



2017/18

BUDGET

SHIRE OF PEPPERMINT GROVE
ADOPTED BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018

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SHIRE OF PEPPERMINT GROVE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Estimated \$	2016/17 Budget \$
Revenue				
Rates	8	3,149,311	3,080,256	3,055,100
Operating Grants, Subsidies & Contributions		1,386,076	1,426,078	1,388,994
Fees and Charges	11	261,300	262,512	300,600
Interest Earnings	2(a)	62,790	66,270	66,800
Other Revenue		5,500	125,770	8,300
		<u>4,864,977</u>	<u>4,960,885</u>	<u>4,819,794</u>
Expenses				
Employee Costs		(2,198,351)	(2,091,212)	(2,090,422)
Materials and Contracts		(1,816,643)	(1,987,630)	(1,795,767)
Utility Charges		(150,973)	(149,252)	(151,200)
Depreciation on Non-Current Assets	2(a)	(136,956)	(265,624)	(386,384)
Interest Expenses	2(a)	(63,376)	(68,006)	(62,136)
Insurance Expenses		(112,930)	(101,917)	(117,750)
Other Expenditure		(64,250)	(64,250)	(63,250)
		<u>(4,543,479)</u>	<u>(4,727,891)</u>	<u>(4,666,909)</u>
		321,497	232,994	152,885
Non-Operating Grants, Subsidies and Contributions				
		85,599	113,827	94,661
Profit on Asset Disposals	4	0	1,530	1,065
Loss on Asset Disposals	4	0	(1,818)	0
		<u>0</u>	<u>(1,818)</u>	<u>0</u>
NET RESULT		407,096	346,533	248,611
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>407,096</u>	<u>346,533</u>	<u>248,611</u>

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 2018**

	NOTE	2017/18 Budget \$	2016/17 Estimated \$	2016/17 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		5,000	45,633	5,000
General Purpose Funding		3,245,081	3,234,892	3,184,400
Law, Order, Public Safety		15,000	14,371	11,500
Health		17,000	14,560	17,000
Community Amenities		100,000	100,894	136,000
Recreation and Culture		1,404,868	1,383,024	1,375,169
Transport		16,028	16,253	14,925
Economic Services		62,000	62,578	75,800
Other Property and Services		0	88,680	0
		<u>4,864,977</u>	<u>4,960,885</u>	<u>4,819,794</u>
Expenses Excluding				
Finance Costs (Refer Notes 1,2 & 14)				
Governance		(931,247)	(851,028)	(892,734)
General Purpose Funding		(85,123)	(81,046)	(82,803)
Law, Order, Public Safety		(40,722)	(39,207)	(39,356)
Health		(49,486)	(56,776)	(54,967)
Education and Welfare		(63,191)	(40,185)	(23,644)
Community Amenities		(685,414)	(676,914)	(652,554)
Recreation & Culture		(1,994,997)	(2,021,223)	(1,921,922)
Transport		(528,546)	(692,179)	(862,284)
Economic Services		(101,378)	(109,145)	(74,509)
Other Property and Services		0	(92,182)	0
		<u>(4,480,104)</u>	<u>(4,659,884)</u>	<u>(4,604,773)</u>
Finance Costs (Refer Notes 2 & 5)				
Recreation & Culture		(63,376)	(68,006)	(62,136)
		<u>(63,376)</u>	<u>(68,006)</u>	<u>(62,136)</u>
Non-operating Grants, Subsidies and Contributions				
Recreation & Culture		0	55,510	32,000
Transport		85,599	58,317	62,661
		<u>85,599</u>	<u>113,827</u>	<u>94,661</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 4)				
Governance		0	0	32
Transport		0	(288)	1,033
		<u>0</u>	<u>(288)</u>	<u>1,065</u>
NET RESULT		407,096	346,533	248,611
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>407,096</u></u>	<u><u>346,533</u></u>	<u><u>248,611</u></u>

