



Shire of
Peppermint Grove

Annual Report

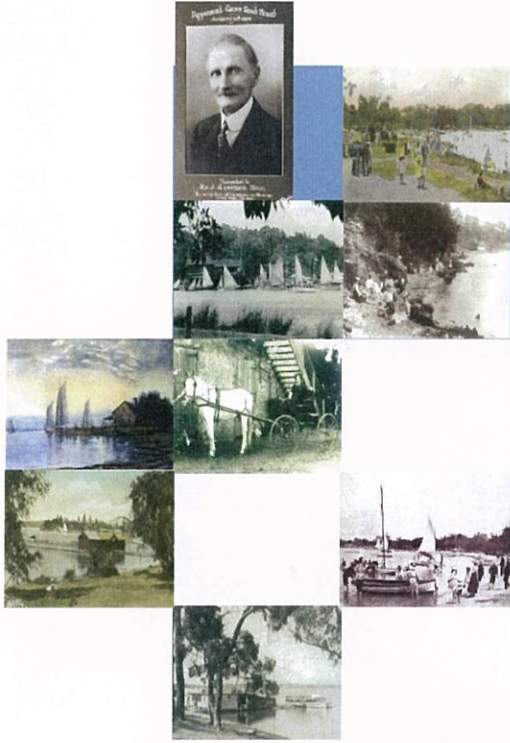
2016 - 2017



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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 1,705 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"

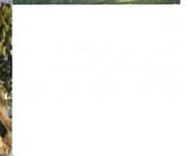
The Shire of Peppermint Grove's Key Result Areas are

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:	1,705
Number of Electors:	1,132
Number of Dwellings:	608
Total Rates Levied:	\$3.08million
Total Revenue:	\$5.10million
Number of Employees:	23



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
- Chapter 1 Cafe
- Peppermint Grove Heritage Trail
- Carols by Candlelight
- St Columba's Church
- Whadjuk Trails Network



A Message from the Shire President

It is my pleasure to present the Annual Report for the Shire of Peppermint Grove for the 2016-2017 financial year.

I am delighted to report that the Shire has ended the year with a modest surplus and that these additional funds have been placed into several reserve accounts for future projects.

There were a number of important milestones achieved during the year. In particular, I am very pleased to confirm that the Shire's Local Planning Scheme 4 and the accompanying Local Planning Strategy were approved by the Minister of Planning in February 2017. The work involved in the introduction of a new planning scheme and strategy is considerable. It required broad consultation with the community and several years of negotiation with the Department of Planning before the final draft was approved. The new Scheme provides for higher density housing along the Stirling Highway corridor and part of the southern boundary. Residential zoning in the main body of the Shire remains unchanged.

Whilst the Department of Planning's strategic direction is to standardise planning parameters across the Metropolitan area, we have been able to retain a number of variations to the Residential Design Codes which are unique to Peppermint Grove and which contribute to the Shire's special character and amenity.

Following the introduction of Local Planning Scheme 4, the Shire reviewed and updated a number of planning policies to enhance the Scheme and to ensure that our streetscapes and heritage buildings are protected into the future for the benefit of the whole community. Work is continuing on several other policies relating to front fencing, parapet walls and laneways and the setting up of a design advisory committee

In October 2016, we were successful in our efforts to remove the unfinished building at 2 Bay View Terrace. This abandoned property had been a blight on the area for a number of years and its demolition was a relief to residents and Council alike. The Council subsequently obtained reimbursement from the owner for the cost of the demolition.

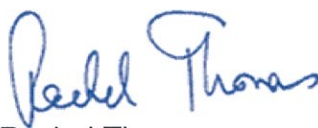
Construction of the new café on the foreshore, which will be named Freshwaters, was completed in June and will open in October 2017. Residents and visitors alike will be able to enjoy a beautiful, uninterrupted view of the river and foreshore from a sensitively designed building that blends well with the surrounding trees and parkland.

Our infrastructure team continues to maintain our parks, gardens, streets and footpaths to a very high standard and we have once again attracted grants from the State Government to continue with riverwall maintenance and extensions.

Your Council has been very supportive of aged care services to residents through SHINE Community Services and we are looking forward to the redevelopment of the Wearne site which will see the expansion of aged care facilities and the construction of retirement living accommodation on that land. The Wearne site is jointly owned by the Councils of Claremont, Cottesloe, Mosman Park and Peppermint Grove and leased to aged-care provider, Curtin Care.

I would like to take this opportunity to thank all the Shire's staff for their hard work during this busy and productive year. My particular thanks to CEO John Merrick and his senior management team for their continued focus on customer service, good governance and sound financial management.

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



Rachel Thomas
SHIRE PRESIDENT



A Message from the Chief Executive Officer

I am pleased to report that the 2016/2017 Financial Year was one which saw the consolidation of our overall financial position and which produced a modest surplus once again.

This has enabled us to transfer over \$300,000 into reserves for future capital and maintenance expenditure across several areas, and which has resulted in almost \$1million being held as cash backed reserve funds.

Such a position provides the administration with the resources to commence with the development of meaningful forward planning initiatives, including a Long Term Financial Plan, a Corporate Business Plan and a Strategic Community Plan.

The Grove Library continues to provide quality services to our community, as well as those of Cottesloe and Mosman Park, with young people loans across all mediums reaching almost 100,000 over the past year.

I trust that the community has enjoyed the improved maintenance of our parks and gardens, particularly the river foreshore, and we believe that our streetscapes and general amenity of our neighbourhood is second to none.

May I thank my team at Peppermint Grove for their commitment to their provision of excellence, the Shire President and her Council for their belief in my staff, and finally to the many residents I have spoken to and assisted over the past 12 months.

I look forward to the continued success of the Shire of Peppermint Grove in future years.

