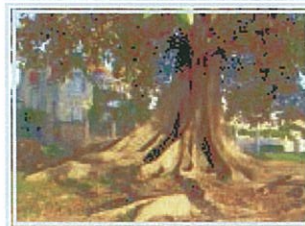
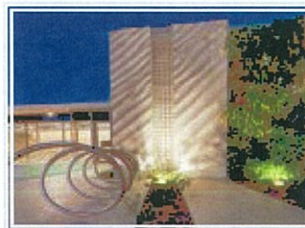




Shire of Peppermint Grove

Annual Report 2014 - 2015



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Introduction to the Shire of Peppermint Grove

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

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

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

The Shire of Peppermint Grove is guided by the following Vision

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

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

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

The Shire of Peppermint Grove's Key Result Areas are

- ➔ Community Development
- ➔ Infrastructure
- ➔ Governance
- ➔ Organisational Capacity
- ➔ Built Environment
- ➔ Natural Environment



SOME INTERESTING STATISTICS ABOUT THE SHIRE INCLUDE:

Distance from Perth:	13 kms
Area:	1.36 sq kms
Length of sealed roads:	10.6 kms
Length of unsealed roads:	Nil
Population:	1,524
Number of Electors:	1,071
Number of Dwellings:	586
Total Rates Levied:	\$2.792million
Total Revenue:	\$4.735million
Number of Employees:	24

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

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





A Message from the Shire President

I am pleased to present the Annual Report for the Shire of Peppermint Grove for 2014/2015.

In last year's Report I provided an update on the State Government's plans to amalgamate the Shire of Peppermint Grove with neighbouring suburbs as part of a major restructure of Local Government in the metropolitan area. These restructuring plans met with wide-spread opposition from many councils and community groups and in February 2015 they were abandoned. I am therefore pleased to report that the Shire will continue as an independent local authority providing services and facilities to the residents of Peppermint Grove.

Progress has been made on the introduction of a revised Local Planning Scheme to replace Town Planning Scheme 3 which is now some 15 years old and inadequate for current planning regulations and practices. After more than two years of discussion with the Department of Planning, we received approval to advertise for comment the proposed Scheme and Strategy. Details of the new Scheme, including a Scheme map, were sent to all residents and other stakeholders. We also held a number of residents' information meetings which were well-attended. We are currently working through the submissions that we have received and we will shortly be making final revisions to the Scheme for approval by the WA Planning Commission and the Minister for Planning.

Development of the proposed Scheme has had its challenges as we are required to accommodate a substantial number of additional dwellings under State Government planning policies, Directions 2031 and Perth and Peel @ 3.5million. Our approach has been to provide for a major increase in housing density along the Stirling Highway corridor whilst maintaining the current pattern of single family houses on large lots in the main body of the Shire. We are developing a broad range of policies to complement the new Scheme and these will also be designed to ensure that the character and amenity of Peppermint Grove is protected and that our streetscape and heritage values are preserved.

During the past year we have completed a number of infrastructure projects. These have included a continuation of the footpath replacement programme and a significant maintenance and replacement program of our street trees involving the planting of over 120 new Peppermint trees in the Shire. However, our plans to remedy the erosion of the foreshore near the boat pen have been held up by the Swan River Trust pending the results of a WESROC study into maintenance of the foreshore across all western suburbs. We are concerned that the problem will only worsen whilst decisions are delayed. We also note that our requests for grant funding from the Swan River Trust have been refused as State Government budget cuts have reduced the grant funding pool available and it seems inevitable that we will need to rely on our own funding to carry out works when they are finally approved.

We are continuing to explore opportunities for resource sharing and shared services with neighbouring councils. The Shire already shares a number of services and facilities with other western suburbs councils - the Grove Library and Community Centre; the Child Health Care Centre; SHINE Community Services supporting the aged and those with disabilities; waste management through the Western Metropolitan Regional Council and the organisation of community events such as the combined Australia Day celebrations. We are currently examining our IT system to see if there would be practical and economic advantages for our residents from a combined approach to these activities.

During the year the Shire signed a lease agreement for the construction and operation of a new cafe and kiosk to replace the existing one on the foreshore. The new cafe will include a public toilet facility enabling the removal of the current toilet block. This will be a great improvement to the amenity of the area and open up views to the bay. The new building will be set slightly further back from the water allowing plenty of room for picnic groups. We anticipate that construction of the new Café will take place over the winter months of 2016 with the new facility ready for the following summer season.

Council has been aware of and has shared the deep concern in the community over the seemingly abandoned building at 2 Bay View Terrace, which has become a focus of anti-social behaviour causing disruption and distress for neighbours. Council issued a demolition order in December 2014 which was appealed to the State Administrative Tribunal. However, I'm pleased to report that this appeal has now been withdrawn and agreement has been reached to demolish the building in 2016.

I would like to thank the staff for their hard work during what has been an exceptionally busy year. My particular thanks to CEO John Merrick and his senior management team for their continued focus on customer service.

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

Finally, may I acknowledge the great support that Council has again received from residents during the year. My thanks to residents for their willingness to provide feedback and participate in their local government's activities.



Rachel Thomas
SHIRE PRESIDENT



A Message from the Chief Executive Officer

It is with pleasure that I am able to report a favourable financial outcome for the 2014/2015 year which produced a modest budget surplus and an improvement in the overall financial position for the Shire.

All of our performance measurement ratio's show a reasonable level of sustainability with the exception of our asset preservation which we intend lifting next financial year, and we have been able to direct additional funds to our reserves.

The infrastructure program included footpath replacement in McNeil Street and Stirling Highway, improvements to the Leake Street and Stirling Highway landscaping, centre line marking for Leake Street and reticulation upgrades at Manners Hill Park.

Our Works department has also undertaken refurbishment and maintenance of our gardens at Devil's Elbow, Keanes Point and the Grove Centre, as well as upgrades to roundabouts in View Street.

We are pursuing shared services with Claremont and Cottesloe to reduce costs with one of the first collaborations being in the Information Technology area which we predict will provide significant savings from 2016.

Following months of negotiation with various State Government departments we have finally obtained approval for the redevelopment of the Café at Keanes Point and which will be constructed in the winter months of 2016

The Grove Library continues to be a major public facility despite the significant advancement of technology. Library staff have introduced many innovative programs and promotional events to ensure that the next generation values the written word or uses the library to assist with study.

Building development continues to be a major part of Council deliberation and we look forward to the new Town Planning Scheme and the reviewed Municipal Inventory having a positive impact on the retention of the amenity and protection of the heritage of Peppermint Grove.

May I reiterate my encouragement to residents to contact me directly with any matter or issue of concern and I thank those who have done so in the past.

Once again I would like to thank our elected members for their diligence and willingness to support the administration, and to our staff who continue to provide commitment to the wellbeing of the community of Peppermint Grove.



John Merrick JP

CHIEF EXECUTIVE OFFICER



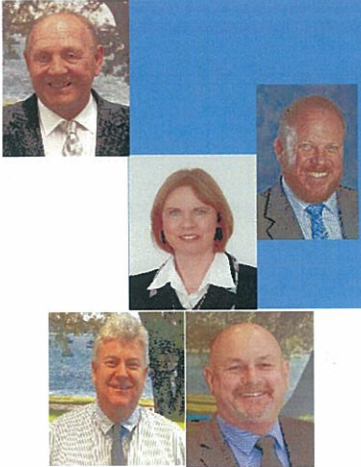
Councillors and Staff At 30th June 2015

ELECTED MEMBERS:

