

**SHIRE OF PEPPERMINT GROVE**  
**ADOPTED BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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**SHIRE OF PEPPERMINT GROVE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue</b>				
Rates	8	3,055,100	2,983,386	2,994,350
Operating Grants, Subsidies & Contributions		1,388,994	1,322,427	1,360,001
Fees and Charges	11	300,600	309,998	278,340
Interest Earnings	2(a)	47,800	50,213	43,200
Other Revenue		27,300	76,674	36,300
		<u>4,819,794</u>	<u>4,742,698</u>	<u>4,712,191</u>
<b>Expenses</b>				
Employee Costs		(2,090,422)	(2,069,542)	(2,126,224)
Materials and Contracts		(1,795,767)	(1,828,655)	(1,921,091)
Utility Charges		(151,200)	(153,000)	(158,291)
Depreciation on Non-Current Assets	2(a)	(386,384)	(378,808)	(293,500)
Interest Expenses	2(a)	(62,136)	(65,204)	(65,204)
Insurance Expenses		(117,750)	(119,683)	(121,445)
Other Expenditure		(63,250)	(63,250)	(63,250)
		<u>(4,666,909)</u>	<u>(4,678,142)</u>	<u>(4,749,005)</u>
		152,885	64,556	(36,814)
Non-Operating Grants, Subsidies and Contributions		94,661	115,901	19,140
Profit on Asset Disposals	4	1,065	240	0
Loss on Asset Disposals	4	0	(12,536)	(405)
<b>NET RESULT</b>		<b>248,611</b>	<b>168,161</b>	<b>(18,079)</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of non-current assets		0	0	0
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>248,611</u></b>	<b><u>168,161</u></b>	<b><u>(18,079)</u></b>

**Notes:**

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

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

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

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

**SHIRE OF PEPPERMINT GROVE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue (Refer Notes 1,2,8 to 13)</b>				
Governance		5,000	25,024	10,060
General Purpose Funding		3,184,400	3,096,890	3,119,190
Law, Order, Public Safety		11,500	13,455	11,800
Health		17,000	14,957	13,500
Community Amenities		136,000	150,479	123,000
Recreation and Culture		1,375,169	1,333,437	1,344,036
Transport		14,925	22,890	13,225
Economic Services		75,800	78,805	77,380
Other Property and Services		0	6,761	0
		<u>4,819,794</u>	<u>4,742,698</u>	<u>4,712,191</u>
<b>Expenses Excluding</b>				
<b>Finance Costs (Refer Notes 1,2 &amp; 14)</b>				
Governance		(892,734)	(875,229)	(857,458)
General Purpose Funding		(82,803)	(81,180)	(85,500)
Law, Order, Public Safety		(39,356)	(38,584)	(60,150)
Health		(54,967)	(53,890)	(56,550)
Education and Welfare		(23,644)	(23,180)	(32,000)
Community Amenities		(652,554)	(639,759)	(667,624)
Recreation & Culture		(1,921,922)	(1,951,520)	(1,978,474)
Transport		(862,284)	(845,377)	(864,845)
Economic Services		(74,509)	(73,048)	(78,200)
Other Property and Services		0	(31,173)	(3,000)
		<u>(4,604,773)</u>	<u>(4,612,939)</u>	<u>(4,683,801)</u>
<b>Finance Costs (Refer Notes 2 &amp; 5)</b>				
Recreation & Culture		(62,136)	(65,204)	(65,204)
		<u>(62,136)</u>	<u>(65,204)</u>	<u>(65,204)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Recreation & Culture		32,000	70,000	0
Transport		62,661	45,901	19,140
		<u>94,661</u>	<u>115,901</u>	<u>19,140</u>
<b>Profit/(Loss) On</b>				
<b>Disposal Of Assets (Refer Note 4)</b>				
Governance		32	(347)	0
Transport		1,033	(11,948)	(405)
		<u>1,065</u>	<u>(12,295)</u>	<u>(405)</u>
<b>NET RESULT</b>		<b>248,611</b>	<b>168,161</b>	<b>(18,079)</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of non-current assets		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>248,611</u></b>	<b><u>168,161</u></b>	<b><u>(18,079)</u></b>