John Merrick JP


CHIEF EXECUTIVE OFFICER



Councillors and Staff *At 30th June 2017*

ELECTED MEMBERS:

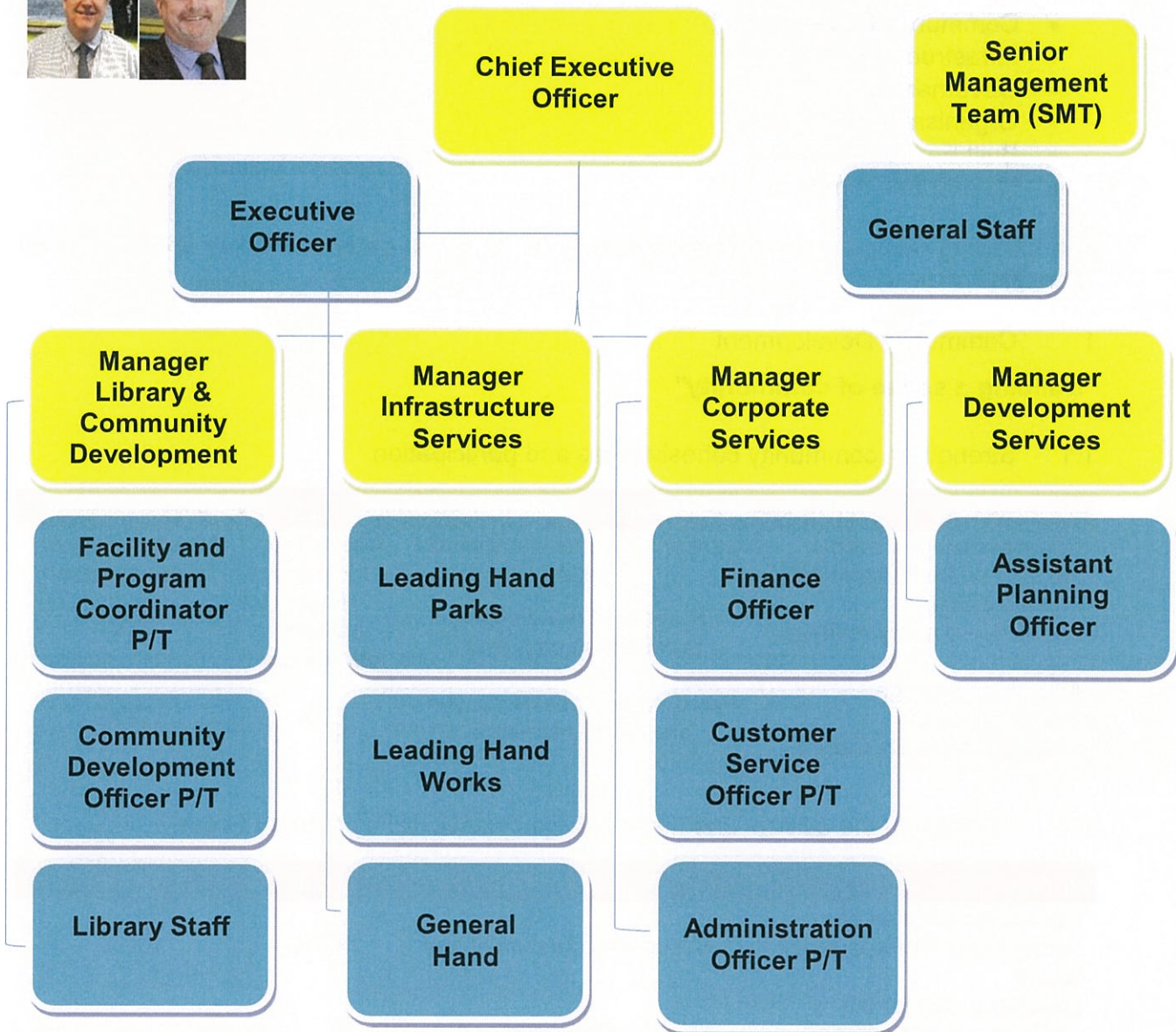
- PRESIDENT:** - COUNCILLOR R (RACHEL) THOMAS
- DEPUTY PRESIDENT:** - COUNCILLOR C (CHARLES) HOHNEN
- COUNCILLORS:**
- K (KAREN) FARLEY
 - S (SCOTT) FLEAY
 - D (DAWNE) HORREX
 - G (GREG) PETERS
 - P (PETER) MACINTOSH

PRINCIPAL STAFF MEMBERS:

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



Organisational Structure



Strategic Community Plan 2013 - 2023

The Strategic Community Plan was first developed in 2013 through extensive community consultation and contains achievable objectives to shape the Shire's development over the next ten years and beyond. The Plan has the following six broad key areas:

- Community Development;
- Infrastructure;
- Governance;
- Organisational Capacity;
- Built Environment; and
- Natural Environment.

The following ratings measure the Shire's performance in each of the key areas as at 30 June 2017.

1 Community Development

“Building a sense of community”

1.1 Strengthen community cohesiveness and participation

Priority	Progress Measure	Target	Rating
Council-managed events, festivals and entertainment	Number of events successfully held	Maintain or Increase	Maintain Events Target Achieved
Provide quarterly newsletter to every resident	Number of newsletters produced in past year	Four editions per annum	75%
Actively encourage residents use of Library/Community Centre	Percentage of residents who are library members	50%	23%

1.2 Strengthen the cultural and historical significance of Peppermint Grove

Priority	Progress Measure	Target	Rating
Pursue the creation of a heritage trail for Peppermint Grove	Successful creation of trail	100%	100%
Develop a plan for the protection and maintenance of street and foreshore Peppermint trees	Plan developed and implemented	100%	100%
Support literature prizes and competitions in Library	Literature competition held	100%	100%