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 2018**

	NOTE	2017/18 Budget \$	2016/17 Estimated \$	2016/17 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,149,311	3,080,256	3,160,100
Operating Grants, Subsidies and Contributions		1,386,076	1,426,078	1,388,994
Fees and Charges		261,300	262,512	300,600
Interest Earnings		62,790	66,270	47,800
Goods and Services Tax		165,000	177,711	190,000
Other Revenue		5,500	125,770	27,300
		<u>5,029,977</u>	<u>5,138,596</u>	<u>5,114,794</u>
Payments				
Employee Costs		(2,198,351)	(2,091,212)	(2,090,422)
Materials and Contracts		(1,859,243)	(1,987,630)	(1,842,017)
Utility Charges		(150,973)	(149,252)	(151,200)
Interest Expenses		(63,376)	(68,006)	(62,136)
Insurance Expenses		(112,930)	(101,917)	(117,750)
Goods and Services Tax		(165,000)	(231,000)	(190,000)
Other Expenditure		(64,250)	(64,250)	(63,250)
		<u>(4,614,123)</u>	<u>(4,693,267)</u>	<u>(4,516,775)</u>
Net Cash Provided By Operating Activities	14(b)	<u>415,853</u>	<u>445,329</u>	<u>598,019</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(43,500)	(338,492)	(327,000)
Payments for Construction of Infrastructure	3	(414,688)	(278,616)	(618,228)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		85,599	113,827	94,661
Proceeds from Sale of Plant & Equipment	4	0	155,387	132,250
Net Cash Used in Investing Activities		<u>(372,589)</u>	<u>(347,894)</u>	<u>(718,317)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(25,884)	(24,186)	(24,186)
Net Cash Provided By (Used In) Financing Activities		<u>(25,884)</u>	<u>(24,186)</u>	<u>(24,186)</u>
Net Increase (Decrease) in Cash Held		17,380	73,248	(144,484)
Cash at Beginning of Year		1,243,788	1,170,540	1,064,871
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>1,261,169</u></u>	<u><u>1,243,788</u></u>	<u><u>920,387</u></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 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenues	1,2			
Governance		5,000	45,633	5,000
General Purpose Funding		95,770	154,636	129,300
Law, Order, Public Safety		15,000	14,371	11,500
Health		17,000	14,560	17,000
Community Amenities		100,000	100,894	136,000
Recreation and Culture		1,404,868	1,438,534	1,407,169
Transport		101,627	74,570	78,651
Economic Services		62,000	62,578	75,800
Other Property and Services		0	88,680	0
		<u>1,801,265</u>	<u>1,994,456</u>	<u>1,860,420</u>
Expenses	1,2			
Governance		(931,247)	(851,030)	(892,734)
General Purpose Funding		(85,123)	(81,046)	(82,803)
Law, Order, Public Safety		(40,722)	(39,207)	(39,356)
Health		(49,486)	(56,776)	(54,967)
Education and Welfare		(63,191)	(40,185)	(23,644)
Community Amenities		(685,414)	(676,914)	(652,554)
Recreation & Culture		(2,058,373)	(2,089,229)	(1,985,091)
Transport		(528,546)	(692,179)	(861,251)
Economic Services		(101,378)	(109,145)	(74,509)
Other Property and Services		0	(92,182)	0
		<u>(4,543,479)</u>	<u>(4,727,893)</u>	<u>(4,666,909)</u>
Net Operating Result Excluding Rates		(2,742,214)	(2,733,437)	(2,806,489)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	0	(1,065)
Depreciation on Assets	2(a)	136,956	265,624	386,384
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(23,500)	(143,000)	(158,000)
Purchase Infrastructure Assets - Roads	3	(174,688)	(116,587)	(276,228)
Purchase Infrastructure Assets - Footpaths	3	(50,000)	(57,488)	(110,000)
Purchase Infrastructure Assets - Other	3	(190,000)	(104,541)	(232,000)
Purchase Furniture and Equipment	3	(20,000)	(30,556)	(30,000)
Purchase Plant and Equipment	3	0	(164,936)	(139,000)
Proceeds from Disposal of Assets	4	0	155,387	132,250
Repayment of Debentures	5	(25,884)	(24,186)	(24,186)
Transfers to Reserves (Restricted Assets)	6	(340,790)	(654,588)	(140,300)
Transfers from Reserves (Restricted Assets)	6	51,560	294,136	183,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	261,470	495,386	390,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	32,221	261,470	229,466
Amount Required to be Raised from General Rate	8	<u>(3,149,310)</u>	<u>(3,080,256)</u>	<u>(3,055,100)</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 2018**

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) 2016/17 Actual Balances

Balances shown in this budget as 2016/17 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 2018**

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 2018**

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 2018**

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 2018**

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 2018**

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 2018**

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 2018**

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 2018**

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 2018**

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 of 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 2018**