**Notes:**

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

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

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

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

**SHIRE OF PEPPERMINT GROVE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		3,160,100	2,983,386	2,994,350
Operating Grants, Subsidies and Contributions		1,388,994	1,322,427	1,360,001
Fees and Charges		300,600	310,443	278,340
Interest Earnings		47,800	50,213	43,200
Goods and Services Tax		190,000	185,910	201,365
Other Revenue		27,300	77,109	36,300
		<u>5,114,794</u>	<u>4,929,488</u>	<u>4,913,556</u>
<b>Payments</b>				
Employee Costs		(2,090,422)	(2,069,542)	(2,111,224)
Materials and Contracts		(1,842,017)	(1,728,655)	(1,870,962)
Utility Charges		(151,200)	(153,000)	(158,291)
Interest Expenses		(62,136)	(65,204)	(65,204)
Insurance Expenses		(117,750)	(119,683)	(121,445)
Goods and Services Tax		(190,000)	(245,600)	(201,365)
Other Expenditure		(63,250)	(63,250)	(63,250)
		<u>(4,516,775)</u>	<u>(4,444,934)</u>	<u>(4,591,741)</u>
<b>Net Cash Provided By Operating Activities</b>	14(b)	<u>598,019</u>	<u>484,554</u>	<u>321,815</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment	3	(327,000)	(280,589)	(218,295)
Payments for Construction of Infrastructure	3	(618,228)	(113,131)	(247,150)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		94,661	115,901	19,140
Proceeds from Sale of Plant & Equipment	4	132,250	151,678	102,000
<b>Net Cash Used in Investing Activities</b>		<u>(718,317)</u>	<u>(126,141)</u>	<u>(344,305)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	5	(24,186)	(21,118)	(22,600)
<b>Net Cash Provided By (Used in) Financing Activities</b>		<u>(24,186)</u>	<u>(21,118)</u>	<u>(22,600)</u>
<b>Net Increase (Decrease) in Cash Held</b>		(144,484)	337,295	(45,090)
Cash at Beginning of Year		1,064,871	727,576	727,689
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u>920,387</u>	<u>1,064,871</u>	<u>682,599</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 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenues</b>	1,2			
Governance		5,000	25,024	10,060
General Purpose Funding		129,300	113,504	124,840
Law, Order, Public Safety		11,500	13,455	11,800
Health		17,000	14,957	13,500
Community Amenities		136,000	150,479	123,000
Recreation and Culture		1,407,169	1,403,437	1,344,036
Transport		78,651	69,031	32,365
Economic Services		75,800	79,581	77,380
Other Property and Services		0	6,761	0
		<u>1,860,420</u>	<u>1,876,229</u>	<u>1,736,981</u>
<b>Expenses</b>	1,2			
Governance		(892,734)	(875,576)	(857,458)
General Purpose Funding		(82,803)	(82,787)	(85,500)
Law, Order, Public Safety		(39,356)	(38,584)	(60,150)
Health		(54,967)	(53,890)	(56,550)
Education and Welfare		(23,644)	(23,180)	(32,000)
Community Amenities		(652,554)	(678,048)	(667,624)
Recreation & Culture		(1,985,091)	(2,016,724)	(2,043,678)
Transport		(861,251)	(857,565)	(865,250)
Economic Services		(74,509)	(73,048)	(78,200)
Other Property and Services		0	(31,173)	(3,000)
		<u>(4,666,909)</u>	<u>(4,730,574)</u>	<u>(4,749,410)</u>
<b>Net Operating Result Excluding Rates</b>		(2,806,489)	(2,854,345)	(3,012,429)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	4	(1,065)	12,296	405
Depreciation on Assets	2(a)	386,384	378,808	293,500
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	3	(158,000)	(20,931)	(15,000)
Purchase Infrastructure Assets - Roads	3	(276,228)	(63,560)	(20,000)
Purchase Infrastructure Assets - Footpaths	3	(110,000)	(49,571)	0
Purchase Infrastructure Assets - Drainage	3	0	0	(47,150)
Purchase Infrastructure Assets - Parks	3	0	0	0
Purchase Infrastructure Assets - Other	3	(232,000)	0	(180,000)
Purchase Furniture and Equipment	3	(30,000)	(5,115)	(40,000)
Purchase Plant and Equipment	3	(139,000)	(254,543)	(163,295)
Proceeds from Disposal of Assets	4	132,250	151,678	102,000
Repayment of Debentures	5	(24,186)	(21,118)	(22,600)
Transfers to Reserves (Restricted Assets)	6	(140,300)	(86,139)	(65,000)
Transfers from Reserves (Restricted Assets)	6	183,000	150,569	175,295
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd	7	390,000	68,584	1,645
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd	7	229,466	390,000	1,721
<b>Amount Required to be Raised from General Rate</b>	8	<u>(3,055,100)</u>	<u>(2,983,387)</u>	<u>(2,994,350)</u>

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**The Local Government Reporting Entity**

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

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

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

**(b) 2015/16 Actual Balances**

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding Off Figures**

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

**(d) Rates, Grants, Donations and Other Contributions**

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

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

**(e) Goods and Services Tax (GST)**

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

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

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

**(f) Superannuation**

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

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(g) Cash and Cash Equivalents**

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

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

**(h) Trade and Other Receivables**

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

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

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

**(i) Inventories**

***General***

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

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

***Land Held for Resale***

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

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

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

**(j) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(j) Fixed Assets (Continued)**

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are furniture and equipment; and

(ii) that are land and buildings

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

***Land Under Control***

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

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

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014.