1.3 Ensure access to services as needs change within the community

Priority	Progress Measure	Target	Rating
Facilitate community safety, security and a sense of wellbeing	Survey of residents to gauge percentage of satisfaction	80%	Not Available
Develop processes for the community to communicate needs to Council	Survey of residents to determine preferred means of communication	100%	Not Available
Support partnership arrangements with aged services providers to ensure older residents have access to services	Maintain service arrangement with SHINE Community Services.	100%	100%
Conduct regular surveys to engage the community for the provision of services to all demographics	Survey conducted every two years	100%	50%

2 Infrastructure

“Protecting our Assets”

2.1 Upgrade and maintain Shire infrastructure

Priority	Progress Measure	Target	Rating
Develop and implement asset management plans	Plan development for all eight categories of assets	100%	In Progress
Apply best practice safety systems to transport infrastructure	Survey of residents to gauge percentage of satisfaction	80%	Not Available
Develop and implement landscaping plans for roundabouts, non-trafficable nodes and river foreshore	Survey of residents to gauge percentage of satisfaction	80%	Not Available
Apply highest standard maintenance to all parks and gardens within the Shire	Survey of residents to gauge percentage of satisfaction	80%	Not Available

2.2 Investigate infrastructure improvements which will facilitate sustainable on-going management

Priority	Progress Measure	Target	Rating
Develop long-term strategies to maximise stormwater re-use and minimise run-off into the Swan River	Strategy development	100%	In Progress
Lobby funding authorities to secure funding for the maintenance of river wall	Successful funding to enable riverwall asset management plan to be implemented	100%	100%

Develop a footpath audit and replacement program to coincide with State Government grant availability	Successful funding to enable footpath asset management plan to be implemented	100%	Not Available
Develop and implement Peppermint tree retention and replacement program	Survey of residents to gauge percentage of satisfaction	80%	Not Available

3 Governance

“Strengthening Shire Leadership”

3.1 Ensure that all Shire resources are managed effectively

Priority	Progress Measure	Target	Rating
Develop and maintain a long-term financial plan to support annual budgets	Completion and updating of plan in accordance with regulations	Plan completion	In Progress
Implement an asset management plan for all Shire assets	Plan implementation for all eight categories of assets	Plan completion	In Progress
Complete a human resource plan based on attraction and retention of staff	Percentage of annual employee turnover	0%	0%
Revise the Corporate Business Plan	Completion of plan	Plan completion	In Progress
Revise the Risk Management Plan	Completion of plan	Plan completion	In Progress
Participate in regional activities with other local governments to deliver cost-effective services and infrastructure	Ongoing commitment to WESROC, WMRC, SHINE	100%	100%

3.2 Provide leadership for Council activities on behalf of the community

Priority	Progress Measure	Target	Rating
Develop partnerships and relationships which enhance community services	Ongoing commitment to WESROC, WMRC, SHINE	100%	100%
Lobby and advocate for access to grants, improved infrastructure and services	Survey of residents to gauge percentage of satisfaction	80%	Not Available
Develop a community engagement plan to ensure community has an effective voice in decision-making process	Completion of plan	Plan completion	0%
Support volunteer organisations which operate in the Shire	Percentage of residents to perform voluntary work via an organisation	Increase	Not Available
Continually review roles, responsibilities and	Survey of residents to gauge percentage of satisfaction	80%	Not Available

accountability of administrative process to ensure transparency

4 Organisation Capacity

“Meeting Community Expectation”

4.1 That the Shire of Peppermint Groves becomes an employer of choice

Priority	Progress Measure	Target	Rating
Enhance the annual performance review process for all staff	Survey of staff to gauge percentage of satisfaction	100%	Not Available
Renew the enterprise bargaining agreement for non-contract staff	Approval of EBA by Fair Work Australia	Approval	100%
Provide opportunities for training and skills enhancement and promote a philosophy of promotion “from within”	Survey of staff to gauge percentage of satisfaction	100%	Not Available
Create an environment where all staff are accessible to the community	Survey of residents to gauge percentage of satisfaction	80%	Not Available

4.2 Compliance with the requirements of all statutes and legislation relevant to local government

Priority	Progress Measure	Target	Rating
Ensure the asset management plans relate directly to fair value principles	Plan implementation for all eight categories of assets	Plan completion	In Progress
Develop a calendar of compliance requirements reviewed by Senior Management Team on a monthly basis	Completion of compliance calendar	Plan completion	100%
	Monthly reviews	100%	0%
Implement a fully-electronic records management system	Implementation of EDMS	100%	100%
Contract Town of Cottesloe staff for Health, Building and Ranging	Annual renewal of contract	100%	100%

5 Built Environment

“Preserving our heritage”

5.1 increased capacity for the Shire to ensure that the built environment reflects the aspirations of the community and retains its unique history, heritage and character

Priority	Progress Measure	Target	Rating
Finalise local planning strategies for inclusion in the town planning scheme	Adoption of strategies	Adoption	100%
Develop a master plan through the Shire's heritage advisor which retains the character of Peppermint Grove	Update of municipal heritage inventory	Update completed	100%
Completion of lease arrangement for Keanes Point café and redevelopment of facility and demolition of toilet block	Execution of lease agreement	Agreement execution	100%
Develop strategies which provide for higher density development to occur along Stirling Highway corridor	Development of strategies	Strategies adopted	100%
Liaise with Neighbourhood Watch Committee to develop strategies for the upgrade of street lighting	Development of strategies	Strategies adopted	0%
Investigate potential creation of a Peppermint Grove Precinct in the event of local government amalgamation	Creation of precinct	Precinct creation prior to amalgamation	0%
Investigate partnerships with other tiers of government for the betterment of the community	Formalisation of partnerships	Agreement execution	0%
Investigate the possibility of relocation of works depot to Mosman Park	Decision on permanent location of works depot	Permanent location	In Progress