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 2018**

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	9,000	9,138	8,000
Other Services	0	0	0
Depreciation			
<u>By Program</u>			
Governance	96,284	2,000	94,284
Recreation and Culture	28,479	2,000	55,977
Transport	12,193	261,624	219,535
Other Property and Services	0	0	16,589
	<u>136,956</u>	<u>265,624</u>	<u>386,384</u>
<u>By Class</u>			
Land and Buildings	105,818	0	105,818
Furniture and Equipment	14,945	0	14,943
Plant and Equipment	16,193	16,193	16,193
Roads	0	148,780	148,780
Footpaths	0	100,651	55,127
Parks	0	0	38,481
Drainage	0	0	7,043
	<u>136,956</u>	<u>265,624</u>	<u>386,384</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	63,376	68,006	62,136
	<u>63,376</u>	<u>68,006</u>	<u>62,136</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	20,790	9,922	7,800
- Other Funds	25,000	27,486	40,000
Other Interest Revenue (<i>refer note 13</i>)	17,000	28,862	19,000
	<u>62,790</u>	<u>66,270</u>	<u>66,800</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018**

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 2018**

3. ACQUISITION OF ASSETS	2017/18 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
Land and Buildings	5,000
Furniture and Equipment	20,000
Infrastructure Assets - Other	60,000
Recreation and Culture	
Land and Buildings	15,000
Infrastructure Assets - Other	130,000
Transport	
Infrastructure Assets - Roads	174,688
Land and Buildings	3,500
Infrastructure Assets - Footpaths	50,000
	458,188
<u>By Class</u>	
Land and Buildings	23,500
Infrastructure Assets - Roads	174,688
Infrastructure Assets - Footpaths	50,000
Infrastructure Assets - Other	190,000
Furniture and Equipment	20,000
Plant and Equipment	0
	458,188

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.

<u>By Program</u>	<small>Net Book Value</small> 2017/18 BUDGET \$	<small>Sale Proceeds</small> 2017/18 BUDGET \$	<small>Profit(Loss)</small> 2017/18 BUDGET \$
	0	0	0

<u>By Class</u>	<small>Net Book Value</small> 2017/18 BUDGET \$	<small>Sale Proceeds</small> 2017/18 BUDGET \$	<small>Profit(Loss)</small> 2017/18 BUDGET \$
	0	0	0

<u>Summary</u>	2017/18 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	0

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018**

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 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Recreation & Culture Library	839,937	0	25,884	24,186	814,053	839,937	63,376	68,006
	839,937	0	25,884	24,186	814,053	839,937	63,376	68,006

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

(b) New Debentures - 2017/18

No new borrowings are proposed in 2017/18.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2017 nor is it expected to have unspent debenture funds as at 30th June 2018.

(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 2017/18.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	169,018	36,336	36,336
Amount Set Aside / Transfer to Reserve	3,750	132,682	113,580
Amount Used / Transfer from Reserve	0	0	0
	<u>172,768</u>	<u>169,018</u>	<u>149,916</u>
(b) Plant Replacement Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>20,000</u>	<u>0</u>	<u>0</u>
(c) Infrastructure/Building Reserve			
Opening Balance	379,431	27,137	27,137
Amount Set Aside / Transfer to Reserve	209,450	352,294	20,000
Amount Used / Transfer from Reserve	(51,560)	0	0
	<u>537,321</u>	<u>379,431</u>	<u>47,137</u>
(d) Information Technology Reserve			
Opening Balance	22,472	37,326	37,326
Amount Set Aside / Transfer to Reserve	560	703	1,120
Amount Used / Transfer from Reserve	0	(15,556)	(15,000)
	<u>23,032</u>	<u>22,472</u>	<u>23,446</u>
(e) Road Reserve			
Opening Balance	268,277	105,424	105,424
Amount Set Aside / Transfer to Reserve	106,700	162,853	2,100
Amount Used / Transfer from Reserve	0	0	0
	<u>374,977</u>	<u>268,277</u>	<u>107,524</u>
(f) Library Leave Reserve			
Opening Balance	0	2,145	2,145
Amount Set Aside / Transfer to Reserve	0	58	180
Amount Used / Transfer from Reserve	0	(2,203)	0
	<u>0</u>	<u>0</u>	<u>2,325</u>
(g) Public Open Space Reserve			
Opening Balance	0	156,803	156,803
Amount Set Aside / Transfer to Reserve	0	3,235	0
Amount Used / Transfer from Reserve	0	(160,038)	(153,000)
	<u>0</u>	<u>0</u>	<u>3,803</u>
(h) Library Infrastructure Reserve			
Opening Balance	10,394	109,411	109,411
Amount Set Aside / Transfer to Reserve	260	2,322	2,800
Amount Used / Transfer from Reserve	0	(101,338)	(15,000)
	<u>10,654</u>	<u>10,394</u>	<u>97,211</u>
(i) Arts & Culture Reserve			
Opening Balance	2,784	17,342	17,342
Amount Set Aside / Transfer to Reserve	70	442	520
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>2,854</u>	<u>2,784</u>	<u>17,862</u>
Total Reserves	<u>1,141,606</u>	<u>852,376</u>	<u>449,224</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 2018**