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

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

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

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



**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(j) Fixed Assets (Continued)**

***Revaluation***

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

***Transitional Arrangement***

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

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

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

***Land Under Roads***

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

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

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

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

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

***Depreciation***

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(j) Fixed Assets (Continued)**

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment (except light vehicles)	5 to 15 years
Sealed roads and streets formation	not depreciated
- pavement	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years

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

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

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

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

***Capitalisation Threshold***

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

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

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

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

**Market approach**

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

**Income approach**

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

**Cost approach**

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

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

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

**(l) Financial Instruments**

**Initial Recognition and Measurement**

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

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

**Classification and Subsequent Measurement**

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

Amortised cost is calculated as:

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(I) Financial Instruments (Continued)**

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(l) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(m) Impairment of Assets**

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

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

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(m) Impairment of Assets (Continued)**

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

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

**(n) Trade and Other Payables**

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

**(o) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

**Other Long-Term Employee Benefits**

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

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(p) Borrowing Costs**

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

**(q) Provisions**

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

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

**(r) 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.

**(s) Comparative Figures**

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

**(t) Budget Comparative Figures**

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



**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net Result</b>			
The Net Result includes:			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
Audit Services	8,000	7,500	7,500
Other Services	0	0	0
<b>Depreciation</b>			
<b><u>By Program</u></b>			
Governance	94,284	92,435	52,536
Recreation and Culture	55,977	54,879	51,500
Transport	219,535	215,230	169,000
Other Property and Services	16,589	16,264	20,464
	<u>386,384</u>	<u>378,808</u>	<u>293,500</u>
<b><u>By Class</u></b>			
Land and Buildings	105,818	103,605	84,500
Furniture and Equipment	14,943	14,650	15,000
Plant and Equipment	16,193	15,875	25,000
Roads	148,780	145,863	132,000
Footpaths	55,127	54,046	20,000
Parks	38,481	37,726	10,000
Drainage	7,043	7,043	7,000
	<u>386,384</u>	<u>378,808</u>	<u>293,500</u>
<b>Interest Expenses (Finance Costs)</b>			
- Debentures ( <i>refer note 5(a)</i> )	62,136	65,204	65,204
	<u>62,136</u>	<u>65,204</u>	<u>65,204</u>
(ii) Crediting as Revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	7,800	16,195	14,000
- Other Funds	40,000	34,018	29,200
Other Interest Revenue ( <i>refer note 13</i> )	19,000	30,000	17,600
	<u>66,800</u>	<u>80,213</u>	<u>60,800</u>

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION  
TO REMAIN A SHIRE VALUED FOR ITS AMBIENCE AND INDEPENDENCE**

**GOVERNANCE**

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**

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

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various bylaws, fire prevention, emergency services, pest control and animal control.

**HEALTH**

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

**EDUCATION AND WELFARE**

Contributions towards various community services such as aged persons support and other voluntary services.

**COMMUNITY AMENITIES**

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

**RECREATION AND CULTURE**

Maintenance of parks and reserves. Administration of the Cottesloe - Peppermint Grove - Mosman Park Combined Library.

**TRANSPORT**

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

**ECONOMIC SERVICES**

Implementation of building controls.

**OTHER PROPERTY & SERVICES**

Plant operation and overheads.

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

<b>3. ACQUISITION OF ASSETS</b>	<b>2016/17 Budget \$</b>
The following assets are budgeted to be acquired during the year:	
<b><u>By Program</u></b>	
<b>Governance</b>	
Plant and Equipment	27,500
Furniture and Equipment	15,000
Infrastructure Assets - Other	60,000
<b>Recreation and Culture</b>	
Land and Buildings	158,000
Furniture and Equipment	15,000
Infrastructure Assets - Other	172,000
<b>Transport</b>	
Infrastructure Assets - Roads	276,228
Plant and Equipment	111,500
Infrastructure Assets - Footpaths	110,000
	<b>945,228</b>
<b><u>By Class</u></b>	
Land and Buildings	158,000
Infrastructure Assets - Roads	276,228
Infrastructure Assets - Footpaths	110,000
Infrastructure Assets - Other	232,000
Furniture and Equipment	30,000
Plant and Equipment	139,000
	<b>945,228</b>

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

**4. DISPOSALS OF ASSETS**

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

<b><u>By Program</u></b>	<b>Net Book Value 2016/17 BUDGET \$</b>	<b>Sale Proceeds 2016/17 BUDGET \$</b>	<b>Profit(Loss) 2016/17 BUDGET \$</b>
<b><u>Transport</u></b>			
Ford Ranger XLT	41,082	41,250	168
Toyota Hilux (Auto)	32,795	33,250	455
Toyota Hilux (Man)	31,340	31,750	410
<b><u>Governance</u></b>			
Holden Commodore	25,968	26,000	32
	<b>131,185</b>	<b>132,250</b>	<b>1,065</b>

<b><u>By Class</u></b>	<b>Net Book Value 2016/17 BUDGET \$</b>	<b>Sale Proceeds 2016/17 BUDGET \$</b>	<b>Profit(Loss) 2016/17 BUDGET \$</b>
<b><u>Plant and Equipment</u></b>			
Ford Ranger XLT	41,082	41,250	168
Toyota Hilux (Auto)	32,795	33,250	455
Toyota Hilux (Man)	31,340	31,750	410
Holden Commodore	25,968	26,000	32
	<b>131,185</b>	<b>132,250</b>	<b>1,065</b>

<b><u>Summary</u></b>	<b>2016/17 BUDGET \$</b>
Profit on Asset Disposals	1,065
Loss on Asset Disposals	0
	<b>1,065</b>

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**5. INFORMATION ON BORROWINGS**

**(a) Debenture Repayments**

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

Particulars	Principal 01-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Recreation & Culture Library	864,124	0	24,186	21,118	839,937	864,124	62,136	65,204
	864,124	0	24,186	21,118	839,937	864,124	62,136	65,204

All debenture repayments are to be financed by general purpose revenue.