6 Built Environment

“Preservation and Sustainability”

6.1 Protect and enhance Peppermint Grove's natural environment and biodiversity

Priority	Progress Measure	Target	Rating
Develop a river foreshore management plan to ensure future generations have access	Implementation of foreshore management plan	Completion of plan	100%
Investigate stormwater re-use to prevent run-off into Swan River	Implementation of stormwater management plan	Completion of plan	0%
Ensure that parklands, streetscapes and open spaces reflect the amenity	Survey of residents to gauge percentage of satisfaction	80%	Not Available



and character of Peppermint Grove			
Explore options for improving the Shire's energy and water use	Installation of solar panels Continued Waterwise Accreditation	Panel Installation Accreditation	In Progress 100%
Participate in regional waste management partnership to minimise waste going to landfill	Percentage of municipal solid waste from red bin collections diverted from landfill	65% by 2020	0%
Promote dinghy storage facility on the foreshore to minimise degradation	Creation of 100 dinghy moorings	100% uptake	100%

Statutory Reports

Recordkeeping

The State Records Commission approved an updated Shire recordkeeping plan on 17th March 2017 following an extensive review of the efficiency and effectiveness of Councils recordkeeping systems

During 2016/17 Council moved to an upgraded version of its electronic document management system – HPE Records Manager version 8.3 (from 8.1) – as part of its information technology alignment with the Town of Claremont. Critical staff involved in records management received accredited and on-the-job training in using the new system.

In early 2018 Council plans to move to HPE Content Manager 9.1. This new *Cloud*-based system will allow for smoother integration with other *Cloud*-based applications such as Office 365 (including OneDrive and SharePoint) and the CouncilFirst enterprise system as well as a proposed new website incorporating a customer relations management system.

Once plans are finalised and software acquired, an employee training program (including new employees induction) will be developed.

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 2016/17 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 2016/17 the Shire received no applications for information under the *Act*.

Equal Employment Opportunity Management Plan

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

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

Disability Access and Inclusion

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

The Shire adopted a Disability Access and Inclusion Plan covering 2017 – 2022 on 17th October 2017.

The following access improvements and initiative were undertaken during 2016/17:

- All events held at the Shire of Peppermint Grove are accessible to residents.
- ACROD parking bays, a lift, a hearing loop and disabled toilets are available at The Grove Precinct.
- The Shire's Australia Day event provided separate queuing and assistance was made available for people with disability. An Auslan interpreter was also engaged for the event. Gluten free, vegan and vegetarian options were available.
- A valet bin service is provided to the residents who are unable to take out their own waste bins
- The Keanes Point playground has ACROD parking, disabled toilets, a liberty swing, water fountain a wheelchair height and picnic tables suitable for someone in a wheelchair.
- The Grove Precinct has ACROD parking available on the street outside the building on Leake Street and in the public underground carpark.
- A water fountain at wheelchair height has been installed in the garden at the front of the Shire building.
- Promotional materials for the Shire and Library events advertised accessibility.
- The Grove library has information readily available on events and functions on its website.
- The Young People's Librarian email information to residents that is a successful form of communication for those with disability.

- Words on Wheels is provided by the Grove library to those members who are housebound and/or require large print books.
- Training for Access and Inclusion awareness and education for all staff is scheduled for October 2017
- Forms for complaints and feedback in large font are available at the Shire office and the Grove library, and on respective websites.
- A trainee with disability was engaged by The Grove library during 2016-2017

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 2016/17 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 2016/17 is as follows:

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

Development Services

Strategic Planning

Local Planning Scheme No.4 was gazetted in February 2017. The Western Australian Planning Commission staff were extremely helpful in making last minute changes to the text to reflect the new planning regulations that seek to standardise Local Planning Scheme No.3 throughout Western Australia.

Although these amendments resulted in substantial alterations to the text and layout of the new Local Planning Scheme, it did not change the key development control standards that are unique to the Shire and guide the maintenance of its character.

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

In March 2017, Council adopted several new local planning policies to control residential building heights, the standard by which works to heritage buildings are assessed and neighbour consultation.

All development in the Shire is now being assessed under the new Local Planning Scheme No.4.

Statutory Planning and Building

This year maintained the high level of applications with 35 development applications being lodged in 2016/17, which is a slight increase compared with the 30 planning applications approved in 2015/16. However, in terms of the value of development this past financial year saw the value of development drop in 2016/17 to \$11.4 million, down from the \$23 million worth of works approved during 2015/16 by Council. The majority of the development approved in the Shire was for new dwellings, with the remainder being substantial renovations to some of the Shire's heritage houses.

The number of building permits issued increased from 34 permits in 2015/16, to 55 permits in 2016/17. However, the value of the works increased sharply from \$16.5 million in 2015/16 to \$33.4 million in 2016/17. This disproportionate increase in the value of works carried out in the Shire was the result of one particular development costing over \$10 million to construct.

The contracted housing construction environment experienced in Peppermint Grove reflects the broader trend being experienced in the state.

Environmental Health Services

The protection, promotion and maintenance of public health in the Shire of Peppermint Grove, is the fundamental role of Environmental Health. The Shire has for several years contracted out its Environmental Health Officer services to the Town of Cottesloe for the assessment and inspection of food premises, as well as all public buildings.

Environmental Health Officers have investigated several environmental health issues in the Shire over the year involving noise issues from commercial and residential premises, light overspill, and early morning bin collections from commercial premises. These issues have been resolved with the assistance and co-operation of the landowners involved. In addition, Officers have taken monthly samples (microbiological and chemical), of the Presbyterian Ladies College aquatic facility, various food sampling projects have been conducted, assessed various management plans, shared their expertise and handled complaints and enquiries.

