature, amount, timing and (un)certainly of revenue and cash flows arising from a contract with a customer. Minimal impact on Shire, if any, due to minimal exposure to contracts with customers other than neighbouring local governments.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Removes distinction between finance and operating leases with lessees bringing to account a right-to-use asset and lease liability onto their statements of financial position. Current method of expensing lease payments when they are incurred to be replaced by depreciation and interest charges. Given the Shire has only two operating leases with an annual cost of around \$10,000, impact from 2019 onwards will be minimal.
(iv)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisition of Interests in Joint Operations [AASB 1 and AASB11]	August 2014	1 January 2016	Amendment provides guidance on accounting for acquisitions of interests in joint operations in which the activity constitutes a business. No impact on Shire as it has not acquired interests in any joint operations of such a nature and is unlikely to in the future.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 and AASB 138]	August 2014	1 January 2016	Amendment establishes principle of expected pattern of consumption of the future economic benefits of an asset as the basis for depreciation or amortisation. As the Shire currently uses an expected pattern of asset consumption this amendment is not expected to have an impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.
(vii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB's 7, 101, 134 and 1049]	January 2015	1 January 2016	Designed to encourage the application of professional judgement in determining what information to disclose in the financial statements. No significant impact on financial reporting anticipated and will mainly be limited to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Sector Entities [AASB's 10, 124 & 1049]	March 2015	1 July 2016	Amendment extends scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. A significant disclosure impact is anticipated as both elected members and senior management will be deemed to be key management personnel for the purposes of applying AASB 124

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	7,500	15,561
- Assistance with the finalisation of the annual financial report	0	4,875
- Acquittals	0	1,250
Depreciation		
Specialised Buildings	103,409	137,277
Furniture and Equipment	14,727	13,282
Plant and Equipment	0	18,840
Roads	145,777	111,612
Footpaths	54,083	14,216
Drainage	7,088	3,735
Parks & Ovals	35,779	29,145
Other Infrastructure	1,400	553
	<u>362,263</u>	<u>328,660</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21.(a)</i>)	63,803	62,912
	<u>63,803</u>	<u>62,912</u>
Rental Charges		
- Operating Leases	0	67,942
	<u>0</u>	<u>67,942</u>
(ii) Crediting as Revenue:		
Other Revenue		
Reimbursements and Recoveries	55,147	19,307
Other	33,847	28,180
	<u>88,994</u>	<u>47,487</u>
	<u>362,263</u>	<u>328,660</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest Earnings		2015
- Reserve Funds	16,195	Actual
- Other Funds	36,053	\$
Other Interest Revenue (<i>refer note 26</i>)	32,915	
	<u>85,163</u>	<u>81,107</u>
	<u>60,800</u>	

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Peppermint Grove is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

COMMUNITY VISION

To remain a Shire valued for its ambiance and independence.

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.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities

Rates, general purpose government grants and interest revenue. Costs associated with raising of rates and other funding activities.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities

Supervision of various local laws, fire prevention, emergency services and animal control.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities

Maternal and infant health, immunisation control, health inspections, pest control and preventative services.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities

Contribution towards the operation of a Day Care Centre, Aged Persons Support Service, community centre and other voluntary services.

COMMUNITY AMENITIES

Objective:

To provide services to the community.

Activities

Rubbish collection and recycling services, administration of the Town Planning Scheme, maintenance of bus shelters.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective:

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

Activities

Maintenance of parks and reserves. Administration of the library and community centre that services the Cottesloe, Mosman Park and Peppermint Grove localities.

TRANSPORT

Objective:

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

Activities

Construction and maintenance of roads, drainage works, footpaths, parking facilities and traffic signs. Cleaning of streets and maintaining street verges and street trees.

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities

Implementation of building controls.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control Council's overhead operating accounts.