**(b) New Debentures - 2016/17**

No new borrowings are proposed in 2016/17.

**(c) Unspent Debentures**

Council had no unspent debenture funds as at 30th June 2016 nor is it expected to have unspent debenture funds as at 30th June 2017.

**(d) Overdraft**

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$200,000 with the National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>6. RESERVES</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	36,336	35,290	35,290
Amount Set Aside / Transfer to Reserve	113,580	0	350
Amount Used / Transfer from Reserve	0	1,047	0
	<u>149,916</u>	<u>36,336</u>	<u>35,640</u>
<b>(b) Plant Replacement Reserve</b>			
Opening Balance	0	62,492	62,492
Amount Set Aside / Transfer to Reserve	0	794	1,200
Amount Used / Transfer from Reserve	0	(63,286)	(60,295)
	<u>0</u>	<u>0</u>	<u>3,397</u>
<b>(c) Infrastructure/Building Reserve</b>			
Opening Balance	27,137	26,355	26,355
Amount Set Aside / Transfer to Reserve	20,000	782	750
Amount Used / Transfer from Reserve	0	0	0
	<u>47,137</u>	<u>27,137</u>	<u>27,105</u>
<b>(d) Information Technology Reserve</b>			
Opening Balance	37,326	1,747	1,733
Amount Set Aside / Transfer to Reserve	1,120	35,579	35,035
Amount Used / Transfer from Reserve	(15,000)	0	0
	<u>23,446</u>	<u>37,326</u>	<u>36,768</u>
<b>(e) Road Reserve</b>			
Opening Balance	105,424	82,681	82,681
Amount Set Aside / Transfer to Reserve	2,100	22,743	1,650
Amount Used / Transfer from Reserve	0	0	0
	<u>107,524</u>	<u>105,424</u>	<u>84,331</u>
<b>(f) Library Leave Reserve</b>			
Opening Balance	2,145	5,813	5,813
Amount Set Aside / Transfer to Reserve	180	172	200
Amount Used / Transfer from Reserve	0	(3,840)	0
	<u>2,325</u>	<u>2,145</u>	<u>6,013</u>
<b>(g) Public Open Space Reserve</b>			
Opening Balance	156,803	234,649	234,648
Amount Set Aside / Transfer to Reserve	0	6,644	5,580
Amount Used / Transfer from Reserve	(153,000)	(84,490)	(115,000)
	<u>3,803</u>	<u>156,803</u>	<u>125,228</u>
<b>(h) Library Infrastructure Reserve</b>			
Opening Balance	109,411	106,259	106,260
Amount Set Aside / Transfer to Reserve	2,800	3,152	4,200
Amount Used / Transfer from Reserve	(15,000)	0	0
	<u>97,211</u>	<u>109,411</u>	<u>110,460</u>
<b>(i) Arts &amp; Culture Reserve</b>			
Opening Balance	17,342	1,069	1,084
Amount Set Aside / Transfer to Reserve	520	16,273	16,035
Amount Used / Transfer from Reserve	0	0	0
	<u>17,862</u>	<u>17,342</u>	<u>17,119</u>
<b>Total Reserves</b>	<u>449,224</u>	<u>491,924</u>	<u>446,061</u>

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

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

6. RESERVES (Continued)	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>SUMMARY OF RESERVE TRANSFERS</b>			
<b>Transfers to Reserves</b>			
Leave Reserve	113,580	0	350
Plant Replacement Reserve	0	794	1,200
Infrastructure/Building Reserve	20,000	782	750
Information Technology Reserve	1,120	35,579	35,035
Road Reserve	2,100	22,743	1,650
Library Leave Reserve	180	172	200
Public Open Space Reserve	0	6,644	5,580
Library Infrastructure Reserve	2,800	3,152	4,200
Arts & Culture Reserve	520	16,273	16,035
	<u>140,300</u>	<u>86,139</u>	<u>65,000</u>
<b>Transfers from Reserves</b>			
Leave Reserve	0	1,047	0
Plant Replacement Reserve	0	(63,286)	(60,295)
Infrastructure/Building Reserve	0	0	0
Information Technology Reserve	(15,000)	0	0
Road Reserve	0	0	0
Library Leave Reserve	0	(3,840)	0
Public Open Space Reserve	(153,000)	(84,490)	(115,000)
Library Infrastructure Reserve	(15,000)	0	0
Arts & Culture Reserve	0	0	0
	<u>(183,000)</u>	<u>(150,569)</u>	<u>(175,295)</u>
<b>Total Transfer to/(from) Reserves</b>	<u>(42,700)</u>	<u>(64,431)</u>	<u>(110,295)</u>