The total food premises and public building activities was 60. Sampling activities amounted to 28 overall. Other activities including complaints and enquiries which totalled 31 to June 2017, which was a substantial reduction from 61 recorded during the previous year.

Compliance Services

Parking and enforcement issues around the school traffic generated by Presbyterian Ladies College and Cottesloe Primary School, continued to be an issue for the Shire to manage. The principals of both schools have again worked closely with Shire staff to educate new parents unfamiliar with both the road network and the parking restrictions to find the safest way to pick up and drop off students, without creating unnecessary congestion.

Although the signage and road markings underwent a significant upgrade in 2014 throughout the Shire to meet current Australian standards, further minor works to improve the legibility have been undertaken.

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.

One of the more important tasks since 2015/16, was to reduce the number of dog attacks in the Shire. There were unfortunately four dog attacks reported during 2015/16 and rangers issued substantial fines to the offending dog owners. Fortunately, no people were injured in these incidents, however, one small dog did suffer bite marks. An increased focus by our rangers on this matter has reduce to zero number of dog attacks in the Shire during this



year. This was achieved principally through ensuring dogs were kept on leads in public places as required under the Dog Act.

At the same time they have dealt with a number of complaints related to stray and barking dog incidents during the year. A number of fines were issued to owners whose dogs were not on leads in public places as required under the Dog Act. Warnings and fines were also issued to owners whose dogs had behaved aggressively to both people and other dogs in the Shire.

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:

Freshwaters Café Siteworks

The construction phase of the new Freshwaters Café project began with the demolition of the old café and toilet block at Keanes Point. The Shire was involved in many aspects of this work including sewer realignment works, new reticulation, landscaping and turf laying.



Demolition of 2 Bay View Terrace

In October 2016, attention turned to the demolition of the controversial 'Taj on Swan' building in Bay View Terrace. The Shire worked closely with the demolition contractors to bring the building safely down and have the site cleaned up.



Freshwater Bay Riverwall Repairs

The Shire continued work on a joint project with the Department of Biodiversity, Conservation and Attractions to repair failing sections of riverwall in Freshwater Bay.



Bay View Terrace and Monument Street Resurfacing



The Shire resurfaced sections of Bay View Terrace and Monument Streets in early 2017.

Street Trees

The Shire's tree maintenance and replacement program continued throughout 2016/2017 resulting in many new Peppermint and Tuart trees being planted on verges and in parks throughout the area. This ongoing process will ensure Peppermint Grove's beautiful streetscapes continue to be enjoyed for many years to come.



Freshwater Bay Beach Renourishment

With approval from the Department of Biodiversity, Conservation and Attractions, the Shire backfilled eroded beach areas of Freshwater Bay with clean river sand.



Reticulation Controller Replacement

A new, state of the art 'two-wire', reticulation control system was fitted to the Manners Hill Park bore allowing for remote programming and monitoring of the park's irrigation system.



Right of Way Upgrades



All the unpaved Right of Ways in the Shire are being systematically tidied and re-sheeted with recycled road profilings.

Drainage

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



Footpath Maintenance

The footpath maintenance and replacement program continued, with many cracked or uneven sections replaced.



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 grounds of the Grove Precinct are maintained by Shire staff, and have become an urban sanctuary worthy of visiting in themselves, to appreciate the changing displays in every season.

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 underpin the services offered by the Grove Library and Community Learning Centre.

Leading:

The major achievement this period was the implementation of a new Library Management System, “Spydus”, which replaces the previous software that had been in use for over 20 years and was no longer being maintained. Spydus offers a more sophisticated interface for library users, enhanced on-line access, and more efficient processes for library staff.

In addition, a major upgrade of the audio visual equipment was undertaken in the Community Centre and the Library, replacing the analogue system which was superseded by new technology and no longer able to be used with new equipment or maintained.

As at 30 June 2017, the Grove Library had 9,347 active members. This included approximately 400 Peppermint Grove residents.

A total of 179,357 loans of physical stock (books, DVDs etc) were recorded from The Grove Library in 2016-2017. In addition, e-loans of books, audiobooks, e-magazines and e-comics now totals 15% of overall loans (total 30,485 downloads).

The Grove’s Youth Services section continued to produce leading results, with the launch of the Children’s website “Grove Kids” which enhances children’s and parents’ discovery of age and ability appropriate books to encourage literacy and love of reading.

The Grove Precinct's sustainability education focus continued with the hosting of the 5th "Less is More" Festival in April 2017. The Grove also works closely with WMRC Earthcarers by providing resources relevant to waste and sustainability education. The "Make New and Mend Group", an inclusive group of local residents who share sewing and other skills, continues to meet weekly in the Council Chambers.

Learning:

Students from Presbyterian Ladies College operated a weekly drop-in tech help session to assist members of the public with personal technology challenges. The program both assists the girls to attain their community service goals as well as being a valuable inter-generational learning experience. This program is now in its second successful year of operation.

The Grove Library's youth services were very active this year in supporting literacy development. A very popular schedule of Storytime and Baby Rhyme Time sessions were held twice per week, with total attendances for the year reaching 10,977 over 190 sessions held. These sessions are also well attended by grandparents, and a growing number of fathers are also attending.

As a result of numerous visits to local schools, child care centres, playgroups and kindergartens to promote library services, children's membership and loans have continued to increase.

680 students visited the Grove Library during Children's Book Week 2016, to meet children's authors; the Youth Librarian also conducted out visits to 12 local schools and daycare centres.

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

In a partnership project with the State Library, "Better Beginnings" bags containing board books and a singalong DVD were distributed to new parents via the Grove Child Health Centre. In addition, a new resource for two year olds and their parents, "Sing with me", was also distributed via storytime and to local kindergartens and playgroups.

Significant oral histories and archival collections were acquired and digitized, including the second phase of the Royal Freshwater Bay Yacht Club and the Ruth Marchant James (Cottesloe History) collection.