Activities

Plant operation and public works overhead costs.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance ⁽¹⁾ 01/07/14 \$</u>	<u>Received ⁽²⁾ 2014/15 \$</u>	<u>Expended ⁽³⁾ 2014/15 \$</u>	<u>Closing Balance ⁽¹⁾ 30/06/15 \$</u>	<u>Received ⁽²⁾ 2015/16 \$</u>	<u>Expended ⁽³⁾ 2015/16 \$</u>	<u>Closing Balance 30/06/16 \$</u>
Water Recycling	Recreation & Culture	6,266	0	(6,266)	0	0	0	0
Cultural Heritage	Recreation & Culture	7,230	0	(4,895)	2,335	0	(2,335)	0
Bay View Terrace (RRG)	Transport	0	0		0	18,552	0	18,552
Bay View Terrace (RTR)	Transport	0	0		0	21,878	0	21,878
Hobbs Place (RTR)	Transport	0	0		0	5,471	0	5,471
River Wall (DPaW)	Recreation & Culture	0	0		0	70,000	0	70,000
Total		<u><u>13,496</u></u>	<u><u>0</u></u>	<u><u>(11,161)</u></u>	<u><u>2,335</u></u>	<u><u>115,901</u></u>	<u><u>(2,335)</u></u>	<u><u>115,901</u></u>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		562,716	168,886
Restricted		<u>607,824</u>	<u>558,690</u>
		<u><u>1,170,540</u></u>	<u><u>727,576</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	36,336	35,290
Plant Reserve	11	0	62,492
Infrastructure/Building Reserve	11	27,137	26,355
IT Reserve	11	37,326	1,747
Road Reserve	11	105,424	82,681
Library Staff Leave Reserve	11	2,145	5,813
Public Open Space Reserve	11	156,803	234,649
Library Infrastructure Reserve	11	109,411	106,259
Arts & Culture Reserve	11	17,342	1,069
Unspent Grants	2(c)	<u>115,901</u>	<u>2,335</u>
		<u><u>607,825</u></u>	<u><u>558,690</u></u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	111,964	112,170
Sundry Debtors	8,515	16,247
GST Receivable	23,661	29,682
Rebates	<u>2,722</u>	<u>0</u>
	<u><u>146,862</u></u>	<u><u>158,099</u></u>

Non-Current

	<u><u>0</u></u>	<u><u>0</u></u>
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5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-Current Investment in Joint Venture

The Shire of Peppermint Grove, together with the Towns of Claremont, Cottesloe and Mosman Park and the City of Subiaco, have a joint venture arrangement with regard to the provision of a waste transfer station. The Council was formed to provide for the efficient treatment and/or disposal of waste.

A waste transfer station was constructed using funds provided by constituent Councils. The voting power held by the Shire of Peppermint Grove is 20%. The Shire's 3.98% share of the assets is included as an investment in equity in joint venture as follows:

	2016 \$	2015 \$
(i) Retained surplus attributable to interest in joint venture:		
Balance at beginning of the financial year	62,824	65,747
Share of joint venture's net result	<u>11,948</u>	<u>(2,923)</u>
Balance at the end of the financial year	<u><u>74,772</u></u>	<u><u>62,824</u></u>
(ii) Carrying amount of investment in joint venture:		
Balance at beginning of the financial year	226,622	229,545
Share of joint venture's net assets	<u>11,948</u>	<u>(2,923)</u>
Balance at the end of the financial year	<u><u>238,570</u></u>	<u><u>226,622</u></u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 1 July 2013	965,000	965,000
- Independent Valuation 30 June 2014	6,000,000	6,000,000
- Cost	<u>0</u>	<u>0</u>
	<u>6,965,000</u>	<u>6,965,000</u>
Total Land	<u>6,965,000</u>	<u>6,965,000</u>
Specialised Buildings at:		
- Independent Valuation 1 July 2013	6,498,980	6,498,980
- Independent Valuation 30 June 2014	1,893,750	1,893,750
- Cost	40,858	19,928
Less: Accumulated Depreciation	<u>(399,907)</u>	<u>(296,499)</u>
	<u>8,033,681</u>	<u>8,116,159</u>
Total Buildings	<u>8,033,681</u>	<u>8,116,159</u>
Total Land and Buildings	<u>14,998,681</u>	<u>15,081,159</u>
Furniture and Equipment at:		
- Management Valuation 30 June 2014	138,610	138,610
- Additions after Valuation - Cost	7,132	2,017
Less Accumulated Depreciation	<u>(28,010)</u>	<u>(13,282)</u>
	<u>117,732</u>	<u>127,345</u>
Plant and Equipment at:		
- Management Valuation 2016	230,488	108,050
- Additions after Valuation - Cost	0	118,719
Less Accumulated Depreciation	<u>0</u>	<u>(46,907)</u>
	<u>230,488</u>	<u>179,862</u>
	<u>15,346,901</u>	<u>15,388,366</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Plant and Equipment:

Plant and equipment was revalued during the year ending 30 June 2016 by management having regard for their current replacement cost and condition assessment (level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrease of \$40,153 in the net value of the Shire's plant and equipment. All of this decrease was debited to the revaluation reserve in the Shire's equity (refer note 12 (b) for further details) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

Furniture and Equipment:

The Shire's Furniture and Equipment was revalued at 30 June 2014 by management having regard for their current replacement cost, condition assessment (level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (level 3 inputs). Given the significance of the level 3 inputs into the overall fair value measurement the assets are deemed to have been valued using level 3. These level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied they have the potential to result in significantly higher or lower fair value measurement.

The revaluation of these assets resulted in an overall decrease of \$3,383 in the net value of the Shire's furniture and equipment. The decrease was recognised in the net result in the Statement of Comprehensive Income.

Land and Buildings:

The Shire's land and buildings were revalued at 1 July 2013 by independent valuers except the Wearne Hostel which has been valued at 30 June 2014 as no information was available at 1 July 2013

In relation to land, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost using both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 impacts), residual values and remaining useful life assessments (level 3 inputs). These level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in significantly higher or lower fair value measurement.

The revaluation of these assets resulted in an overall increase of \$8,000,540 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer note 12 for further details) and was recognised as Changes on Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

		Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	6,965,000	0	0	0	0	0	6,965,000
Total Land		6,965,000	0	0	0	0	0	6,965,000
Specialised Buildings	(Level 3)	8,116,159	20,931	0	0	0	(103,409)	8,033,681
Total Buildings		8,116,159	20,931	0	0	0	(103,409)	8,033,681
Total Land and Buildings		15,081,159	20,931	0	0	0	(103,409)	14,998,681
Furniture and Equipment	(Level 3)	127,345	5,115	0	0	0	(14,727)	117,733
Plant and Equipment	(Level 2)	179,862	256,528	(165,749)	(40,153)	0	0	230,488
Total Property, Plant and Equipment		15,388,366	282,574	(165,749)	(40,153)	0	(118,137)	15,346,901

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Independent Valuation 2015	8,972,822	8,972,822
- Additions after Valuation - Cost	0	0
- Cost	72,800	0
Less Accumulated Depreciation	<u>(145,777)</u>	<u>0</u>
	8,899,845	8,972,822
Footpaths		
- Independent Valuation 2015	1,821,750	1,821,750
- Additions after Valuation - Cost	0	0
- Cost	49,571	0
Less Accumulated Depreciation	<u>(54,083)</u>	<u>0</u>
	1,817,238	1,821,750
Drainage		
- Independent Valuation 2015	774,613	774,613
- Additions after Valuation - Cost	0	0
- Cost	0	0
Less Accumulated Depreciation	<u>(7,088)</u>	<u>0</u>
	767,525	774,613
Parks & Ovals		
- Management Valuation 2015	1,008,000	1,008,000
- Additions after Valuation - Cost	0	0
- Cost	0	0
Less Accumulated Depreciation	<u>(35,779)</u>	<u>0</u>
	972,221	1,008,000
Other Infrastructure		
- Management Valuation 2015	28,000	28,000
- Additions after Valuation - Cost	0	0
- Cost	0	0
Less Accumulated Depreciation	<u>(1,400)</u>	<u>0</u>
	26,600	28,000
	<u>12,483,429</u>	<u>12,605,185</u>

Roads and Infrastructure:

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown at cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

The Council's Roads, Footpaths & Drainage Infrastructure was revalued at 30th June 2015 by Asset Infrastructure Management, an independent specialist valuer and Parks/Ovals and Other Infrastructure by Shire's management. The revaluation resulted in an increment of \$9,432,212 in the net value of the infrastructure assets which has been recognised in the Statement of Comprehensive Income and as an increase in the Shire's Infrastructure Asset Revaluation Reserve (refer to Note 12 for further details).