6. RESERVES (Continued)	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	3,750	132,682	113,580
Plant Replacement Reserve	20,000	0	0
Infrastructure/Building Reserve	209,450	352,294	20,000
Information Technology Reserve	560	703	1,120
Road Reserve	106,700	162,853	2,100
Library Leave Reserve	0	58	180
Public Open Space Reserve	0	3,235	0
Library Infrastructure Reserve	260	2,322	2,800
Arts & Culture Reserve	70	442	520
	<u>340,790</u>	<u>654,588</u>	<u>140,300</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Replacement Reserve	0	0	0
Infrastructure/Building Reserve	(51,560)	0	0
Information Technology Reserve	0	(15,556)	(15,000)
Road Reserve	0	0	0
Library Leave Reserve	0	(2,203)	0
Public Open Space Reserve	0	(160,038)	(153,000)
Library Infrastructure Reserve	0	(101,338)	(15,000)
Arts & Culture Reserve	0	(15,000)	0
	<u>(51,560)</u>	<u>(294,136)</u>	<u>(183,000)</u>
Total Transfer to/(from) Reserves	<u>289,230</u>	<u>360,452</u>	<u>(42,700)</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 2018**

	Note	2017/18 Budget \$	2016/17 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
 CURRENT ASSETS			
Cash - Unrestricted	14(a)	119,562	391,412
Cash - Restricted Reserves	14(a)	1,141,606	852,376
Receivables		40,000	64,186
Inventories		<u>0</u>	<u>0</u>
		1,301,169	1,307,974
 LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(300,110)</u>	<u>(363,146)</u>
NET CURRENT ASSET POSITION		1,001,059	944,828
Less: Cash - Restricted Reserves	14(a)	(1,141,606)	(852,376)
Plus: Cash-Backed Provisions		<u>172,768</u>	<u>169,018</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>32,221</u></u>	<u><u>261,470</u></u>

The estimated surplus/(deficiency) c/fwd in the 2016/17 actual column represents the surplus (deficit) brought forward as at 1 July 2017.

The estimated surplus/(deficiency) c/fwd in the 2017/18 budget column represents the surplus (deficit) carried forward as at 30 June 2018.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018**

8. RATING INFORMATION - 2017/18 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2017/18 Budgeted Rate Revenue \$	2017/18 Budgeted Interim Rates \$	2017/18 Budgeted Back Rates \$	2017/18 Budgeted Total Revenue \$	2016/17 Actual \$
General Rate								
Residential	7.6500	577	33,796,260	2,585,414	5,000	0	2,590,414	2,519,211
Commercial	7.6500	21	5,903,927	451,650	0	0	451,650	444,184
Railway Reserve	7.6500	2	530,800	40,606	0	0	40,606	38,863
Sub-Totals		600	40,230,987	3,077,671	5,000	0	3,082,671	3,002,258
Minimum Payment	\$							
Residential	1,360	34	493,740	46,240	0	0	46,240	68,744
Commercial	1,360	15	160,550	20,400	0	0	20,400	9,254
Sub-Totals		49	654,290	66,640	0	0	66,640	77,998
Discounts (Note 12)								
Total Amount Raised from General Rate								
							3,149,311	3,080,256
Specified Area Rates (Note 9)							0	0
Total Rates							3,149,311	3,080,256

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 2017/18 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 2018**

9. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR

No specified area rate will apply in 2017/18

10. SERVICE CHARGES - 2017/18 FINANCIAL YEAR

No service charges will apply in 2017/18

11. FEES & CHARGES REVENUE	2017/18 Budget \$	2016/17 Actual \$
General Purpose Funding	8,000	7,885
Law, Order, Public Safety	11,500	10,871
Health	7,000	7,060
Community Amenities	100,000	100,894
Recreation & Culture	65,300	65,444
Transport	8,000	8,284
Economic Services	61,500	62,074
Other Property & Services	0	0
	<u>261,300</u>	<u>262,512</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2017/18 FINANCIAL YEAR**

No rate payment discounts, waivers or concessions are proposed for 2017/18

13. INTEREST CHARGES AND INSTALMENTS - 2017/18 FINANCIAL YEAR

The following interest charge is proposed in the 2017/18 budget:-

11% interest (annual) will be charged on a daily basis on all rates outstanding after the due date, i.e. **18 August 2017**.

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:	18 August 2017
Second Instalment	Due Date:	18 October 2017
Third Instalment	Due Date:	18 December 2017
Fourth Instalment	Due Date:	19 February 2018

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.

The total estimated revenue to be obtained from this instalment administration fee is \$4,000.

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. The estimated revenue from this interest charge is \$13,000.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2018**

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:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - Unrestricted	119,562	327,885	533,662
Cash - Restricted	1,141,606	915,903	386,724
	<u>1,261,169</u>	<u>1,243,788</u>	<u>920,386</u>

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

Leave Reserve	172,768	169,018	87,416
Plant Replacement Reserve	20,000	0	0
Infrastructure/Building Reserve	537,321	379,431	47,137
Information Technology Reserve	23,032	22,472	23,446
Road Reserve	374,977	268,277	107,524
Library Leave Reserve	0	0	2,325
Public Open Space Reserve	0	0	3,803
Library Infrastructure Reserve	10,654	10,394	97,211
Arts & Culture Reserve	2,854	2,784	17,862
Restricted Grants	0	63,527	0
	<u>1,141,606</u>	<u>915,903</u>	<u>386,724</u>

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

Net Result	407,096	346,533	248,611
Depreciation	136,956	265,624	386,384
(Profit)/Loss on Sale of Asset	0	288	(1,065)
(Increase)/Decrease in Receivables	24,186	34,058	105,000
Increase/(Decrease) in Payables	(63,036)	(69,919)	(65,750)
Increase/(Decrease) in Employee Provisions	(3,750)	(17,428)	19,500
Grants/Contributions for the Development of Assets	(85,599)	(113,827)	(94,661)
Net Cash from Operating Activities	<u>415,853</u>	<u>445,329</u>	<u>598,019</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
Total Amount of Credit Unused	<u>209,000</u>	<u>209,000</u>	<u>209,000</u>
Loan Facilities			
Loan Facilities in use at Balance Date	<u>814,053</u>	<u>839,937</u>	<u>839,937</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 2018**

15. ELECTED MEMBERS REMUNERATION	2017/18 Budget \$	2016/17 Actual \$
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
	<u>63,250</u>	<u>63,250</u>

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:

Detail	Balance 1-Jul-17 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-18 \$
Community Centre Bonds	4,588	500	(500)	4,588
Manners Hill Park Bonds	11,350	6,000	(6,000)	11,350
Footpath Deposit Funds	111,060	20,000	(20,000)	111,060
	<u>126,998</u>	<u>26,500</u>	<u>(26,500)</u>	<u>126,998</u>

17. MAJOR LAND TRANSACTIONS

No major land transactions are proposed in 2017/18.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings are proposed in 2017/18.

**SHIRE OF PEPPERMINT GROVE
2017/18 BUDGET
CAPITAL EXPENDITURE SCHEDULE**

ACCOUNT NUMBER	DESCRIPTION	COST	FUNDING			
		Expenditure	Grant Income	Reserve	Trade-In	Municipal
Roads	The Esplanade	\$ 99,688	\$ 85,599	\$ -	-	\$ 14,089
Roads	Hobbs Place	25,000	-	-	-	25,000
Roads	Right-of-Way Upgrades	30,000	-	-	-	30,000
Inf - Other	Riverwall Repairs & Extension	105,000	-	36,560	-	68,440
Building	Pavilion	15,000	-	15,000	-	-
Building	Office Solar Panels (6.5Kw)	5,000	-	-	-	5,000
Building	Depot Solar Panels (6.5Kw)	3,500	-	-	-	3,500
Footpaths	Footpath Renewal	50,000	-	-	-	50,000
Furniture/Equip	Website	20,000	-	-	-	20,000
Inf - Other	Public Artworks	25,000	-	-	-	25,000
Inf - Other	Wall - Administration Office	60,000	-	-	-	60,000
Roads	Kerbing Renewal	20,000	-	-	-	20,000
Total		458,188	85,599	51,560	-	321,029

(a) Renewal CAPEX net of grants/trade-ins	139,089
(b) Estimated Depreciation Expense	136,956
Asset Sustainability Ratio (a) divided by (b)	1.02

SHIRE OF PEPPERMINT GROVE SCHEDULE OF FEES AND CHARGES FOR THE YEAR ENDING 30 JUNE 2018.