The Peppermint Grove pictorial history was officially launched by Premier Colin Barnett on Australia Day 2016. Copies were available for purchase from the Library or the Council office,

The Community History Library assisted Cottesloe Primary School (located in Peppermint Grove) with their Centenary celebrations. A collection of images and historic material was collated to create a narrated audio visual movie which was displayed during the celebrations.

The Peppermint Grove Heritage Trail app has been downloaded a total of 240 times.

For adults, The Grove hosted six book launches or author talks, including by well-known authors Liz Byrski, Natasha Lester, and library member Josephine Wilson, who has since won many literary awards for her novel "Extinctions". A highlight for the local community was the launch of famous illusionist Cosentino's book. The Grove also hosted a literary dinner.

Living:

The Grove was host to ten book groups, five facilitated by the Library and 5 private clubs. Book groups are growing in popularity and the library also informally supports several local private book clubs with resources and book recommendations.

Cappuccino Concerts presented its seventh year of concerts at The Grove with a series of four classical and contemporary music recitals held in June 2017. Peppermint Grove residents were well represented in the audience.

Visitors to the Grove were able to view several art exhibitions by local and visiting artists in the Main Hall.

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 2016-2017.

The main tenant, West Coast Community Centre, provided 273 adult learning and social events with total attendances of 7,816. This group is volunteer based, actively encouraging resident participation and engagement.

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

The facility was also available for "one off" hires for the purpose of educational seminars, business meetings, AGMs and conferences.

In total the Community Learning Centre achieved 22,672 attendances over 681 individual events in 2016-2017.

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 2016-2017, Community Development activities conducted by Council supported community events including Australia Day, Anzac Day and Carols by Candlelight. Community safety initiatives were held for seniors while The Grove's Halloween event was held for families. Access and inclusion was improved for people with disabilities; health and fitness programs were run for youth and seniors.

Community Events

The Shire's annual *Carols by Candlelight* was held at Manners Hill Park on 18 December 2016. Supported by Lotterywest and led by the Camelot Choir and Salvation Army Band, this proves to be a very successful event, attracting approximately 1,000 people each year. 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 need of assistance.

The 2017 Combined Councils' Australia Day event was held at the Town of Cottesloe and was supported by Lotterywest. Over 400 people attended the event which included a citizenship ceremony welcoming over 50 new citizens to the community, an Affirmation Ceremony and a free community barbecue breakfast. Special guest and Australian Ambassador, Matthew Pavlich gave the Australia Day Address. The Shire awarded Mrs Ingrid Pusey as Citizen of the Year and Presbyterian Ladies' College's Emily Ford, a student, was awarded Young Citizen of the Year.

Health and Fitness

In 2016-2017, 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 breakfast was provided for the Heart Foundation Walking Groups at the Pavilion in Manners Hill Park in April 2017.

Sportslink 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 work with participants to have fun and develop friendships while providing a positive opportunity for children with disabilities to engage in physical activity with a view to making a transition to other community sporting groups. The program was funded by the Department of Sport and Recreation and was run by staff and students from Presbyterian Ladies' College.

Seniors

The annual Seniors' Week Morning Tea was held in collaboration with the Towns of Mosman Park and Cottesloe and the Mosman Park Bowling Club in November 2016, and supported by COTA, Lotterywest and the Department of Local Government and Communities. The high-tea style event included entertainment from the Mosman Park Primary School and 7th Heaven Vintage performer, Cathy Mueller. Seniors were also able to enjoy an information display, door prizes provided by local businesses, show-bags for all attendees and a magnificent view of the Swan River.

Internet technology assistance was provided regularly during the school terms by the students from Presbyterian Ladies' College in the library.

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.

Council on the Ageing (COTA), presented a series of seminars on Housing Options for seniors during the months of January - April 2017. Attendees were given information on different housing options, allowing them to make good, informed housing decisions later in life.

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

Youth

Decorating cup-cakes in the community centre filled in wet afternoons during school holidays for the young people of Peppermint Grove. Each participant was given four cupcakes which they could decorate any way they wished from a choice of many colours. This has become a very popular holiday activity for boys and girls of all ages.

Community Safety

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

A number of community safety initiatives were held in the library during 2016-2017 including Child Car Restraints, Distracted Driver and vehicle safety displays.

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 was used as a means to promote the Neighbourhood Watch program and ensured that children could visit neighbours to "trick or treat" in a safe way. The Grove library offered a meeting place for families to enjoy an afternoon of spooky stories, scary competitions, SciTech demonstrations and tours through the Spooky Maze. A sausage sizzle was provided by the Mosman Bay Sea Scouts.

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

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

Unemployment and difficult times have increased the number of homeless people throughout Perth's suburbs and together with The Salvation Army in Floreat and Western Suburbs councils, Peppermint Grove has been working on ways to support and assist people who are sleeping rough on the streets. The Salvation Army has been working with Community Development Officers, rangers and other outdoor staff to advise on ways to stay safe when dealing with homeless people and how to help them explore options of more appropriate places to stay.

Volunteers

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

Sustainability

The Shire continues to partner with Earth Carers and in 2016-2017 participated in assisting with the sustainable activities held for the school children from Cottesloe Primary School with their *Green Day*, helping to promote environmental issues and to make a difference in our community through increasing student awareness. The children enjoyed their morning learning to identify how and what to recycle, reuse and reduce, while also participating in a range of games and activities helping them to understand more about worms, recycling and waste free living.

Access and Inclusion

In pursuit of its ongoing commitment to developing an even more friendly and welcoming community and in response to its legal obligation under the State Disability Service Act 1993 (DSA), the Shire has reviewed its Access and Inclusion Plan (Disability) 2017 - 2022. The review process, including the hand-delivering of over 600 surveys to every dwelling in the shire, is still underway. An Access and Inclusion Reference Group has been formed and the draft Access and Inclusion Plan is available to members of the community for comment and feedback. The completed Plan is due to be endorsed by council later in 2017.