The revaluations were undertaken having regard for their current replacement cost, condition assessment (level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (level 3 inputs). Given the significance of the level 3 inputs into the overall fair value measurement the assets are deemed to have been valued using level 3.

The Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

		Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$	\$
Roads	(Level 3)	8,972,822	72,800	0	0	0	(145,777)	8,899,845
Footpaths	(Level 3)	1,821,750	49,571	0	0	0	(54,083)	1,817,238
Drainage	(Level 3)	774,613	0	0	0	0	(7,088)	767,525
Parks & Ovals	(Level 3)	1,008,000	0	0	0	0	(35,779)	972,221
Other Infrastructure	(Level 3)	28,000	0	0	0	0	(1,400)	26,600
Total		<u>12,605,185</u>	<u>122,371</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(244,127)</u>	<u>12,483,429</u>

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	129,773	130,435
Accrued Salaries and Wages	33,585	19,545
ATO Liabilities	36,352	32,278
	<u>199,710</u>	<u>182,258</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	24,186	22,600
	<u>24,186</u>	<u>22,600</u>
Non-Current		
Secured by Floating Charge Debentures	839,937	864,124
	<u>839,937</u>	<u>864,124</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	166,919	114,305
Non-Current	20,827	22,600
	<u>187,746</u>	<u>136,905</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015	82,144	54,761	136,905
Additional provision	162,584	41,831	204,415
Amounts used	<u>(138,348)</u>	<u>(15,227)</u>	<u>(153,575)</u>
Balance at 30 June 2016	<u>106,380</u>	<u>81,365</u>	<u>187,745</u>

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2016 Budget \$	2015 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	35,290	35,290	9,821
Amount Set Aside / Transfer to Reserve	1,046	350	31,509
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(6,040)</u>
	<u>36,336</u>	<u>35,640</u>	<u>35,290</u>
(b) Plant Reserve			
Opening Balance	62,492	62,492	47,286
Amount Set Aside / Transfer to Reserve	794	1,200	28,443
Amount Used / Transfer from Reserve	<u>(63,286)</u>	<u>(60,295)</u>	<u>(13,237)</u>
	<u>0</u>	<u>3,397</u>	<u>62,492</u>
(c) Infrastructure/Building Reserve			
Opening Balance	26,355	26,355	25,506
Amount Set Aside / Transfer to Reserve	782	750	849
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>27,137</u>	<u>27,105</u>	<u>26,355</u>
(d) IT Reserve			
Opening Balance	1,747	1,733	1,691
Amount Set Aside / Transfer to Reserve	35,579	35,035	56
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>37,326</u>	<u>36,768</u>	<u>1,747</u>
(e) Road Reserve			
Opening Balance	82,681	82,681	15,786
Amount Set Aside / Transfer to Reserve	22,743	1,650	81,895
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(15,000)</u>
	<u>105,424</u>	<u>84,331</u>	<u>82,681</u>
(f) Library Staff Leave Reserve			
Opening Balance	5,813	5,813	15,949
Amount Set Aside / Transfer to Reserve	172	200	375
Amount Used / Transfer from Reserve	<u>(3,840)</u>	<u>0</u>	<u>(10,511)</u>
	<u>2,145</u>	<u>6,013</u>	<u>5,813</u>
(g) Public Open Space Reserve			
Opening Balance	234,649	234,648	227,037
Amount Set Aside / Transfer to Reserve	6,644	5,580	7,612
Amount Used / Transfer from Reserve	<u>(84,490)</u>	<u>(115,000)</u>	<u>0</u>
	<u>156,803</u>	<u>125,228</u>	<u>234,649</u>
(h) Library Infrastructure Reserve			
Opening Balance	106,259	106,260	180,522
Amount Set Aside / Transfer to Reserve	3,152	4,200	4,765
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(79,028)</u>
	<u>109,411</u>	<u>110,460</u>	<u>106,259</u>
(i) Arts & Culture Reserve			
Opening Balance	1,069	1,084	1,034
Amount Set Aside / Transfer to Reserve	16,273	16,035	35
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>17,342</u>	<u>17,119</u>	<u>1,069</u>
TOTAL RESERVES	<u>491,924</u>	<u>446,061</u>	<u>556,355</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