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

**Long Service/ Annual Leave Reserve.**

- to provide funding to meet the ongoing liability of staff annual and long service leave

**Plant Replacement Reserve**

- to set aside sufficient funds to allow for the cost of replacing/upgrading plant & equipment

**Infrastructure/Building Reserve**

- to upgrade and replace recreational infrastructure & Council buildings

**Information Technology Reserve**

- to be used to fund future information technology development

**Road Works Reserve**

-to set aside sufficient funds for the upgrade and maintenance of the road and drainage systems.

**Leave Reserve (Library Staff)**

-to provide funding to meet the liability of staff leave entitlements of the Grove library

**Library Infrastructure Reserve**

-to provide funds for capital expenditure projects for the Grove library

**Public Open Space Reserve**

-This reserve was established in 2007/08 following receipt of Public Open Space funds.

**Arts & Culture Reserve**

- to be used for arts and cultural projects

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2016/17 Budget \$	2015/16 Actual \$
<b>7. NET CURRENT ASSETS</b>			
<b>Composition of Estimated Net Current Asset Position</b>			
<b>CURRENT ASSETS</b>			
Cash - Unrestricted	14(a)	471,162	572,947
Cash - Restricted Reserves	14(a)	449,224	491,924
Receivables		10,000	115,000
Inventories		<u>0</u>	<u>0</u>
		930,387	1,179,871
<b>LESS: CURRENT LIABILITIES</b>			
Payables and Provisions		<u>(403,938)</u>	<u>(336,428)</u>
NET CURRENT ASSET POSITION		526,449	843,443
Less: Cash - Restricted Reserves	14(a)	(449,224)	(491,924)
Plus: Cash-Backed Provisions		<u>152,241</u>	<u>38,481</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>229,466</u></u>	<u><u>390,000</u></u>

The estimated surplus/(deficiency) c/fwd in the 2015/16 actual column represents the surplus (deficit) brought forward as at 1 July 2016.

The estimated surplus/(deficiency) c/fwd in the 2016/17 budget column represents the surplus (deficit) carried forward as at 30 June 2017.

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**8. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>2016/17 Budgeted Rate Revenue \$</b>	<b>2016/17 Budgeted Interim Rates \$</b>	<b>2016/17 Budgeted Back Rates \$</b>	<b>2016/17 Budgeted Total Revenue \$</b>	<b>2015/16 Actual \$</b>
<b>General Rate</b>								
Residential	7.5330	552	36,028,680	2,714,041	6,004		2,720,045	2,430,469
Commercial	7.5330	32	2,802,218	211,091			211,091	430,908
Railway Reserve	7.5330	3	94,300	7,104			7,104	7,002
MRS Reserve	7.5330	1	486,950	36,682			36,682	36,157
Parks	7.5330	1	28,950	2,181			2,181	2,150
<b>Sub-Totals</b>		<b>589</b>	<b>39,441,098</b>	<b>2,971,098</b>	<b>6,004</b>	<b>0</b>	<b>2,977,102</b>	<b>2,906,686</b>
<b>Minimum Payment</b>	<b>\$</b>							
Residential	1,322	52	763,620	68,744			68,744	68,900
Commercial	1,322	7	92,910	9,254			9,254	7,800
<b>Sub-Totals</b>		<b>59</b>	<b>856,530</b>	<b>77,998</b>	<b>0</b>	<b>0</b>	<b>77,998</b>	<b>76,700</b>
Discounts (Note 12)								
<b>Total Amount Raised from General Rate</b>								
							3,055,100	2,983,386
Specified Area Rates (Note 9)							0	0
<b>Total Rates</b>							<b>3,055,100</b>	<b>2,983,386</b>

All land except exempt land in the Shire of Peppermint Grove is rated according to its Gross Rental Value (GRV)

The general rates detailed above for the 2016/17 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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



**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**9. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rate will apply in 2016/17

**10. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges will apply in 2016/17

<b>11. FEES &amp; CHARGES REVENUE</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
Governance	0	983
General Purpose Funding	8,500	7,810
Law, Order, Public Safety	8,000	5,913
Health	7,000	7,030
Community Amenities	136,000	132,575
Recreation & Culture	57,600	63,090
Transport	8,000	13,480
Economic Services	75,500	78,005
	<u>300,600</u>	<u>308,886</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS  
- 2016/17 FINANCIAL YEAR**

No rate payment discounts, waivers or concessions are proposed for 2016/17

**13. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

The following interest charge is proposed in the 2016/17 budget:-

11% interest (annual) will be charged on a daily basis on all rates outstanding after the due date, i.e. **27 September 2016**.

This charge will not apply to rates outstanding where the ratepayer has previously elected to pay the rate by instalments, unless the instalments are overdue and/or the ratepayer is an entitled person under the Rates and Charges (Rebates and Deferrals) Act 1992.