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 buildings and other facilities of the Shire of Peppermint Grove.
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 the Shire of Peppermint Grove.

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	

DEPARTMENT OF BIODIVERSITY CONSERVATION AND ATTRACTIONS (Swan River Trust)

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

SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

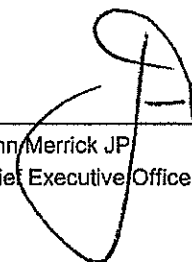
SHIRE OF PEPPERMINT GROVE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 23rd day of November 2017



John Merrick JP
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	3,080,256	3,055,100	2,983,759
Operating grants, subsidies and contributions	29	1,421,422	1,388,994	1,322,542
Fees and charges	28	282,741	300,600	316,361
Interest earnings	2(a)	72,059	66,800	85,163
Other revenue	2(a)	131,234	8,300	88,994
		<u>4,987,711</u>	<u>4,819,794</u>	<u>4,796,819</u>
Expenses				
Employee costs		(2,136,278)	(2,090,422)	(2,121,178)
Materials and contracts		(2,022,321)	(1,795,767)	(1,756,915)
Utility charges		(144,533)	(151,200)	(148,590)
Depreciation on non-current assets	2(a)	(408,342)	(386,384)	(362,263)
Interest expenses	2(a)	(67,924)	(62,136)	(63,803)
Insurance expenses		(101,917)	(117,750)	(119,683)
Other expenditure		(66,650)	(63,250)	(63,250)
		<u>(4,947,965)</u>	<u>(4,666,909)</u>	<u>(4,635,682)</u>
		39,746	152,885	161,137
Non-operating grants, subsidies and contributions	29	113,827	94,661	115,901
Profit on asset disposals	20	1,530	1,065	240
(Loss) on asset disposals	20	(131,457)	0	(14,311)
Share of Joint Venture Net Assets	4	(5,792)	0	11,948
Net result		<u>17,854</u>	<u>248,611</u>	<u>274,915</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(8,366,555)	0	(40,153)
Total other comprehensive income		<u>(8,366,555)</u>	<u>0</u>	<u>(40,153)</u>
Total comprehensive income		<u>(8,348,701)</u>	<u>248,611</u>	<u>234,762</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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		60,353	5,000	25,284
General purpose funding		3,241,281	3,184,400	3,103,816
Law, order, public safety		16,463	11,500	13,555
Health		7,060	17,000	15,500
Community amenities		108,028	136,000	191,058
Recreation and culture		1,381,346	1,375,169	1,337,378
Transport		17,188	14,925	24,226
Economic services		87,312	75,800	79,241
Other property and services		88,680	0	6,761
		<u>4,987,711</u>	<u>4,819,794</u>	<u>4,796,819</u>
Expenses	2(a)			
Governance		(1,054,082)	(892,734)	(922,768)
General purpose funding		(82,136)	(82,803)	(88,005)
Law, order, public safety		(37,756)	(39,356)	(39,061)
Health		(50,102)	(54,967)	(55,833)
Education and welfare		(26,881)	(23,644)	(23,182)
Community amenities		(745,000)	(652,554)	(625,398)
Recreation and culture		(1,998,920)	(1,921,922)	(1,892,699)
Transport		(729,971)	(862,284)	(818,728)
Economic services		(63,011)	(74,509)	(74,767)
Other property and services		(92,182)	0	(31,438)
		<u>(4,880,041)</u>	<u>(4,604,773)</u>	<u>(4,571,879)</u>
Finance costs	2(a)			
Recreation and culture		(67,924)	(62,136)	(63,803)
		<u>(67,924)</u>	<u>(62,136)</u>	<u>(63,803)</u>
		39,746	152,885	161,137
Non-operating grants, subsidies and contributions	29	113,827	94,661	115,901
Profit on disposal of assets	20	1,530	1,065	240
(Loss) on disposal of assets	20	(131,457)	0	(14,311)
Share of Joint Venture Net Assets	4.	(5,792)	0	11,948
Net result		<u>17,854</u>	<u>248,611</u>	<u>274,915</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(8,366,555)	0	(40,153)
Total other comprehensive income		<u>(8,366,555)</u>	<u>0</u>	<u>(40,153)</u>
Total comprehensive income		<u><u>(8,348,701)</u></u>	<u><u>248,611</u></u>	<u><u>234,762</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 2017**

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,315,796	1,170,540
Trade and other receivables	4	<u>119,568</u>	<u>146,862</u>
TOTAL CURRENT ASSETS		<u>1,435,364</u>	<u>1,317,402</u>
NON-CURRENT ASSETS			
Investments via Equity Method	5	232,778	238,570
Property, plant and equipment	6	6,861,425	15,346,901
Infrastructure	7	<u>12,528,002</u>	<u>12,483,429</u>
TOTAL NON-CURRENT ASSETS		<u>19,622,205</u>	<u>28,068,900</u>
TOTAL ASSETS		<u>21,057,569</u>	<u>29,386,302</u>
CURRENT LIABILITIES			
Trade and other payables	8	215,822	199,710
Long term borrowings	9	25,884	24,186
Provisions	10	<u>189,630</u>	<u>166,919</u>
TOTAL CURRENT LIABILITIES		<u>431,336</u>	<u>390,815</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	814,053	839,937
Provisions	10	<u>26,157</u>	<u>20,827</u>
TOTAL NON-CURRENT LIABILITIES		<u>840,210</u>	<u>860,764</u>
TOTAL LIABILITIES		<u>1,271,546</u>	<u>1,251,579</u>
NET ASSETS		<u>19,786,023</u>	<u>28,134,723</u>
EQUITY			
Retained surplus		9,894,186	10,236,783
Reserves - cash backed	11	852,376	491,924
Revaluation surplus	12	<u>9,039,461</u>	<u>17,406,016</u>
TOTAL EQUITY		<u>19,786,023</u>	<u>28,134,723</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 2017**