11. RESERVES - CASH BACKED (continued)

Total Opening Balance	556,355	556,356	524,632
Total Amount Set Aside / Transfer to Reserve	87,185	65,000	155,539
Total Amount Used / Transfer from Reserve	<u>(151,616)</u>	<u>(175,295)</u>	<u>(123,816)</u>
TOTAL RESERVES	<u>491,924</u>	<u>446,061</u>	<u>556,355</u>

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

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

- (a) Leave Reserve**
 - to be used to fund annual and long service leave requirements.
 - No funds budgeted to be spent in 2016/17.
- (b) Plant Reserve**
 - to be used to fund replacement and upgrading of Council's plant fleet.
 - All funds spent in 2015/16.
- (c) Infrastructure/Building Reserve**
 - to be used to upgrade and replace recreational infrastructure and municipal buildings.
 - No funds budgeted to be spent in 2016/17.
- (d) IT Reserve**
 - to be used to fund future information technology and telephony equipment and/or software
 - \$15,000 to be spent replacing AV Equipment in the Community Centre in 2016/17.
- (e) Road Reserve**
 - to be used to maintain and upgrade the road and drainage systems.
 - No funds budgeted to be spent in 2016/17.
- (f) Library Staff Leave Reserve**
 - to be used to fund library and community centre staff leave entitlements.
 - No funds budgeted to be spent in 2016/17.
- (g) Public Open Space Reserve**
 - to be used to maintain and upgrade parks, reserves and forshore areas.
 - \$153,000 budgeted to be spent in 2016/17.
- (h) Library Infrastructure Reserve**
 - to be used for capital expenditure projects at the Grove library.
 - \$15,000 budgeted to be spent in 2016/17.
- (i) Arts & Culture Reserve**
 - to be used fo art & culural projects
 - No funds budgeted to be spent in 2016/17.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. REVALUATION SURPLUS	2016	2015
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	8,000,740	8,000,740
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>8,000,740</u>	<u>8,000,740</u>
(b) Plant & Equipment		
Opening Balance	13,217	13,217
Revaluation Increment	(0)	0
Revaluation Decrement	(40,153)	0
	<u>(26,936)</u>	<u>13,217</u>
(c) Roads		
Opening Balance	8,213,301	0
Revaluation Increment	0	8,213,301
Revaluation Decrement	0	0
	<u>8,213,301</u>	<u>8,213,301</u>
(d) Other Infrastructure		
Opening Balance	1,218,911	0
Revaluation Increment	0	1,218,911
Revaluation Decrement	0	0
	<u>1,218,911</u>	<u>1,218,911</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>17,406,016</u></u>	<u><u>17,446,169</u></u>

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$	2016 Budget \$	2015 \$
Cash and Cash Equivalents	<u>1,170,540</u>	<u>682,599</u>	<u>727,576</u>

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

Net Result	274,915	(18,079)	(7,971)
Depreciation	362,263	293,500	328,660
(Profit)/Loss on Sale of Asset	14,071	405	(8,876)
(Increase)/Decrease in Receivables	11,238	(7,753)	51,038
Increase/(Decrease) in Payables	17,450	88,765	(16,676)
Increase/(Decrease) in Employee Provisions	50,841	(15,883)	(9,546)
Grants Contributions for the Development of Assets	(115,901)	(19,140)	(34,334)
(Inc)/Dec in Joint Venture Net Assets	(11,948)	0	2,923
Net Cash from Operating Activities	<u>602,930</u>	<u>321,815</u>	<u>305,218</u>

	2016 \$	2015 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	3,479	(990)
Total Amount of Credit Unused	<u>218,479</u>	<u>214,010</u>
Loan Facilities		
Loan Facilities - Current	24,186	22,600
Loan Facilities - Non-Current	839,937	864,124
Total Facilities in Use at Balance Date	<u>864,123</u>	<u>886,724</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at 30th June 2016

15. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	37,585	60,874
- later than one year but not later than five years	26,634	47,689
- later than five years	<u>0</u>	<u>0</u>
	<u><u>64,219</u></u>	<u><u>108,563</u></u>

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	315,247	0
Payable:		
- not later than one year	315,247	0

The capital expenditure projects outstanding at the end of the current reporting are as follows:

Bay View Terrace (reseal)	69,570
Monument Street (reseal)	20,000
Swan Riverwall renewal	105,000
Footpath renewal	40,000
Kerbing renewal	20,677
Boundary Wall (Grove precinct)	60,000

16. JOINT VENTURE ARRANGEMENTS

The Shire is a member of the Western Metropolitan Regional Council (WMRC).
The WMRC operates a waste transfer facility. Further details are included under Note 5.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	4,806,683	4,944,193
General Purpose Funding	114,686	171,221
Community Amenities	8,119,064	8,110,039
Recreation and Culture	3,161,908	3,213,548
Transport	11,752,758	11,603,667
Other Property and Services	194,488	177,505
Unallocated	<u>1,236,716</u>	<u>885,675</u>
	<u><u>29,386,302</u></u>	<u><u>29,105,848</u></u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015	2014
18. FINANCIAL RATIOS			
Current Ratio	2.00	1.15	0.81
Asset Sustainability Ratio	0.70	0.53	0.70
Debt Service Cover Ratio	6.77	4.16	1.82
Operating Surplus Ratio	0.05	(0.01)	(0.11)
Own Source Revenue Coverage Ratio	0.74	0.69	0.64

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 53 of this document.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. TRUST FUNDS

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

	Balance 1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2016 \$
Footpath Bonds	115,060	29,000	(46,000)	98,060
Other Deposits	5,568	17,470	(7,600)	15,438
	<u>120,628</u>			<u>113,498</u>

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
Holden Commodore Utility	24,125	0	23,778	0	(347)	0
Transport						
Mitsubishi Challenger	31,683	30,000	25,042	30,000	(6,641)	0
Holden Colorado	17,033	19,000	17,273	19,000	240	
Mazda BT50	18,503	19,000	16,727	19,000	(1,776)	0
Ford Ranger XLT	40,000	0	40,000	0	0	0
Tenant Street Sweeper	4,000	4,000	2,858	4,000	(1,142)	
Caterpillar 904B Loader	30,405	30,405	26,000	30,000	(4,405)	(405)
	<u>165,749</u>	<u>102,405</u>	<u>151,678</u>	<u>102,000</u>	<u>(14,071)</u>	<u>(405)</u>

Profit	240	0
Loss	(14,311)	(405)
	<u>(14,071)</u>	<u>(405)</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture								
Grove Library/Community Centre	886,724	0	22,600	22,600	864,124	864,124	63,803	65,204
	886,724	0	22,600	22,600	864,124	864,124	63,803	65,204

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council established an overdraft facility of \$200,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
Residential	7.4252	549	35,814,134	2,659,271	(5,591)		2,653,680	2,453,375	5,000		2,458,375
Commercial	7.4252	33	2,802,218	208,070			208,070	413,966			413,966
Railway Reserve	7.4252	3	94,298	7,002			7,002	7,002			7,002
MRS Reserve	7.4252	1	486,956	36,157			36,157	36,157			36,157
Parks	7.4252	1	28,952	2,150			2,150	2,150			2,150
Sub-Totals		587	39,226,558	2,912,650	(5,591)	0	2,907,059	2,912,650	5,000	0	2,917,650
Minimum \$											
Minimum Payment											0
Residential	1,300	53	751,822	68,900			68,900	68,900			68,900
Commercial	1,300	6	104,708	7,800			7,800	7,800			7,800
Sub-Totals		59	856,530	76,700	0	0	76,700	76,700	0	0	76,700
Discounts (refer note 25.)							2,983,759				2,994,350
Total Amount Raised From General Rate							0				0
Specified Area Rate (refer note 23.)							2,983,759				2,994,350
Totals							0				0
							2,983,759				2,994,350