The total estimated revenue to be obtained from this interest charge is \$4,000.

Payment of Rates by Instalments

Where a person elects to make the payment of rates by instalments, four (4) equal payments are to be made on or before the following dates.

First Instalment	Due Date:	<b>27 September 2016</b>
Second Instalment	Due Date:	<b>28 November 2016</b>
Third Instalment	Due Date:	<b>30 January 2017</b>
Fourth Instalment	Due Date:	<b>31 March 2017</b>

An additional charge of \$30 per assessment will be imposed where a person elects to make the payments by instalments. This charge will be levied to cover the cost of the administration required.

Interest at 5% will be charged for the instalment option unless any instalment is overdue and if this occurs the rate of 11% will apply on any payments outstanding. No discount will apply to rates paid under this option.

The total estimated revenue to be obtained from this instalment administration fee is \$5,000.

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
Cash - Unrestricted	533,662	457,046	367,424
Cash - Restricted	386,724	607,825	446,061
	<u>920,387</u>	<u>1,064,871</u>	<u>813,485</u>

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

Leave Reserve	87,416	36,336	35,640
Plant Replacement Reserve	0	0	3,397
Infrastructure/Building Reserve	47,137	27,137	27,105
Information Technology Reserve	23,446	37,326	36,768
Road Reserve	107,524	105,424	84,331
Library Leave Reserve	2,325	2,145	6,013
Public Open Space Reserve	3,803	156,803	125,228
Library Infrastructure Reserve	97,211	109,411	110,460
Arts & Culture Reserve	17,862	17,342	17,119
Restricted Grants	0	115,901	0
	<u>386,724</u>	<u>607,825</u>	<u>446,061</u>

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

Net Result	248,611	168,161	(18,079)
Depreciation	386,384	378,808	293,500
(Profit)/Loss on Sale of Asset	(1,065)	12,295	405
(Increase)/Decrease in Receivables	105,000	43,099	(7,753)
Increase/(Decrease) in Payables	(65,750)	(21,908)	88,765
Increase/(Decrease) in Employee Provisions	20,000	20,000	(15,883)
Grants/Contributions for the Development of Assets	(94,661)	(115,901)	(19,140)
<b>Net Cash from Operating Activities</b>	<u>598,519</u>	<u>484,554</u>	<u>321,815</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank Overdraft limit	200,000	200,000	200,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	9,000	9,000	9,000
Credit Card Balance at Balance Date	0	0	0
<b>Total Amount of Credit Unused</b>	<u>209,000</u>	<u>209,000</u>	<u>209,000</u>

**Loan Facilities**

Loan Facilities in use at Balance Date	<u>839,937</u>	<u>864,124</u>	<u>864,124</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF PEPPERMINT GROVE  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

<b>15. ELECTED MEMBERS REMUNERATION</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	52,500	52,500
President's Allowance	10,750	10,750
	<b>63,250</b>	<b>63,250</b>

**16. TRUST FUNDS**

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

<b>Detail</b>	<b>Balance 01-Jul-16 \$</b>	<b>Estimated Amounts Received \$</b>	<b>Estimated Amounts Paid (\$)</b>	<b>Estimated Balance 30-Jun-17 \$</b>
Community Centre Bonds	4,188	1,000	(1,000)	4,188
Legal & Other Receipts	11,250	0	0	11,250
Footpath Deposit Funds	115,000	45,000	(45,000)	115,000
	<b>130,438</b>	<b>46,000</b>	<b>(46,000)</b>	<b>130,438</b>

**17. MAJOR LAND TRANSACTIONS**

No major land transactions are proposed in 2016/17.

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

No trading undertakings or major trading undertakings are proposed in 2016/17.

**SHIRE OF PEPPERMINT GROVE  
2016/17 BUDGET  
CAPITAL EXPENDITURE SCHEDULE**

ACCOUNT NUMBER	DESCRIPTION	COST	FUNDING			
		Expenditure	Grant Income	Reserve	Trade-In	Municipal
		\$	\$	\$		\$
Roads	Monument Street	55,000	34,834	-	-	10,678
Roads	Hobbs Place	25,000	-	-	-	25,000
Roads	Bay View Terrace	69,569	27,827			41,742
Roads	Unspecified Roadworks (including ROW's)	86,659	-	-	-	86,659
Inf - Other	Riverwall Extension	67,000	32,000	-	-	35,000
Inf - Other	Riverwall Renewal	105,000	-	35,000	-	70,000
Building	Pavilion	15,000	-	15,000	-	-
Building	Keane's Pt Kiosk - Headworks	143,000		103,000		40,000
Footpaths	Footpath Renewal	110,000	-	-	-	110,000
Furniture/Equip	Community Centre AV Equipment	15,000	-	15,000	-	-
Furniture/Equip	Replace Office Desktop's	15,000	-	15,000	-	-
Plant	Holden Commodore	27,500	-	-	26,000	1,500
Plant	Toyota Hilux	35,000	-	-	33,250	1,750
Plant	Toyota Hilux	33,500	-	-	31,750	1,750
Plant	Ford Ranger XLT	43,000	-	-	41,250	1,750
Inf - Other	Wall - Adjacent to Administration Office	60,000	-	-	-	60,000
Roads	Kerbing Renewal	40,000	-	-	-	40,000
	<b>Total</b>	<b>945,228</b>	<b>94,661</b>	<b>183,000</b>	<b>132,250</b>	<b>525,829</b>