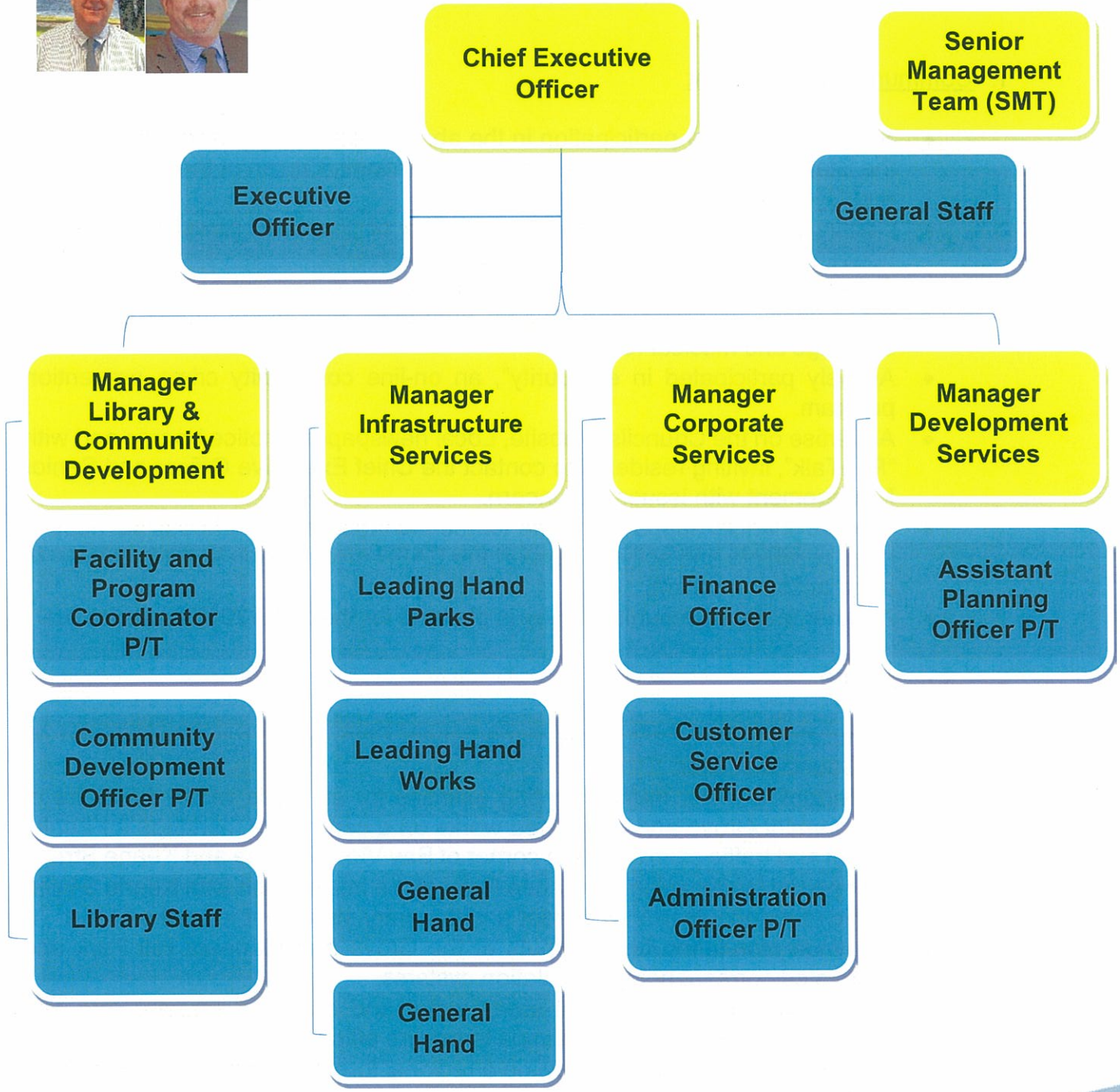
- PRESIDENT:** - COUNCILLOR R (RACHEL) THOMAS
- DEPUTY PRESIDENT:** - COUNCILLOR C (CHARLES) HOHNEN
- COUNCILLORS:**
- K (KAREN) FARLEY
 - S (SCOTT) FLEAY
 - D (DAWNE) HORREX
 - G (GREG) PETERS
 - B (BRIAN) KAVANAGH

PRINCIPAL STAFF MEMBERS:

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



Organisational Structure



Strategic Plan

RESPONSE TO KEY RESULT AREAS OF THE COMMUNITY PLAN

1. Community Development

- Sought community participation in the abandoned amalgamation proposal by the State Government, Australia Day celebrations, Citizen of the Year Awards and Carols by Candlelight event.
- Continued with the preparation and delivery of “PepTalk” newsletter to every household within the Shire of Peppermint Grove.
- Actively advertised numerous community events at the Grove Library in, “Meet the Author”, children’s and student programs, Halloween, guest speakers’ evenings and musical recitals.
- Actively participated in e-security”, an on-line community crime prevention program.
- Advertise on the Councils Website, Local newspapers, notice boards and with “PepTalk”, inviting residents to contact the Chief Executive Officer and Senior Management with issues of concern.
- Provide financial support to Shine for the management of in-house services to aged residents and actively support the CAPH organisation in the provision of aged accommodation.
- Another major community survey is planned for the 2016/2017 financial year.

2. Infrastructure

- Completed a compliant Asset Management Plan, which has been signed off by Councils auditor.
- Undertook a major traffic counting exercise for all roads within the Shire of Peppermint Grove and completed works on a centre line markings for Leake Street and traffic calming at the corner of Bay View Terrace and Keane Street.
- Completed landscaping at Keanes Point at the intersection with Keane Street, traffic roundabouts in View Street and the entry statement in Leake Street.
- Continue monitoring bore outputs at the Grove and Manners Hill Park and renovated corresponding reticulation systems.
- Completed an analysis of all storm water and drainage infrastructure and undertook major clean of all sumps to ensure efficiency.
- Working with WESROC to develop a regional foreshore management plan for the Western Suburbs.

- Completed a major maintenance program on all Peppermint trees including, pruning, dead wooding and removal and replacement of deteriorated trees.
- Completed footpath renewal in McNeil Street and Stirling Highway.

3. Governance

- A long Term Financial Plan is currently being developed to meet changing compliance conditions.
- An Asset Management Plan has been implemented.
- Completed a Staffing Plan.
- Revised the Corporate Business Plan in May 2015.
- Continue to develop the Risk Management Plan in conjunction with Council and the auditor.
- Actively participate in WESROC and continue to pursue resource sharing opportunities with the Town of Claremont and the Town of Cottesloe.
- Continue to prepare funding submissions for infrastructure and events.
- Continually invite public participation through website, letter box delivery and “PepTalk”.
- Actively and financially support Shine and CAPH
- Requested our auditors to undertake a full management review of all administrative processes and functions in 2014 to ensure accountability and compliance.

4. Organisation Capacity

- All Staff are subjected to a formalised Annual Performance Review through their respective manager.
- The current EBA expires in 2016 and a new one will be developed through February – March 2016.
- Continually provide opportunities for all Staff.
- The Chief Executive Offer, Managers and all Staff are encouraged to meet personally with residents.
- The Asset Management Plan has been prepared to ensure it reflects fair value principles.
- The Senior Management Team reviews the Compliance calendar monthly.
- The current Records Management System meets compliance regulations and a new system will be implemented in 2016, which will be fully accessible to all staff throughout the organisation.
- Signed an extension to the existing contract for the provision of Rangers, Health and Building services with the Town of Cottesloe and continue to search for other opportunities to share services with the Town of Claremont.

5. Built Environment

- The Town Planning Scheme No. 4, currently at the public consultation phase with Local Planning Strategies and Policies to be developed in the first quarter of 2016.

- Municipal Inventory has been reviewed and updated, and the Heritage Advisor consults as required.
- Lease agreement for the new Café at Keanes Point signed by all parties for construction in 2016.
- Town Planning Scheme No. 4 contains higher densities of Stirling Highway.
- Analysis of street lighting has been completed and upgrades will be implemented subject to findings.
- Continue to seek opportunities for cost savings through resource sharing and local planning strategies within Town Planning Scheme No. 4 will provide maximum protection should amalgamation be forced.
- Continue to liaise with local members for various issues and have developed an excellent rapport with organisations such as Watercorp, Western Power, Department of State Revenue and the ATO.
- Continue to work with other local governments in regard to depot facilities and discussions have been held with both City of Nedlands and the Town of Claremont

6. Natural Environment

- Work with WESROC has resulted in a Management Plan for the river foreshore from Nedlands to North Fremantle which will be used to direct funding towards prioritised river wall renewal.
- Continue to seek storm water use with WESROC.
- Undertake annual maintenance and replacement of Peppermint trees throughout the Shire.
- The Shire of Peppermint Grove is a designated “Water Wise” Council and has been recognised through an award for water and energy usage.
- Continue to support the WMRC for Waste Management and where the Deputy Shire President has been elected Chairperson.
- Completed benchmark dinghy storage facility on the foreshore near Leake Street, which is being used by other Local Governments as an example.

Statutory Reports

Recordkeeping

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

The Shire's Recordkeeping Plan 2010 - 2015 details the process for management and disposal of records which are entered into the EDRMS.

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

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

National Competition Policy

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

Competitive Neutrality

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

In the 2014/15 financial year the Shire undertook no activities that met the financial benchmark.

Structural Reform of Public Monopolies

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

Legislative Review

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

Freedom of Information

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

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

During 2014/15 the Shire received two applications for information under the *Act*.

Equal Employment Opportunity Management Plan

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

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

Disability Access and Inclusion

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

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

The following access improvements and initiative were undertaken during 2014/15:

- Maintained home delivery of library resources to customers requiring this service.
- E-services specialist provides homebound client with accessing on-line e-books.
- Provision of assistance to people with learning disabilities to undertake a basic computing program.
- Offered alternatives to self-service for people with disabilities.
- Engaged volunteer with an intellectual disability to assist with shelving in the library.
- Hosted a person undertaking rehabilitation after a work injury.
- Copies of Access & Inclusion feedback forms kept in prominent place in the library.
- Vegetarian, vegan and gluten-free sausage available at Australia Day event.
- Australia Day event breakfast setting wheelchair accessible.
- Seniors' events held at facilities with easy access for those less mobile.
- The Grove library provides a growing collection of digital content to patrons including e-books, e-audiobooks and e-magazines available for loan online.
- Large print keyboard available for use in the library.
- The Water Refill Station installed outside the library is wheelchair accessible.
- The gardens and outdoor area at the front of the library is wheelchair accessible.
- Complaints forms are available in arial font size 12-14 in The Grove library, in the Shire foyer and on the website.