Program	Type of Fee	Legislation	Fee/Charge - * GST Inclusive	\$ Estimated Revenue	
General Purpose Funding	Rate/Property Enquiry Fee	Local Government Act 1995	\$150 for each written enquiry	4,000	
	Rate Instalment Fee	Local Government Act 1995	\$30 per assessment	4,000	
	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	
	Law, Order & Safety	Cal/Dog Fines and penalties	Dog Act 1976/Cat Act 2013	As per relevant Act	2,000
		Cal/Dog Impounding Fees	Dog Act 1976/Cat Act 2013	\$120	0
Cal/Dog License Fees		Dog Act 1976/Cat Act 2013	Various	5,500	
Vehicle Impounding Fees		Local Government Act 1995	\$250 plus towing costs	0	
ESL Administration Fee		Local Government Act 1995		4,000	
Health		Notification Fee	Food Act 2008/Local Government Act 1995	\$50	50
		Exempted Food Premises fee	Food Act 2008/Local Government Act 1995	Nil	
		Annual Risk Assessment/ Inspection Fee	Food Act 2008/Local Government Act 1995	Primary Classification \$525 Additional Classification \$230	2,100
		High Risk	Food Act 2008/Local Government Act 1995	Primary Classification \$460	460
		Medium Risk	Food Act 2008/Local Government Act 1995	Additional Classification \$230	3,220
	Low Risk	Food Act 2008/Local Government Act 1995	Primary Classification \$230	1,150	
	Very Low Risk	Food Act 2008/Local Government Act 1995	Additional Classification \$230	0	
	Transfer Fee	Food Act 2008/Local Government Act 1995	No fee	0	
	Application Fee Construction and Establishment of Food Premises (including one off notification fee)	Food Act 2008/Local Government Act 1995	\$50	20	
	Community Amenities	Risk Level	Food Act 2008/Local Government Act 1995	\$400	0
High/Medium		Food Act 2008/Local Government Act 1995	\$150	0	
Low Risk		Food Act 2008/Local Government Act 1995	\$50	0	
Very Low Risk		Food Act 2008/Local Government Act 1995	\$200	0	
To amend or refurbish a good premises		Food Act 2008/Local Government Act 1995	\$470* pa for (1) Weekly Service – 240L MGB \$470* pa for (1) Weekly Service – 240L MGB \$470* pa for (1) Weekly Service – 240L MGB \$235* pa for (1) Weekly Service – 240L MGB \$235* pa for (1) Weekly Service – 240L MGB \$110* per 240 litre bin	10,000	
Additional Domestic Refuse Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0	
Refuse Service – Non Rateable Properties		Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	60,000	
Commercial Refuse Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0	
Additional Domestic Recycling Service		Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0	
Additional collection bin		Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0	
Special Rubbish Removal	Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0		
Additional Rate Payer Tip Pass Fees	Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Waste Avoidance and Resource Recovery Act 2007 - s.67 and Local Government Act 1995	Increased Increased Increased Increased	0		
Town Planning Fees	Town Planning (Local Govt Planning Fees) Regs 2000	Various – Scale of charges based on cost of development	0		
Zoning Enquiry/Property Enquiry Fee	Local Government Act 1995		\$150* per enquiry	30,000	
	Local Government Act 1995		\$35 per copy	0	
	Local Government Act 1995		\$120* per application	0	
	Local Government Act 1995		\$4.40* per double sided sheet	0	
	Local Government Act 1995		\$5.50* per double sided sheet	0	
	Local Government Act 1995		\$66.00* per copy	0	
	Local Government Act 1995		\$44.00* per copy	0	
	Local Government Act 1995		\$44.00* per copy	0	
	Local Government Act 1995		\$44.00* per copy	0	
	Local Government Act 1995		\$44.00* per copy	0	

SHIRE OF PEPPERMINT GROVE SCHEDULE OF FEES AND CHARGES FOR THE YEAR ENDING 30 JUNE 2018.