(a) Renewal CAPEX net of grants/trade-ins	588,829
(b) Estimated Depreciation Expense	386,384
Asset Sustainability Ratio (a) divided by (b)	1.52

**SHIRE OF PEPPERMINT GROVE SCHEDULE OF FEES AND CHARGES FOR THE YEAR ENDING 30 JUNE 2017.**

Program	Type of Fee	Legislation		Fee/Charge - * GST Inclusive	\$ Estimated Revenue
General Purpose Funding	Rate/Property Enquiry Fee	Local Government Act 1995		\$120 for each written enquiry	3,500
	Rate Instalment Fee	Local Government Act 1995	Increased	\$30 per assessment	5,000
Governance	Copy of Electoral Rolls	Local Government Act 1995		\$50 per copy	0
	Sale of Council Minutes	Local Government Act 1995		\$15* per copy	0
	Sale of Annual Report/Budget	Local Government Act 1995		\$15* per copy	0
	Copy of Council Local Laws	Local Government Act 1995		\$25 per local law	0
	FOI Applications	FOI Act 1992		\$30 per application	0
	Copy of Rate Book/Street Listing	Local Government Act 1995		\$100 per copy	0
	Cat/Dog Fines	Dog Act 1976		Various	0
	Cat/Dog Impounding Fees	Dog Act 1976		\$40	0
	Cat/Dog License Fees	Dog Act 1976		Various	4,000
	Vehicle Impounding Fees	Local Government Act 1995		\$250 plus towing costs	0
Law, Order & Safety	ESL Administration Fee	Local Government Act 1995			4,000
	Notification Fee	Food Act 2005		\$50	50
Health	Exempted Food Premises fee	Food Act 2005		Nil	
	Annual Risk Assessment/ Inspection Fee	Food Act 2005			
	High Risk	Food Act 2005		Primary Classification \$525	2,100
	High Risk	Food Act 2005		Additional Classification \$230	460
	Medium Risk	Food Act 2005		Primary Classification \$460	3,220
	Medium Risk	Food Act 2005		Additional Classification \$230	0
	Low Risk	Food Act 2005		Primary Classification \$230	1,150
	Low Risk	Food Act 2005		Additional Classification \$230	0
	Very Low Risk	Food Act 2005		No fee	0
	Transfer Fee	Food Act 2005		\$50	20
	Application Fee Construction and Establishment of Food Premises (including one off notification fee)	Food Act 2005			
	Risk Level	Food Act 2005			
	High/Medium	Food Act 2005		\$400	0
	Low Risk	Food Act 2005		\$150	0
	Very Low Risk	Food Act 2005		\$50	0
	To amend or refurbish a good premises	Food Act 2005		\$200	0
	Community Amenities	Additional Domestic Refuse Service	Waste Avoidance and Resource Recovery Act 2007 - s.67 and	Increased	\$460*pa for (1) Weekly Service - 240L MGB
Refuse Service - Non Rateable Properties		Waste Avoidance and Resource Recovery Act 2007 - s.67 and	Increased	\$460*pa for (1) Weekly Service - 240L MGB	0
Commercial Refuse Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and	Increased	\$460*pa for (1) Weekly Service - 240L MGB	60,000
Additional Domestic Recycling Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and		\$230*pa for (1) Weekly Service - 240L MGB	0
Additional Commercial Recycling Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and		\$230*pa for (1) Weekly Service - 240L MGB	0
Additional collection bin		Local Government Act 1995		\$110* per 240 litre bin	0
Special Rubbish Removal		Waste Avoidance and Resource Recovery Act 2007 - s.67 and		Various costs with a minimum of \$125*	0
Additional Rate Payer Tip Pass Fees		Local Government Act 1995		\$100* per each additional tip pass	0
Town Planning Fees		Town Planning (Local Govt Planning Fees) Regs 2000		Various - Scale of charges based on cost of development	60,000
Zoning Enquiry/Property Enquiry Fee		Local Government Act 1995	Increased	\$120* per enquiry	0
Sale of Town Planning Scheme Text		Local Government Act 1995		\$35 per copy	0
Fence Approval Administration Fees		Local Government Act 1995		\$120* per application	0
Sale of Municipal Heritage Inventory:		Local Government Act 1995			
- Single property Black & White (hard copy) Fee				\$4.40* per double sided sheet	0
- Single property Colour Fee (hard copy) Fee				\$5.50* per double sided sheet	0
- Whole Inventory Colour (hard copy) Fee			\$66.00* per copy	0	
- Whole Inventory Black & White (hard copy) Fee			\$44.00* per copy	0	
- Whole Inventory on CD Rom Fee			\$44.00* per copy	0	