Register of Complaints

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

No complaints were received by the Shire of Peppermint Grove in the 2014/15 financial year.

Employee Remuneration

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

The number of employees with an annual salary entitlement that falls within each band for 2014/15 is as follows:

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

Development Services

Strategic Planning

During 2014-5 the Shire finalised its draft Local Planning Scheme and Local Planning Strategy following negotiations with the Western Australian Planning Commission.

Although the Shire's housing targets under the State Governments Directions 2031 were increased to 280 additional dwellings, the proposed up coding and rezoning of sites along Stirling Highway would mean this target may well be achievable on the longer term. Council, however, is only able to create a planning framework in consultation with the community for this to occur. The final outcome also relies on market conditions and the challenges of land assembly on Stirling Highway.

Council received approval to commence the three month long public consultation phase of this process. The Town Planning Regulations only require a notice in the local newspaper advising of the 90 day advertising period for a new Scheme and Strategy. However, it is Councils intention to write to each landowner on the matter, and provide detailed information on the implications of the new scheme. Further, at least two public information evenings are scheduled for July and September 2015 to discuss with residents the various changes proposed in the planning scheme and the rationale for them.

When finally adopted a new Local Planning Scheme and Local Planning Strategy become the key documents for decision making by the Shire on planning issues, such as protecting the highly valued heritage and built form characteristics of Peppermint Grove.

Development Approvals

All development in the Shire is assessed under Town Planning Scheme No.3 and Councils policies. This year was a particularly busy one with 37 development applications being processes. However it was not just a case of a 25% increase in application numbers, but the value of the development itself increased from \$16 million in 2013/14 to over \$21 million during 2014/15. The majority of the development approved by Council was for new dwellings, with the remainder being substantial renovations to some of the Shire's heritage houses.

There was a corresponding increase in building permits issued, up 60% on the previous year from 20 building permits to 34 building permits with the total value of building works in the Shire rose to \$37.5 million.

Environmental Health Services

The protection, promotion, and maintenance of public health in the Shire of Peppermint Grove is the fundamental role of Environmental Health Services (EHO). The Shire has for several years contracted out its EHO services to the Town of Cottesloe for the assessment and inspection of food premises, as well as all public buildings. EHO officers have investigated several other environmental health issues in the Shire over the year involving noise issues from commercial premises, light overspill, and early morning bin collections. These issues have been resolved with assistance and co-operation of the landowners involved, with successful outcomes being achieved for residents in terms of maintaining the high level of amenity in Peppermint Grove.

Environmental Health Officers conduct routine inspections of food premises and public buildings, monthly tests of the PLC pool and food sampling, assess plans and share expertise and also handle complaints and enquiries. The total food premises and public building activities was sixty. Sampling activities amounted to sixteen. Other activities including complaints and enquiries totalled forty to June 2014.

Compliance Services

The four yearly inspections of private swimming pools required under the Building Act 2011 fall due late in 2015. The Royal Life Saving Society has provided a competitive quote to complete the over 260 pool safety inspections. It is anticipated these will commence during late 2015 and be completed in early 2016.

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

An audit conducted earlier this year with the senior ranger at Cottesloe revealed that many signs and line markings did not meet current standards. Thanks to the hard work of the Shire's staff and contractor's, both the parking signage and associated road markings were substantially upgraded throughout Peppermint Grove.

In addition to the shared ranger services from the Town of Cottesloe improving traffic flows around busy school pick up and drop off times they have also been active in ensuring vacant land is cleared before the fire season. At the same time they have dealt with a number of complaints related to stray and barking dog incidents during the year and worked hard to resolve these matters.

Infrastructure Services

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

Street Trees

The Shire's comprehensive tree maintenance and replacement program continued throughout 2014/2015 resulting in many new Peppermint trees being planted on verges throughout the area. This ongoing process is improving public safety and will ensure Peppermint Grove's beautiful streetscapes continue to be enjoyed for many years to come.



Shared Path Construction on Keane Street and Stirling Highway

Lengths of widened 'shared paths' were constructed in both Keane Street and Stirling Highway as a joint project between the Shire of Peppermint Grove and the Department of Transport.



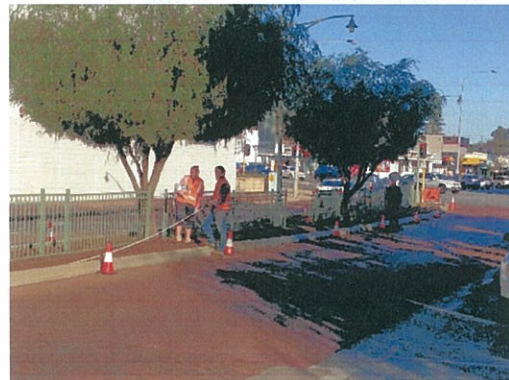
Crossland Court Paving

Repairs were made to the paving, drainage system and kerbs in Crossland Court.



Leake Street Landscaping

The Leake Street median island was landscaped, greatly improving the look of the intersection and complementing the beautiful grounds of The Grove Library and Shire Administration Building.



Devil's Elbow Steps

After years of wear and tear, the old Devil's Elbow steps had become dangerous and were repaired to improve safety.



Drainage

Work continues on cleaning and maintaining the Shire's stormwater drainage system. New grates and pits are being installed as required.

Crack Sealing

Roads throughout the Shire are crack sealed as part of the ongoing network maintenance.



Foreshore re-vegetation

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



Turf Renovation

Manners Hill Park and Keanes Point underwent extensive turf renovation during 2014/2015



Footpath Maintenance

A systematic footpath maintenance and replacement program is underway.



Reticulation

Reticulation systems were upgraded at Keanes Point, Manners Hill Park and the Foreshore



Bore Redevelopment

The Foreshore groundwater bore was redeveloped and a new submersible pump fitted



Street Furniture

Many of the park seats, benches and tables were refurbished



BBQ's

All of the electric twin-plate BBQ's were internally reconditioned



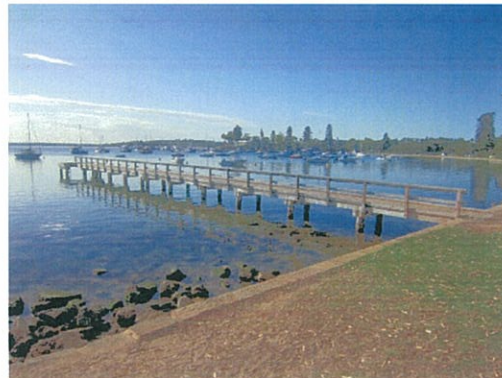
Playground

New rubber softfall area installed at the playground



Jetty

The Shire's jetty was structurally assessed resulting in a number of repairs and improvements being made



Waterwise Council

The Shire of Peppermint Grove became a Waterwise Council in 2012 and was re-endorsed by the Water Corporation in 2015, continuing to lead the way in driving water efficiency in our council and local community.

The Shire's continuing water quality and conservation actions included regular native tree plantings, turf rejuvenation programs, use of phosphate free fertilisers and annual application of wetting agents, Waterwise training of outdoor staff, a regular education program for our drains and fortnightly street sweeping.

The Grove Precinct held events, workshops and activities throughout the year to promote sustainability and the efficient use of water to the local community. Highlights included the award winning 'Less is More' Festival, '*Community Waterwise Forum*' event and the very practical 'Earth Carers' course for residents.

The Grove Precinct building's rainwater harvesting system was modified mid 2014 with the assistance of a Water Corporation sponsorship grant and completed in February 2015. These modifications should result in an annual saving of 150,000 litres of scheme water per year.

Library Services

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

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

The three strategic themes of the Grove of Leading, Learning, Living, were built on and extended throughout 2014-2015:

Leading:

As at 30 June 2014, the Library had 9,537 active members. This included 597 Peppermint Grove residents (37% of all residents).

A total of 236,668 loans were made from The Grove Library in 2014-2015. This represents a small decrease in physical loan items, but includes increasing e-loans of books, audiobooks and e-magazines.

The Grove’s Community History section continued to produce leading results, with a conference presentation by the Community History Librarian at the Public Libraries of WA Biennial Conference. The Grove also secured a major grant from the National Maritime Museum to conduct a significance assessment of the Royal Freshwater Bay Yacht Club’s extensive photographic archive, as a preliminary step to digitizing the archive to allow public access to this unique and important collection of images.

The Grove Precinct’s sustainability features continue to be of interest to the community. Several sustainability education tours were conducted for local schools and university students. Earthcarers also based their education program at the Grove, as well as facilitating the now annual Less is More Festival. The WESROC event, “Community Waterwise Forum” was also hosted at the Grove. The Grove continues to host the Millennium Kids, a children’s sustainable action group, made up of many students from local schools.