Program	Type of Fee	Legislation	Fee/Charge -- * GST Inclusive	\$ Estimated Revenue
Recreation & Culture	Manners Hill Park Pavilion	Local Government Act 1995	\$220* per use. Shire of Peppermint Grove residents	2,500
	Manners Hill Park Electricity	Local Government Act 1995	\$385* per use. Non-Shire of Peppermint Grove residents	1,500
	Manners Hill Park Pavilion - bond	Local Government Act 1995	\$550* per booking	500
	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.	0
	Foreshore Dinghy impound fee	Local Government Act 1995	\$110* per vessel impounded.	3,000
	Peppermint Grove Tennis Club	Local Government Act 1995	Annual recalculation pump hire	2,300
	Manners Hill Park Parking Supervision	Local Government Act 1995	At cost	0
	Library Café Rental	Local Government Act 1995	\$8,000 annual lease	8,000
	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)	5,000
	Library - Replacement Cards & Sundry Income	Local Government Act 1995	\$5.50* per card	500
	Library - Non member internet usage	Local Government Act 1995	\$3.00* per hour	5,000
	Library - Local History - copying and supply of CD	Local Government Act 1995	\$56.60* (scanning additional as per below)	0
	Library - Sale of Books	Local Government Act 1995	Various - Full or partial cost recovery	3,000
	Library - Pod Room	Local Government Act 1995	\$11.00* per hour	2,000
	Library - Book club book hire	Local Government Act 1995	Various - full cost recovery	0
	Library - Events	Local Government Act 1995	Various - full or partial cost recovery	0
	Library - Pod Hire	Local Government Act 1995	\$11.00* per hour	0
	Library - After Hours Duty Management	Local Government Act 1995	\$46.20* per hour per member of staff - Weeknights after 5pm A. Saturdays	0
	Library - After Hours Duty Management	Local Government Act 1995	\$55.00* per hour per member of staff - Sundays	0
	Library - Replacement of locker key	New	\$11.00*	0
	Community Centre & Flex Room- Community Groups Meetings, classes & groups	Local Government Act 1995	\$22.00* per hour	9,000
	Community Centre & Small Meetings spaces - Community Groups Meetings, classes & groups	Local Government Act 1995	\$15.00* per hour (min 2 hours after 6pm)	2,000
	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 - Private Hirers/Commercial meetings & seminars	Local Government Act 1995	\$30.00* per hour (min 2 hours after 6pm)	0
	Community Centre & Library Hall - All other hirers	Local Government Act 1995	\$275.00* full day (8am to 6pm Monday to Friday, 8am to 4pm Saturday or Sunday)	0
	Community Centre - Cancellation Fee. More than 24 hours notice.	Local Government Act 1995	\$55.00*	0
Community Centre - Cancellation Fee. Less than 24 hours notice.	Local Government Act 1995	Full hire cost forfeited	0	
Bond (Booking Deposit)	Local Government Act 1995	\$100.00 per booking	0	
Small Meeting Rooms/Spaces - Community Groups	Local Government Act 1995	\$15.00* per hour	0	
Small Meeting Rooms/Spaces - All hirers	Local Government Act 1995	\$22.00* per hour	0	
Small Meeting Rooms/Spaces - Community Groups Meetings, classes & groups	Local Government Act 1995	\$15.00* per hour (min 2 hours after 6pm)	0	
Small Meeting Rooms/Spaces - Private Hirers/Commercial meetings & seminars	Local Government Act 1995	\$20.00* per hour (min 2 hours after 6pm)	0	
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 2018.

Program	Type of Fee	Legislation	Fee/Charge -- * GST Inclusive	\$ Estimated Revenue
Transport	Parking Fines	Local Government Act 1995	At cost	8,000
	Road Verge Footpath Reinstatement	Local Government Act 1995	Various	0
Economic Services	Building Permit Statistical Information	Local Government Act 1995	\$44.00* per annum	500
	Copy of Building Plans	Local Government Act 1995	\$50	1,000
	Building Fees	Building Act 2011	Various fees from 1 July 2017 as published by the Building Commission	60,000
	Swimming Pool Inspection Fee	Local Government Act 1995	\$25 per swimming pool	0
TOTAL				261,300