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July Brought Forward	<u>458,850</u>	<u>32,757</u>	<u>32,757</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	562,716	168,886	168,886
Restricted	607,824	558,690	558,690
Receivables			
Rates Outstanding	111,964	112,170	112,170
Sundry Debtors	8,515	16,247	16,247
GST Receivable	23,661	29,682	29,682
Rebates	2,722	0	0
Less:			
Trade and other Payables			
Sundry Creditors	(129,772)	(130,435)	(130,435)
Accrued Salaries and Wages	(33,585)	(19,545)	(19,545)
ATO Liabilities	(36,352)	(32,278)	(32,278)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(24,186)	(22,600)	(22,600)
Provisions			
Provision for Annual Leave	(106,380)	(82,144)	(82,144)
Provision for Long Service Leave	(60,539)	(32,161)	(32,161)
Net Current Assets	<u>926,588</u>	<u>566,512</u>	<u>566,512</u>
Less:			
Reserves - Restricted Cash	(491,924)	(556,355)	(556,355)
Add:			
Secured by Floating Charge Debentures	24,186	22,600	22,600
Surplus/(Deficit)	<u>458,850</u>	<u>32,757</u>	<u>32,757</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2015 Brought Forward position used in the 2016 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2015 audited financial report.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

23. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

No discount on rates is available.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		16,195	4,000
Interest on Instalments Plan	5.50%		14,743	13,600
Charges on Instalment Plan		30	5,210	5,000
			36,148	22,600

Ratepayers had the option of paying rates in four equal instalments, due on 10th August 2015, 12th October 2015, 14th December 2015 and 15th February 2016. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2016 \$	2015 \$
Governance	0	5,955
General Purpose Funding	8,410	9,200
Law, Order, Public Safety	6,055	4,840
Health	6,446	3,700
Community Amenities	133,539	185,161
Recreation and Culture	67,920	74,524
Transport	15,305	8,686
Economic Services	78,686	66,359
	316,361	358,425

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

28. GRANT REVENUE

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

	2016	2015
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	1,322,542	1,412,367
Non-Operating Grants, Subsidies and Contributions	115,901	34,334
	<u>1,438,443</u>	<u>1,446,701</u>
By Program:		
Governance	18,435	0
General Purpose Funding	25,509	83,451
Law, Order, Public Safety	3,500	3,000
Community Amenities	2,371	3,034
Recreation and Culture	1,333,806	1,303,115
Transport	54,822	54,101
	<u>1,438,443</u>	<u>1,446,701</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>23</u>
-----------	-----------

30. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Meeting Fees	52,500	52,500	37,500
President's Allowance	10,750	10,750	10,750
Expenses	0	0	7,500
	<u>63,250</u>	<u>63,250</u>	<u>55,750</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2015/16.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,170,540	727,576	1,170,540	727,576
Receivables	146,862	158,099	146,862	158,099
	<u>1,317,402</u>	<u>885,675</u>	<u>1,317,402</u>	<u>885,675</u>
Financial Liabilities				
Payables	199,710	182,258	199,710	182,258
Borrowings	864,123	886,724	864,123	886,724
	<u>1,063,833</u>	<u>1,068,982</u>	<u>1,063,833</u>	<u>1,068,982</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	11,705	7,276
- Statement of Comprehensive Income	11,705 ^(*)	7,276 ^(*)

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2016	2015
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	20%	84%
- Overdue	80%	16%

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	199,710	0	0	199,710	199,709
Borrowings	83,400	333,600	1,125,900	1,542,900	864,123
	<u>283,110</u>	<u>333,600</u>	<u>1,125,900</u>	<u>1,742,610</u>	<u>1,063,832</u>
<u>2015</u>					
Payables	182,258	0	0	182,258	182,258
Borrowings	83,400	333,600	1,209,300	1,626,300	886,724
	<u>265,658</u>	<u>333,600</u>	<u>1,209,300</u>	<u>1,808,558</u>	<u>1,068,982</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2016</u>								
Borrowings								
Fixed Rate								
Debentures						864,124	864,124	6.90%
Weighted Average Effective Interest Rate						6.90%		
<u>Year Ended 30 June 2015</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	0	886,723	886,723	6.90%
Weighted Average Effective Interest Rate						6.90%		

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF PEPPERMINT GROVE

Report on the Financial Report

We have audited the accompanying financial report of Shire of Peppermint Grove, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Shire of Peppermint Grove is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 55 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

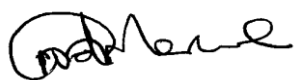
Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

In accordance with the Local Government (audit) Regulations 1996, we also report that:

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Date: 20 October 2016

**SHIRE OF PEPPERMINT GROVE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2016	2015	2014
Asset Consumption Ratio	0.969	0.983	0.745
Asset Renewal Funding Ratio	1.104	0.972	1.098

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$