Learning:

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

Practically all measures of youth and children's services have increased over this period, including memberships and attendance at storytimes and other children's programs. Of particular note is the building of a strong collection of early literacy resources, resulting in lending increases in this area of 11.5% in this period, in addition to the previous year's increase of 20%.

During Children's Book Week, 760 students from local schools attended sessions at the Grove to listen to authors, illustrators and storytellers and be motivated to read and write for pleasure. The Youth Librarian also visited local schools, kindergartens, playgroups and day care centres, promoting library services to an additional 516 children.

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

For adults, The Grove hosted three book launches, two literary dinners, and the Fellowship of Australian Writers (WA) Short Story Awards presentation.

Living:

The Housebound Delivery Service, supported by dedicated volunteers, continued to serve 14 residents at private addresses and 15 residents in 2 nursing homes.

The Grove was host to 8 book groups, 3 facilitated by the Library and 5 private clubs. The Shakespeare Society also meets monthly to read excerpts from the Bard's works.

The Grove's 10th and final History and Creative Writing Awards were celebrated in November 2014 with many previous judges and staff members being thanked for their support.

Cappuccino Concerts celebrated its fifth year of concerts at The Grove with a special series of five classical and contemporary music recitals held over May and June. These were well attended by local residents.

The Grove Community Learning Centre continued to offer high quality community programs such as seniors programs and activities, parenting programs, drop-in child health clinics, immunization clinics, school holiday activities and sustainability programs in 2014-2015.

The main tenant, West Coast Community Centre, provided adult learning and social events to a total membership of 772, with total attendances of 6,886. This group also facilitated the popular intergenerational computer classes with students from PLC, who assisted seniors with common computer skills.

In total the Community Learning Centre achieved 19,029 attendances over 643 individual events in 2014-2015.

Community Events

The aim of Council's Community Development section is to bring people together to identify and respond to problems and opportunities; to participate with other local governments and organisations to deliver community programs and to generally improve the quality of life of Peppermint Grove residents. In 2014/15 Community Development activities conducted by Council supported community events including Australia Day, Anzac Day, Carols by Candlelight, community safety initiatives; improving access and inclusion for people with disabilities; seniors' and health and fitness programs.

Community Events

The annual Carols by Candlelight was held at Manners Hill Park on 14 December 2014. Supported by Lotterywest and led by the Mighty Camelot Choir and Salvation Army Band, this proves to be a very successful event each year, attracting approximately 1,000 people. As has been the tradition for over twenty years, the Salvation Army gives all proceeds from the night to the Balga Early Learning Centre who in turn use these funds to support those families in desperate need of assistance.

The 2015 Combined Councils' Australia Day event was held at Memorial Park at the Town of Mosman Park overlooking the Swan River. Approximately 400 people attended the event which included a community breakfast. The Shire awarded Mrs Dorothea Hansen-Knarhoi as Citizen of the Year for her voluntary work for over thirty-six years as a Gallery Guide with the Art Gallery of WA and as a voluntary member of the *Sculpture by the Sea Cottesloe* team for seven years.

Citizenship

The Shire conducted a citizenship ceremony in the council chambers on 17 September 2014 which was an opportunity to celebrate Australian Citizenship Day. Five new citizens were welcomed into Peppermint Grove with a citizenship ceremony performed by Shire President and Presiding Officer Rachel Thomas.

Health and Fitness

In 2014/15, the Shire of Peppermint Grove and the Town of Mosman Park continued their partnership program with the Heart Foundation to provide support for walking groups within our local communities. The program has been very successful with three registered Walk Organisers each hosting weekly walks. A well-attended Morning Tea was provided for the Heart Foundation Walking Groups at the Pavilion in Manners Hill Park in February 2014.

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

The Shire assisted Cottesloe Primary School in providing a healthy morning tea for their Fun Run held on 31 October 2014.

Seniors

During 2014, seniors' events were held over four months as part of the Shire's age-friendly community commitment in collaboration with the councils of Mosman Park, Cottesloe and Claremont. Presentations included a highly successful First Aid demonstration; Managing Money Online; Retirement Decisions; Making Informed Housing Decisions; and Modifying Your Home. Seniors' Week was acknowledged with a Morning Tea held at SHINE Community Care with entertainment provided by The Beehive Montessori School from Mosman Park.

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

Youth

As part of the *Start Me Up* Western Suburbs Youth Week event, a free *Plug Me In* workshop was held at The Grove for local young musicians to have their instruments and music equipment tested and tagged, to be safely used in venues across Perth.

Community Safety

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

Community Safety Month was celebrated in October 2014 with a variety of free safety presentations and seminars on offer to residents and businesses. The Shire, together with Mosman Park and Cottesloe councils, ran activities including a Child Car Restraint display

and competition; Safety Tips for Businesses seminar; an ewatch initiative information session and competition; and Household and Personal safety tips.

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

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

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

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

Volunteers

Together with the Town of Mosman Park, the Shire celebrated *Thank a Volunteer Day*. Local volunteers were treated to a sundowner on Friday 5 December 2014, in The Grove library. Volunteers from Peppermint Grove included Friends of the library; Carols by Candlelight committee; Westcoast Community Centre; Library volunteers; Community History volunteers; Millennium Kids and Councillors.

Sustainability

The Shire participated in the October 2014 Garage Sale Trail with the support of the Waste Authority. This is an Australia wide venture gaining popularity in WA. The Garage Sale Trail was an opportunity for residents and community groups to sell unwanted goods and help reduce landfill.

Access and Inclusion

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

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

Committee Membership

AUDIT COMMITTEE

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

CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE

MEMBERS
All Elected Members

COTTESLOE-PEPPERMINT GROVE-MOSMAN PARK COMBINED LIBRARY COMMITTEE

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

DEVELOPMENT ASSESSMENT PANEL (DAP)

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

LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)

MEMBERS	SENIOR MANAGEMENT STAFF
Cr G Peters	John Merrick, CEO

LOCAL GOVERNMENT ASSOCIATION CENTRAL ZONE

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

MEMBER COUNCIL LIAISON GROUP

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

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

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

SHINE

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

WESTERN METROPOLITAN REGIONAL COUNCIL (WMRC)

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

WESTERN SUBURBS REGIONAL ORGANISATION OF COUNCILS (WESROC)

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

SWAN RIVER TRUST

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



Financial Report

SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

**SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Peppermint Grove being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire of Peppermint Grove at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

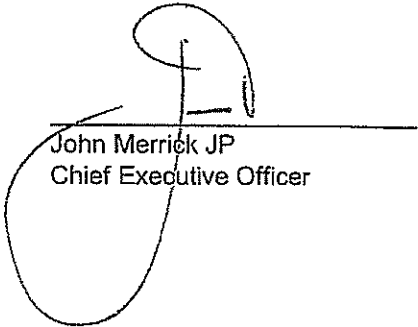
Signed as authorisation of issue on the

19th

day of

November

2015


John Merrick JP
Chief Executive Officer

SHIRE OF PEPPERMINT GROVE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	2,792,584	2,753,524	2,544,588
Operating Grants, Subsidies and Contributions	28	1,412,367	1,372,674	1,309,375
Fees and Charges	27	358,425	250,510	250,765
Interest Earnings	2(a)	81,107	35,600	61,632
Other Revenue		47,487	49,676	75,678
		<u>4,691,970</u>	<u>4,461,984</u>	<u>4,242,038</u>
Expenses				
Employee Costs		(2,105,542)	(2,038,872)	(2,011,628)
Materials and Contracts		(1,968,668)	(1,919,551)	(1,798,242)
Utility Charges		(153,089)	(155,890)	(153,344)
Depreciation on Non-Current Assets	2(a)	(328,660)	(422,603)	(403,481)
Interest Expenses	2(a)	(62,912)	(62,283)	(63,668)
Insurance Expenses		(119,207)	(105,299)	(83,090)
Other Expenditure		(2,150)	0	(40,385)
		<u>(4,740,228)</u>	<u>(4,704,498)</u>	<u>(4,553,838)</u>
		(48,258)	(242,514)	(311,800)
Non-Operating Grants, Subsidies and Contributions				
Contributions	28	34,334	41,775	27,000
Share of Joint Venture Net Assets	5	(2,923)	0	(4,691)
Profit on Asset Disposals	20	8,876	0	1,297
		<u>30,287</u>	<u>41,775</u>	<u>23,606</u>
NET RESULT		(7,971)	(200,739)	(288,194)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	9,432,212	0	8,000,740
Total Other Comprehensive Income		<u>9,432,212</u>	<u>0</u>	<u>8,000,740</u>
Total Comprehensive Income		<u><u>9,424,241</u></u>	<u><u>(200,739)</u></u>	<u><u>7,712,546</u></u>