**SHIRE OF PEPPERMINT GROVE SCHEDULE OF FEES AND CHARGES FOR THE YEAR ENDING 30 JUNE 2017.**

Program	Type of Fee	Legislation	Fee/Charge - * GST Inclusive	\$ Estimated Revenue
Recreation & Culture	Keane's Point Kiosk	Local Government Act 1995	Demolished	0
	Manners Hill Park Pavilion	Local Government Act 1995	\$220* per use. Shire of Peppermint Grove residents	2,750
	Manners Hill Park Pavilion	Local Government Act 1995	\$385* per use. Non-Shire of Peppermint Grove residents	1,750
	Manners Hill Park Electricity	Local Government Act 1995	\$65* per use	500
	Manners Hill Park Pavilion - bond	Local Government Act 1995	\$550* per booking	0
	Keane's Point - Hire of Childrens Play Shelter	Local Government Act 1995	\$55* per hire	0
	Foreshore Dinghy Mooring	Local Government Act 1995	\$66* per mooring per annum.	2,300
	Foreshore Dinghy Impound fee	Local Government Act 1995	\$110* per vessel impounded.	2,300
	Peppermint Grove Tennis Club	Local Government Act 1995	Annual reticulation pump hire	0
	Manners Hill Park Parking Supervision	Local Government Act 1995	At cost	0
	Library Café Rental	Local Government Act 1995	\$3,750 annual lease	3,750
	Library - Lost and Damaged Books	Local Government Act 1995	Depreciated and/or replacement value of each item	3,000
	Library - Account fee for very over due items	Local Government Act 1995	\$3.00 per item, to a maximum of \$15.	7,000
	Library - Photocopying & Printing	Local Government Act 1995	20c* per sheet (Black); .50c* per sheet (Colour)	12,000
	Library - Replacement Cards	Local Government Act 1995	\$5.50* per card	0
	Library - Non member internet usage	Local Government Act 1995	\$3.00* per hour	500
	Library - Local History - copying and supply of CD	Local Government Act 1995	\$6.60* (scanning additional as per below)	0
	Library - Local History - Reproduction of photographs-handling fee images	Local Government Act 1995	\$16.50* per order	0
	Library - Local History - Reproduction per photographs	Local Government Act 1995	\$7.70* per photograph	0
	Library - Local History - Reproduction of photos-Commercial handling fee	Local Government Act 1995	\$33.00* per order	0
	Library - Local History - Reproduction photo for Commercial	Local Government Act 1995	\$11.00* per photograph	0
	Library - Local History - Digital Image Scanning	Local Government Act 1995	\$6.60* per disc up to 5 images, \$1.10* per image	0
	Library - Local History - Digital Image Scanning	Local Government Act 1995	\$1.10* per image to personal USB drive.	0
	Library - Book Club book hire	Local Government Act 1995	Various - Full cost recovery	0
	Library - Replacement locker key	Local Government Act 1995	\$11.00* each	0
	Library - Events	Local Government Act 1995	Various - Full or partial cost recovery	1,000
Library - Pod Room	Local Government Act 1995	\$11.00* per hour	750	
Community Centre & Flax Room- Community Groups Meetings, classes & groups	Local Government Act 1995	\$22.00* per hour	9,000	
Community Centre & Small Meetings spaces - Local Community Groups Meetings	Local Government Act 1995	\$112.50* full day (8am to 6pm Mon - Fri; 8am to 4pm Weekends)	5,000	
Community Centre & Library Hall - All other hirers	Local Government Act 1995	\$45* per hour or \$275 full day (8am to 6pm Mon - Fri; 8am to 4pm Weekends)	6,000	
Community Centre & Library Hall - All other hirers - After hours duty management	Local Government Act 1995	\$46.20* per hour per member of staff - Weeknights after 6pm & Saturdays; \$55 per staff member Sundays	0	

**SHIRE OF PEPPERMINT GROVE SCHEDULE OF FEES AND CHARGES FOR THE YEAR ENDING 30 JUNE 2017.**

<b>Program</b>	<b>Type of Fee</b>	<b>Legislation</b>		<b>Fee/Charge - * GST Inclusive</b>	<b>\$ Estimated Revenue</b>
<b>Transport</b>	Parking Fines	Local Government Act 1995		At cost	8,000
	Road Verge Footpath Reinstatement	Local Government Act 1995		Various	0
<b>Economic Services</b>	Building Permit Fees	Local Government Act 1995		Various - Scale of charges based on cost of development	68,500
	Building Permit Statistical Information	Local Government Act 1995		\$44.00* per annum	1,000
	Copy of Building Plans	Local Government Act 1995		\$6.60* first sheet and \$2.20* per additional sheet.	0
	Swimming Pool Inspection Fee	Local Government Act 1995	Revised	\$25 per swimming pool	6,000
	BCITF & BRB - Collection Commissions	Local Government Act 1995		Various	0
	<b>TOTAL</b>				