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

SHIRE OF PEPPERMINT GROVE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Governance		23,786	10,260	26,963
General Purpose Funding		2,967,567	2,871,963	2,641,152
Law, Order, Public Safety		11,840	12,450	12,779
Health		14,104	9,000	18,864
Community Amenities		188,195	111,960	136,503
Recreation and Culture		1,382,710	1,377,166	1,357,800
Transport		19,611	15,885	18,244
Economic Services		66,716	53,300	29,733
Other Property and Services		17,440	0	0
	2(a)	<u>4,691,969</u>	<u>4,461,984</u>	<u>4,242,038</u>
Expenses				
Governance		(816,276)	(784,533)	(839,132)
General Purpose Funding		(90,776)	(84,970)	(95,456)
Law, Order, Public Safety		(52,615)	(62,652)	(54,480)
Health		(57,981)	(60,995)	(54,063)
Education and Welfare		(31,744)	(27,104)	(19,751)
Community Amenities		(675,535)	(592,614)	(529,427)
Recreation & Culture		(2,031,591)	(2,030,621)	(1,921,654)
Transport		(847,168)	(914,388)	(886,391)
Economic Services		(62,998)	(84,338)	(84,313)
Other Property and Services		(10,631)	0	(5,503)
	2(a)	<u>(4,677,315)</u>	<u>(4,642,215)</u>	<u>(4,490,170)</u>
Financial Costs				
Recreation & Culture		(62,912)	(62,283)	(63,668)
	2(a)	<u>(62,912)</u>	<u>(62,283)</u>	<u>(63,668)</u>
Non-Operating Grants, Subsidies and Contributions				
Transport		34,334	41,775	27,000
		<u>34,334</u>	<u>41,775</u>	<u>27,000</u>
Share of Joint Venture Net Assets				
Community Amenities	5	(2,923)	0	(4,691)
Profit/(Loss) on Disposal of Assets				
Transport	20	8,876	0	1,297
		<u>5,953</u>	<u>0</u>	<u>(3,394)</u>
Net Result		<u>(7,971)</u>	<u>(200,739)</u>	<u>(288,194)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	9,432,212	0	8,000,740
Total Other Comprehensive Income		<u>9,432,212</u>	<u>0</u>	<u>8,000,740</u>
Total Comprehensive Income		<u><u>9,424,241</u></u>	<u><u>(200,739)</u></u>	<u><u>7,712,546</u></u>

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

**SHIRE OF PEPPERMINT GROVE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	727,576	599,474
Trade and Other Receivables	4	<u>158,099</u>	<u>209,137</u>
TOTAL CURRENT ASSETS		<u>885,675</u>	<u>808,611</u>
NON-CURRENT ASSETS			
Investments via Equity Method	5	226,622	229,545
Property, Plant and Equipment	6	15,388,366	15,557,929
Infrastructure	7	<u>12,605,185</u>	<u>3,132,861</u>
TOTAL NON-CURRENT ASSETS		<u>28,220,173</u>	<u>18,920,335</u>
TOTAL ASSETS		<u>29,105,848</u>	<u>19,728,946</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	182,258	198,934
Current Portion of Long Term Borrowings	9	22,600	21,118
Provisions	10	<u>114,305</u>	<u>140,039</u>
TOTAL CURRENT LIABILITIES		<u>319,163</u>	<u>360,091</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	864,124	886,723
Provisions	10	<u>22,600</u>	<u>6,412</u>
TOTAL NON-CURRENT LIABILITIES		<u>886,724</u>	<u>893,135</u>
TOTAL LIABILITIES		<u>1,205,887</u>	<u>1,253,226</u>
EQUITY			
Retained Surplus		9,897,437	9,937,131
Reserves - Cash Backed	11	556,355	524,632
Revaluation Surplus	12	<u>17,446,169</u>	<u>8,013,957</u>
TOTAL EQUITY		<u>27,899,961</u>	<u>18,475,720</u>

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

**SHIRE OF PEPPERMINT GROVE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		10,241,321	508,636	13,217	10,763,174
Comprehensive Income		(288,194)	0	0	(288,194)
Net Result		<u>0</u>	<u>0</u>	<u>8,000,740</u>	<u>8,000,740</u>
Changes on Revaluation of Non-Current Assets	12	<u>(288,194)</u>	<u>0</u>	<u>8,000,740</u>	<u>7,712,546</u>
Total Comprehensive Income		<u>(15,996)</u>	<u>15,996</u>	<u>0</u>	<u>0</u>
Transfers from/(to) Reserves					
Balance as at 30 June 2014		9,937,131	524,632	8,013,957	18,475,720
Comprehensive Income		(7,971)	0	0	(7,971)
Net Result		<u>0</u>	<u>0</u>	<u>9,432,212</u>	<u>9,432,212</u>
Changes on Revaluation of Non-Current Assets	12	<u>(7,971)</u>	<u>0</u>	<u>9,432,212</u>	<u>9,424,241</u>
Total Comprehensive Income		<u>(31,723)</u>	<u>31,723</u>	<u>0</u>	<u>0</u>
Transfers from/(to) Reserves					
Balance as at 30 June 2015		<u>9,897,437</u>	<u>556,355</u>	<u>17,446,169</u>	<u>27,899,961</u>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,836,185	2,728,524	2,487,590
Operating Grants, Subsidies and Contributions		1,431,065	1,372,674	1,297,625
Fees and Charges		358,425	262,555	250,765
Interest Earnings		81,107	35,600	61,632
Goods and Services Tax		220,360	237,996	234,288
Other Revenue		47,487	49,700	75,678
		<u>4,974,629</u>	<u>4,687,049</u>	<u>4,407,578</u>
Payments				
Employee Costs		(2,117,063)	(2,023,872)	(2,065,650)
Materials and Contracts		(1,983,369)	(1,867,081)	(1,899,350)
Utility Charges		(153,089)	(155,890)	(153,344)
Interest Expenses		(62,912)	(62,283)	(63,668)
Insurance Expenses		(119,207)	(105,299)	(83,090)
Goods and Services Tax		(231,621)	(166,515)	(234,288)
Other Expenditure		(2,149)	0	(31,929)
		<u>(4,669,410)</u>	<u>(4,380,940)</u>	<u>(4,531,319)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>305,219</u>	<u>306,109</u>	<u>(123,741)</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(49,842)	(12,500)	(90,822)
Payments for Construction of				
Infrastructure		(182,191)	(212,050)	(224,916)
Non-Operating Grants, Subsidies and Contributions				
		34,334	41,775	27,000
Proceeds from Sale of Fixed Assets		41,700	0	52,297
Net Cash Provided by (Used in)				
Investment Activities		(155,999)	(182,775)	(236,441)
Cash Flows from Financing Activities				
Repayment of Debentures		(21,118)	(21,118)	(19,733)
Net Cash Provided By (Used In)				
Financing Activities		(21,118)	(21,118)	(19,733)
Net Increase (Decrease) in Cash Held		128,102	102,216	(379,915)
Cash at Beginning of Year		599,474	741,977	979,389
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>727,576</u></u>	<u><u>844,193</u></u>	<u><u>599,474</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		23,786	10,260	26,963
General Purpose Funding		174,983	118,439	96,564
Law, Order, Public Safety		11,840	12,450	12,779
Health		14,104	9,000	18,864
Community Amenities		188,195	111,960	136,503
Recreation and Culture		1,382,710	1,377,166	1,357,800
Transport		62,821	57,660	46,541
Economic Services		66,716	53,300	29,733
Other Property and Services		17,440	0	0
		<u>1,942,595</u>	<u>1,750,235</u>	<u>1,725,747</u>
Expenses				
Governance		(816,276)	(784,533)	(839,132)
General Purpose Funding		(90,776)	(84,970)	(95,456)
Law, Order, Public Safety		(52,615)	(62,652)	(54,480)
Health		(57,981)	(60,995)	(54,063)
Education and Welfare		(31,744)	(27,104)	(19,751)
Community Amenities		(678,458)	(592,614)	(534,118)
Recreation and Culture		(2,094,503)	(2,092,904)	(1,985,322)
Transport		(847,168)	(914,388)	(886,391)
Economic Services		(62,998)	(84,338)	(84,313)
Other Property and Services		(10,631)	0	(5,503)
		<u>(4,743,150)</u>	<u>(4,704,498)</u>	<u>(4,558,529)</u>
Net Result Excluding Rates		(2,800,555)	(2,954,263)	(2,832,782)
Adjustments for Cash Budget Requirements:				
Revaluation losses on Furniture/Equipment		0	0	3,383
(Profit)/Loss on Asset Disposals	20	(8,876)	0	(1,297)
Share of JV Net Assets		2,923	0	4,691
Movement in Employee Benefit Provisions (Non-current)		16,188	0	3,821
Depreciation and Amortisation on Assets	2(a)	328,660	422,603	403,481
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(19,928)	0	0
Purchase Furniture and Equipment	6(a)	(2,017)	0	0
Purchase Plant and Equipment	6(a)	(27,897)	(12,500)	(90,822)
Purchase Roads	7(a)	(29,823)	(65,000)	(148,057)
Purchase Footpaths	7(a)	(51,242)	(100,550)	(57,535)
Purchase Drainage	7(a)	(3,500)	(21,500)	(1,300)
Purchase Parks & Ovals	7(a)	(81,470)	(25,000)	(18,024)
Purchase Other Infrastructure	7(a)	(16,156)	0	0
Proceeds from Disposal of Fixed Assets	20	41,700	0	52,297
Repayment of Debentures	21(a)	(21,118)	(21,118)	(19,733)
Transfers to Reserves (Restricted Assets)	11	(155,539)	(14,500)	(70,010)
Transfers from Reserves (Restricted Assets)	11	123,816	27,500	54,014
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	(54,994)	2,349	118,291
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	32,757	(8,455)	(54,994)
Total Amount Raised from General Rate	22(a)	<u>(2,792,584)</u>	<u>(2,753,524)</u>	<u>(2,544,588)</u>

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The financial report is presented in Australian dollars.

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; and
 - (II) furniture and equipment;
- and
- (c) for the financial year ending on 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 financial report 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, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land Under Roads

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

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

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

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

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings - Plant & Air Conditioning	15 years
Buildings - Other	40 years
Buildings - Long Life Structures	50 years
Furniture and Equipment	4 to 10 years
Light Vehicles	2 years
Plant and Equipment	5 to 15 years
Sealed Roads and Streets	
- formation	not depreciated
- pavement	40 years
- bituminous seals	20 years
Footpaths & Dual-Use Paths	
- formation	not depreciated
- concrete or paved	50 years
Drainage	70 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation Threshold

Expenditure on non-current assets under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(t) Rounding Off Figures

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013 -9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Operative Date: Part C Financial Instruments - 1 January 2015)	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Council.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interest in Joint Operations [AASB 1 & AASB 11]	August 2014	01 January 2016	This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact on acquisitions of interests in joint operations on or after 1 January 2016 management believes it is impracticable at this stage to provide a reasonable estimate of such impact in the Council's financial statements
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	August 2014	01 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Council currently uses the expected pattern of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014 - 5: Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15
(viii) AASB 2015-2: Amendments to Australian Accounting Standards -- Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	it will require changes to reflect the impact of AASB 15 This standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.
(ix) AASB 2015-3: Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.	January 2015	1 July 2015	This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column It is not anticipated it will have any significant impact on disclosures. This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have any significant impact as the principles of materiality remain largely unchanged.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6: Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have significant disclosure impact on the financial report of the Council as both Elected Members and Senior management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

- AASB 2011 - 7
- AASB 2012 - 3
- AASB 2013 - 3
- AASB 2013 - 8
- AASB 2013 - 9 Parts A & B

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	15,561	23,300
- Financial Management Review	0	8,000
- Assistance with the finalisation of the annual financial report	4,875	4,500
- Acquittals	1,250	3,900
Depreciation		
Specialised Buildings	137,277	159,222
Furniture and Equipment	13,282	0
Plant and Equipment	18,840	51,197
Roads	111,612	129,970
Footpaths	14,216	30,293
Drainage	3,735	4,915
Parks & Ovals	29,145	24,668
Other Infrastructure	553	3,216
	<u>328,660</u>	<u>403,481</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21.(a))	62,912	63,668
	<u>62,912</u>	<u>63,668</u>
Rental Charges		
- Operating Leases	67,942	76,869
	<u>67,942</u>	<u>76,869</u>
(ii) Crediting as Revenue:		
Other Revenue		
Reimbursements and Recoveries	19,307	34,902
Other	28,180	40,776
	<u>47,487</u>	<u>75,678</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest Earnings		
- Reserve Funds	15,842	15,000
- Other Funds	31,988	20,600
Other Interest Revenue (refer note 26)	33,277	14,000
	<u>81,107</u>	<u>49,600</u>
	<u>81,107</u>	<u>61,632</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

To remain a Shire valued for its ambiance and independence.

GOVERNANCE

Objective:

To provide a decision-making process for the efficient allocation of scarce resources.

Activities

Administration and operation of facilities and services to Members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities

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

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities

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

EDUCATION AND WELFARE

Objective:

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

Activities

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

COMMUNITY AMENITIES

Objective:

To provide services to the community.

Activities

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective:

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

Activities

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

TRANSPORT

Objective:

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

Activities

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

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities

Implementation of building controls.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control Council's overhead operating accounts.

Activities

Plant operation and public works overhead costs.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Opening Balance ⁽¹⁾		Received ⁽²⁾		Expended ⁽³⁾		Closing Balance ⁽¹⁾		Received ⁽²⁾		Expended ⁽³⁾		Closing Balance	
	Grant/Contribution	Function/ Activity	01/07/13	2013/14	2013/14	2013/14	30/06/14	30/06/14	2014/15	2014/15	2014/15	2014/15	30/06/15	30/06/15
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Water Recycling	Recreation & Culture	0	8,050	(1,784)	6,266	0	(6,266)	0	0	0	0	0	0	
Cultural Heritage	Recreation & Culture	0	7,230	0	7,230	0	(4,895)	0	0	0	0	2,335	2,335	
Total		0	15,280	(1,784)	13,496	0	(11,161)	0	0	0	(11,161)	2,335	2,335	

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		168,886	61,346
Restricted		558,690	538,128
		727,576	599,474
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	35,290	9,821
Plant Reserve	11	62,492	47,286
Infrastructure/Building Reserve	11	26,355	25,506
Sitting Fee Reserve	11	1,747	1,691
Road Reserve	11	82,681	15,786
Library Staff Leave Reserve	11	5,813	15,949
Public Open Space Reserve	11	234,649	227,037
Library Infrastructure Reserve	11	106,259	180,522
Green Funds Reserve	11	1,069	1,034
Unspent Grants	2(c)	2,335	13,496
		558,690	538,128

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	112,170	155,771
Sundry Debtors	16,247	34,181
GST Receivable	29,682	18,421
ESL Control	0	764
	158,099	209,137

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-Current Investment in Joint Venture

Western Metropolitan Regional Council

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

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

	2015 \$	2014 \$
(i) Retained surplus attributable to interest in joint venture:		
Balance at beginning of the financial year	65,747	70,438
Share of joint venture's net result	(2,923)	(4,691)
Balance at the end of the financial year	62,824	65,747
(ii) Carrying amount of investment in joint venture:		
Balance at beginning of the financial year	229,545	234,236
Share of joint venture's net assets	(2,923)	(4,691)
Balance at the end of the financial year	226,622	229,545

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 1 July 2013	965,000	965,000
- Independent Valuation 30 June 2014	6,000,000	6,000,000
- Cost	0	0
	<u>6,965,000</u>	<u>6,965,000</u>
 Total Land	 <u>6,965,000</u>	 <u>6,965,000</u>
 Specialised Buildings at:		
- Independent Valuation 1 July 2013	6,498,980	6,498,980
- Independent Valuation 30 June 2014	1,893,750	1,893,750
- Cost	19,928	0
Less: Accumulated Depreciation	<u>(296,499)</u>	<u>(159,222)</u>
	<u>8,116,159</u>	<u>8,233,508</u>
 Total Buildings	 <u>8,116,159</u>	 <u>8,233,508</u>
 Total Land and Buildings	 <u>15,081,159</u>	 <u>15,198,508</u>
 Furniture and Equipment at:		
- Management Valuation 30 June 2014	138,610	138,610
- Additions after Valuation - Cost	2,017	0
Less Accumulated Depreciation	<u>(13,282)</u>	<u>0</u>
	<u>127,345</u>	<u>138,610</u>
 Plant and Equipment at:		
- Management Valuation 2013	108,050	180,186
- Additions after Valuation - Cost	118,719	90,822
Less Accumulated Depreciation	<u>(46,907)</u>	<u>(50,197)</u>
	<u>179,862</u>	<u>220,811</u>
	<u>15,388,366</u>	<u>15,557,929</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Plant and Equipment:

Plant and equipment was revalued in 2013 as part of the mandatory requirements of Local Government (Financial Management) Regulation 17A. Whilst the additions since that time are shown at cost given they were acquired at arm's length and any accumulated depreciation reflects the usage of service potential it is considered the recorded written down value approximates fair value. Thus the value is considered in accordance with the above Regulation 17A which require assets to be shown at fair value.

Plant and equipment will be revalued during the year ending 30 June 2016 in accordance with the mandatory assessment measurement framework detailed at Note 1 (g).

Furniture and Equipment:

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

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

Land and Buildings:

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

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

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

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Adjustments \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2)	6,965,000	0	0	0	0	0	6,965,000
Total Land	6,965,000	0	0	0	0	0	6,965,000
Specialised Buildings (Level 3)	8,233,508	19,928	0	0	0	(137,277)	8,116,159
Total Buildings	8,233,508	19,928	0	0	0	(137,277)	8,116,159
Total Land and Buildings	15,198,508	19,928	0	0	0	(137,277)	15,081,159
Furniture and Equipment (Level 3)	138,610	2,017	0	0	0	(13,282)	127,345
Plant and Equipment (Level 2 & 3)	220,811	27,897	(32,824)	0	(17,183)	(18,840)	179,862
Total Property, Plant and Equipment	15,557,929	49,842	(32,824)	0	(17,183)	(169,399)	15,388,366

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Independent Valuation 2015	8,972,822	0
- Additions after Valuation - Cost	0	0
- Cost	0	2,760,472
Less Accumulated Depreciation	0	(1,919,161)
	8,972,822	841,311
Footpaths		
- Independent Valuation 2015	1,821,750	0
- Additions after Valuation - Cost	0	0
- Cost	0	659,557
Less Accumulated Depreciation	0	(573,017)
	1,821,750	86,540
Drainage		
- Independent Valuation 2015	774,613	0
- Additions after Valuation - Cost	0	0
- Cost	0	369,987
Less Accumulated Depreciation	0	(42,949)
	774,613	327,038
Parks & Ovals		
- Management Valuation 2015	1,008,000	0
- Additions after Valuation - Cost	0	0
- Cost	0	3,120,642
Less Accumulated Depreciation	0	(1,252,316)
	1,008,000	1,868,326
Other Infrastructure		
- Management Valuation 2015	28,000	0
- Additions after Valuation - Cost	0	0
- Cost	0	16,077
Less Accumulated Depreciation	0	(6,431)
	28,000	9,646
	12,605,185	3,132,861

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

7. INFRASTRUCTURE (Continued)

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

This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

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

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

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

SHIRE OF PEPPERMINT GROVE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation increments/ (Decrements) \$	Adjustments \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads (Level 3)	841,311	29,823	0	8,213,301	0	(111,612)	8,972,823
Footpaths (Level 3)	86,540	51,242	0	1,698,184	0	(14,216)	1,821,750
Drainage (Level 3)	327,038	3,500	0	447,810	0	(3,735)	774,613
Parks & Ovals (Level 3)	1,868,326	81,470	0	(929,833)	17,182	(29,145)	1,008,000
Other Infrastructure (Level 3)	9,646	16,156	0	2,751	0	(553)	28,000
Total	3,132,861	182,191	0	9,432,213	17,182	(159,261)	12,605,185

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	130,435	145,136
Accrued Salaries and Wages	19,545	18,772
ATO Liabilities	32,278	35,026
	<u>182,258</u>	<u>198,934</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	22,600	21,118
	<u>22,600</u>	<u>21,118</u>
Non-Current		
Secured by Floating Charge Debentures	864,124	886,723
	<u>864,124</u>	<u>886,723</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	114,305	140,039
Non-Current	22,600	6,412
	<u>136,905</u>	<u>146,451</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	81,721	64,730	146,451
Additional provision	105,088	41,993	147,081
Amounts used	<u>(104,665)</u>	<u>(51,962)</u>	<u>(156,627)</u>
Balance at 30 June 2015	<u>82,144</u>	<u>54,761</u>	<u>136,905</u>

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	9,821	9,821	14,519
Amount Set Aside / Transfer to Reserve	31,509	500	19,793
Amount Used / Transfer from Reserve	<u>(6,040)</u>	<u>0</u>	<u>(24,491)</u>
	<u>35,290</u>	<u>10,321</u>	<u>9,821</u>
(b) Plant Reserve			
Opening Balance	47,286	47,286	46,158
Amount Set Aside / Transfer to Reserve	28,443	1,300	1,128
Amount Used / Transfer from Reserve	<u>(13,237)</u>	<u>0</u>	<u>0</u>
	<u>62,492</u>	<u>48,586</u>	<u>47,286</u>
(c) Infrastructure/Building Reserve			
Opening Balance	25,506	25,506	24,819
Amount Set Aside / Transfer to Reserve	849	1,200	687
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>26,355</u>	<u>26,706</u>	<u>25,506</u>
(d) Sitting Fee Reserve			
Opening Balance	1,691	1,691	10,796
Amount Set Aside / Transfer to Reserve	56	50	45
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(9,150)</u>
	<u>1,747</u>	<u>1,741</u>	<u>1,691</u>
(e) Road Reserve			
Opening Balance	15,786	15,786	15,360
Amount Set Aside / Transfer to Reserve	81,895	450	426
Amount Used / Transfer from Reserve	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
	<u>82,681</u>	<u>1,236</u>	<u>15,786</u>
(f) Library Staff Leave Reserve			
Opening Balance	15,949	5,949	8,198
Amount Set Aside / Transfer to Reserve	375	100	10,100
Amount Used / Transfer from Reserve	<u>(10,511)</u>	<u>0</u>	<u>(2,349)</u>
	<u>5,813</u>	<u>6,049</u>	<u>15,949</u>
(g) Public Open Space Reserve			
Opening Balance	227,037	227,037	236,318
Amount Set Aside / Transfer to Reserve	7,612	7,370	8,743
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(18,024)</u>
	<u>234,649</u>	<u>234,407</u>	<u>227,037</u>
(h) Library Infrastructure Reserve			
Opening Balance	180,522	155,658	151,461
Amount Set Aside / Transfer to Reserve	4,765	3,500	29,061
Amount Used / Transfer from Reserve	<u>(79,028)</u>	<u>(12,500)</u>	<u>0</u>
	<u>106,259</u>	<u>146,658</u>	<u>180,522</u>
(i) Green Funds Reserve			
Opening Balance	1,034	1,035	1,007
Amount Set Aside / Transfer to Reserve	35	30	27
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,069</u>	<u>1,065</u>	<u>1,034</u>
TOTAL RESERVES	<u>556,355</u>	<u>476,769</u>	<u>524,632</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

11. RESERVES - CASH BACKED (continued)

	2015 \$	2015 Budget \$	2014 \$
Total Opening Balance	524,632	489,769	508,636
Total Amount Set Aside / Transfer to Reserve	155,539	14,500	70,010
Total Amount Used / Transfer from Reserve	<u>(123,816)</u>	<u>(27,500)</u>	<u>(54,014)</u>
TOTAL RESERVES	<u>556,355</u>	<u>476,769</u>	<u>524,632</u>

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

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

(a) Leave Reserve

- to be used to fund annual and long service leave requirements.
- No funds budgeted to be spent in 2015/16.

(b) Plant Reserve

- to be used to fund replacement and upgrading of Council's plant fleet.
- \$60,295 budgeted to be spent in 2015/16.

(c) Infrastructure/Building Reserve

- to be used to upgrade and replace recreational infrastructure and municipal buildings.
- No funds budgeted to be spent in 2015/16.

(d) Sitting Fee Reserve

- to be converted to an Information Technology Reserve in 2015/16
- No funds budgeted to be spent in 2015/16.

(e) Road Reserve

- to be used to maintain and upgrade the road and drainage systems.
- No funds budgeted to be spent in 2015/16.

(f) Library Staff Leave Reserve

- to be used to fund library and community centre staff leave entitlements.
- No funds budgeted to be spent in 2015/16.

(g) Public Open Space Reserve

- to be used to maintain and upgrade parks, reserves and forshore areas.
- \$115,000 budgeted to be spent in 2015/16.

(h) Library Infrastructure Reserve

- to be used for capital expenditure projects at the Grove library.
- No funds budgeted to be spent in 2015/16.

(i) Green Funds Reserve

- to be converted to an Arts and Culture Reserve in 2015/16.
- No funds budgeted to be spent in 2015/16.

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	8,000,740	0
Revaluation Increment	0	8,000,740
Revaluation Decrement	0	0
	<u>8,000,740</u>	<u>8,000,740</u>
(b) Plant & Equipment		
Opening Balance	13,217	0
Revaluation Increment	0	13,217
Revaluation Decrement	0	0
	<u>13,217</u>	<u>13,217</u>
(c) Roads		
Opening Balance	0	0
Revaluation Increment	8,213,301	0
Revaluation Decrement	0	0
	<u>8,213,301</u>	<u>0</u>
(d) Other Infrastructure		
Opening Balance	0	0
Revaluation Increment	1,218,911	0
Revaluation Decrement	0	0
	<u>1,218,911</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>17,446,169</u></u>	<u><u>8,013,957</u></u>

**SHIRE OF PEPPERMINT GROVE
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FOR THE YEAR ENDED 30TH JUNE 2015**

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2015 Budget \$	2014 \$
Cash and Cash Equivalents	<u>727,576</u>	<u>844,193</u>	<u>599,474</u>

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

Net Result	(7,971)	(200,739)	(288,194)
Depreciation	328,660	422,603	403,481
(Profit)/Loss on Sale of Asset	(8,876)	0	(1,297)
(Increase)/Decrease in Receivables	51,038	(25,000)	(87,168)
Increase/(Decrease) in Payables	(16,676)	47,470	(103,386)
Increase/(Decrease) in Employee Provisions	(9,546)	20,000	(28,250)
Grants Contributions for the Development of Assets	(34,334)	41,775	(27,000)
Increase/(Decrease) in JV Net Assets	2,923		4,691
Non-Current Assets recognised due to changes in legislative requirements	0	0	3,382
Net Cash from Operating Activities	<u>305,218</u>	<u>306,109</u>	<u>(123,741)</u>

	2015 \$	2014 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	11,500
Credit Card Balance at Balance Date	(990)	(134)
Total Amount of Credit Unused	<u>214,010</u>	<u>211,366</u>
Loan Facilities		
Loan Facilities - Current	22,600	21,118
Loan Facilities - Non-Current	864,124	886,723
Total Facilities in Use at Balance Date	<u>886,724</u>	<u>907,841</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at 30 June 2015

15. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	60,874	52,774
- later than one year but not later than five years	47,689	64,001
- later than five years	0	0
	<u>108,563</u>	<u>116,775</u>

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

16. JOINT VENTURE ARRANGEMENTS

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

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	4,944,193	4,921,918
General Purpose Funding	171,221	61,346
Community Amenities	8,110,039	7,895,050
Recreation and Culture	3,213,548	2,761,268
Transport	11,603,667	2,927,990
Other Property and Services	177,505	200,996
Unallocated	885,675	960,378
	<u>29,105,848</u>	<u>19,728,946</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

18. FINANCIAL RATIOS	2015	2014	2013
Current Ratio	1.15	0.81	1.26
Asset Sustainability Ratio	0.53	0.70	0.10
Debt Service Cover Ratio	4.16	1.82	6.65
Operating Surplus Ratio	(0.01)	(0.11)	0.02
Own Source Revenue Coverage Ratio	0.69	0.64	1.00

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 57 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$200,000 relating to the compensation received from the original lawyer for the Cottesloe - Peppermint Grove Bowling Club legal case.

This item forms part of operating revenue and have been included in the calculations above.

This item of significant revenue is considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	4.27
Operating Surplus Ratio	(0.03)

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Footpath Deposits	104,060	46,500	(35,500)	115,060
Other	4,888	9,300	(8,620)	5,568
	<u>108,948</u>			<u>120,628</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
Subaru Liberty	10,878	0	14,660	0	3,782	0
Subaru Forester	21,946	0	27,040	0	5,094	0
	<u>32,824</u>	<u>0</u>	<u>41,700</u>	<u>0</u>	<u>8,876</u>	<u>0</u>

Profit	8,876	0
Loss	0	0
	<u>8,876</u>	<u>0</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Particulars								
Recreation and Culture Grove Library	907,841	0	21,118	21,118	886,723	886,723	62,912	62,283
	907,841	0	21,118	21,118	886,723	886,723	62,912	62,283

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council established an overdraft facility of \$200,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was \$nil.

SHIRE OF PEPPERMINT GROVE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates		Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Rates in Advance \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE												
General Rate												
Residential	6.9460	549	32,187,558	2,252,799	14,737	8,514	2,276,050	2,235,842	0	0	0	2,235,842
Commercial	6.9460	26	5,575,400	387,250	0	0	387,250	387,173	0	0	0	387,173
Commercial/R/Use	6.9460	7	228,174	15,849	0	0	15,849	15,849	0	0	0	15,849
Railway Reserve	6.9460	3	94,298	6,550	0	0	6,550	6,550	0	0	0	6,550
MRS Reserve	6.9460	1	486,956	33,824	0	0	33,824	33,824	0	0	0	33,824
Parks	6.9460	1	28,952	2,011	0	0	2,011	2,011	0	0	0	2,011
Sub-Totals		587	38,601,338	2,698,283	14,737	8,514	2,721,534	2,681,249	0	0	0	2,681,249
Minimum Payment												
Residential	1,225	53	751,822	63,700	0	0	63,700	64,925	0	0	0	64,925
Commercial	1,225	6	104,458	7,350	0	0	7,350	7,350	0	0	0	7,350
Sub-Totals		59	856,280	71,050	0	0	71,050	72,275	0	0	0	72,275
								2,792,584			2,753,524	
Ex-Gratia Rates												
Discounts (refer note 25.)												
								0			0	
								0			0	
Total Amount Raised ex General Rate Specified Area Rate (refer note 23.)								2,792,584			2,753,524	
Totals								0			0	
								2,792,584			2,753,524	

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 Brought Forward	<u>32,757</u>	<u>(54,994)</u>	<u>(54,994)</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	168,886	61,346	61,346
Restricted	558,690	538,128	538,128
Receivables			
Rates Outstanding	112,170	155,771	155,771
Sundry Debtors	16,247	34,181	34,181
GST Receivable	29,682	18,421	18,421
ESL Control	0	764	764
Less:			
Trade and other Payables			
Sundry Creditors	(130,435)	(145,136)	(145,136)
Accrued Salaries and Wages	(19,545)	(18,772)	(18,772)
ATO Liabilities	(32,278)	(35,026)	(35,026)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(22,600)	(21,118)	(21,118)
Provisions			
Provision for Annual Leave	(82,144)	(81,721)	(81,721)
Provision for Long Service Leave	(32,161)	(58,318)	(58,318)
Net Current Assets	<u>566,512</u>	<u>448,520</u>	<u>448,520</u>
Less:			
Reserves - Restricted Cash	(556,355)	(524,632)	(524,632)
Add:			
Secured by Floating Charge Debentures	22,600	21,118	21,118
Surplus/(Deficit)	<u>32,757</u>	<u>(54,994)</u>	<u>(54,994)</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2014 audited financial report.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

The Shire did not offer any discounts, incentives, concessions or write-offs during 2014/15.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		19,909	14,000
Interest on Instalments Plan	5.00%		13,368	0
Charges on Instalment Plan		30	4,900	5,000
			38,177	19,000

Ratepayers had the option of paying rates in four equal instalments, due on 8 August 2014, 8 October 2014, 8 December 2014 and 9 February 2015. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2015 \$	2014 \$
Governance	5,955	240
General Purpose Funding	9,200	9,470
Law, Order, Public Safety	4,840	5,279
Health	3,700	4,200
Community Amenities	185,161	136,503
Recreation and Culture	74,524	74,399
Transport	8,686	6,604
Economic Services	66,359	14,070
	<u>358,425</u>	<u>250,765</u>

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

SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

28. GRANT REVENUE

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

	2015	2014
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,412,367	1,309,375
Non-Operating Grants, Subsidies and Contributions	34,334	27,000
	<u>1,446,701</u>	<u>1,336,375</u>
By Program:		
General Purpose Funding	83,451	25,464
Law, Order, Public Safety	3,000	3,500
Community Amenities	3,034	0
Recreation and Culture	1,303,115	1,268,771
Transport	54,101	38,640
	<u>1,446,701</u>	<u>1,336,375</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>23</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	37,500	16,800	37,500
President's Allowance	10,750	6,000	10,750
Deputy President's Allowance	0	300	300
Expenses	7,500	0	6,250
	<u>55,750</u>	<u>23,100</u>	<u>54,800</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2014/15.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	727,576	599,474	727,576	599,474
Receivables	158,099	209,137	158,099	209,137
	<u>885,675</u>	<u>808,611</u>	<u>885,675</u>	<u>808,611</u>
Financial Liabilities				
Payables	182,258	198,934	182,258	198,934
Borrowings	886,724	907,841	886,724	907,841
	<u>1,068,982</u>	<u>1,106,775</u>	<u>1,068,982</u>	<u>1,106,775</u>

Fair value is determined as follows:

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	7,276	5,995
- Statement of Comprehensive Income	7,276	5,995

Notes:

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

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

	2015	2014
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	84%	88%
- Overdue	16%	12%

SHIRE OF PEPPERMINT GROVE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 Borrowings

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

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

	<u>2015</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	182,258			0	182,258	182,258
Borrowings	83,400	333,600	1,209,300	1,626,300	886,724	886,724
	<u>265,658</u>	<u>333,600</u>	<u>1,209,300</u>	<u>1,808,558</u>	<u>1,068,982</u>	<u>1,068,982</u>
Payables	198,934			0	198,934	198,934
Borrowings	83,400	333,600	1,292,700	1,709,700	907,841	907,841
	<u>282,334</u>	<u>333,600</u>	<u>1,292,700</u>	<u>1,908,634</u>	<u>1,106,775</u>	<u>1,106,775</u>

**SHIRE OF PEPPERMINT GROVE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
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Year Ended 30 June 2015

Borrowings

Fixed Rate Debentures	0	0	0	0	0	886,723	886,723	6.90%
Weighted Average Effective Interest Rate								6.90%

Year Ended 30 June 2014

Borrowings

Fixed Rate Debentures	0	0	0	0	0	907,841	907,841	6.90%
Weighted Average Effective Interest Rate								6.90%



Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF PEPPERMINT GROVE

Report on the Financial Report

We have audited the accompanying financial report of Shire of Peppermint Grove, which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 57 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

Reporting on Other Legal and Regulatory Requirements

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

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

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

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA

Director

Date: 17 November 2015

**SHIRE OF PEPPERMINT GROVE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

RATIO INFORMATION

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

	2015	2014	2013
Asset Consumption Ratio	0.983	0.745	0.656
Asset Renewal Funding Ratio	0.972	1.098	0.907

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