	NOTE	RESERVES			TOTAL EQUITY \$
		RETAINED SURPLUS \$	CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	
Balance as at 1 July 2015		9,897,437	556,355	17,446,169	27,899,961
Comprehensive income					
Net result		274,915	0	0	274,915
Changes on revaluation of assets	12	0	0	(40,153)	(40,153)
Total comprehensive income		274,915	0	(40,153)	234,762
Transfers from/(to) reserves		64,431	(64,431)	0	0
Balance as at 30 June 2016		10,236,783	491,924	17,406,016	28,134,723
Comprehensive income					
Net result		17,854	0	0	17,854
Changes on revaluation of assets	12	0	0	(8,366,555)	(8,366,555)
Total comprehensive income		17,854	0	(8,366,555)	(8,348,700)
Transfers from/(to) reserves		(360,452)	360,452	0	0
Balance as at 30 June 2017		9,894,186	852,376	9,039,461	19,786,023

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

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

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,092,887	3,160,100	2,983,965
Operating grants, subsidies and contributions		1,421,016	1,388,994	1,330,274
Fees and charges		282,741	300,600	316,361
Interest earnings		72,059	47,800	85,163
Goods and services tax		240,233	190,000	252,457
Other revenue		131,234	27,300	88,994
		<u>5,240,170</u>	<u>5,114,794</u>	<u>5,057,214</u>
Payments				
Employee costs		(2,152,728)	(2,090,422)	(2,052,223)
Materials and contracts		(1,961,718)	(1,842,017)	(1,757,578)
Utility charges		(144,533)	(151,200)	(148,590)
Interest expenses		(67,924)	(62,136)	(63,803)
Insurance expenses		(101,917)	(117,750)	(119,683)
Goods and services tax		(225,164)	(190,000)	(249,157)
Other expenditure		(66,650)	(63,250)	(63,250)
		<u>(4,720,634)</u>	<u>(4,516,775)</u>	<u>(4,454,284)</u>
Net cash provided by (used in) operating activities	13(b)	<u>519,536</u>	<u>598,019</u>	<u>602,930</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(327,363)	(327,000)	(282,574)
Payments for construction of infrastructure		(297,449)	(618,228)	(122,371)
Non-operating grants, subsidies and contributions		113,827	94,661	115,901
Proceeds from sale of fixed assets		155,099	132,250	151,678
Net cash provided by (used in) investment activities		<u>(350,094)</u>	<u>(718,317)</u>	<u>(137,366)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(24,186)	(24,186)	(22,600)
Net cash provided by (used in) financing activities		<u>(24,186)</u>	<u>(24,186)</u>	<u>(22,600)</u>
Net increase (decrease) in cash held		145,256	(144,484)	442,964
Cash at beginning of year		1,170,540	1,064,871	727,576
Cash and cash equivalents at the end of the year	13(a)	<u>1,315,796</u>	<u>920,387</u>	<u>1,170,540</u>

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

**SHIRE OF PEPPERMINT GROVE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		458,850	390,000	32,757
		<u>458,850</u>	<u>390,000</u>	<u>32,757</u>
Revenue from operating activities (excluding rates)				
Governance		61,883	5,032	25,284
General purpose funding		161,025	129,300	120,057
Law, order, public safety		16,463	11,500	13,555
Health		7,060	17,000	15,500
Community amenities		108,028	136,000	203,006
Recreation and culture		1,381,346	1,375,169	1,337,378
Transport		17,188	15,958	24,466
Economic services		67,312	75,800	79,241
Other property and services		88,680	0	6,761
		<u>1,908,985</u>	<u>1,765,759</u>	<u>1,825,248</u>
Expenditure from operating activities				
Governance		(1,054,082)	(892,734)	(923,115)
General purpose funding		(82,136)	(82,803)	(88,005)
Law, order, public safety		(37,756)	(39,356)	(39,061)
Health		(50,102)	(54,967)	(55,833)
Education and welfare		(26,881)	(23,644)	(23,182)
Community amenities		(750,792)	(652,554)	(625,398)
Recreation and culture		(2,066,844)	(1,984,058)	(1,956,502)
Transport		(861,428)	(862,284)	(832,692)
Economic services		(63,011)	(74,509)	(74,767)
Other property and services		(92,182)	0	(31,438)
		<u>(5,085,214)</u>	<u>(4,666,909)</u>	<u>(4,649,993)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(1,530)	(1,065)	(240)
Loss on disposal of assets	20	131,457	0	14,311
Share of JV net assets		0	0	(11,948)
Movement in employee benefit provisions (non-current)		5,330	0	(1,772)
Depreciation and amortisation on assets	2(a)	408,342	386,384	362,263
Amount attributable to operating activities		<u>(2,173,780)</u>	<u>(2,125,831)</u>	<u>(2,429,374)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		113,827	94,661	115,901
Proceeds from disposal of assets	20	155,099	132,250	151,678
Purchase of property, plant and equipment	6(b)	(321,572)	(327,000)	(282,574)
Purchase and construction of infrastructure	7(b)	(297,449)	(618,228)	(122,371)
Amount attributable to investing activities		<u>(344,303)</u>	<u>(718,317)</u>	<u>(137,366)</u>
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(24,186)	(24,186)	(22,600)
Transfers to reserves (restricted assets)	11	(654,587)	(140,300)	(87,185)
Transfers from reserves (restricted assets)	11	294,135	183,000	151,616
Amount attributable to financing activities		<u>(384,638)</u>	<u>18,514</u>	<u>41,831</u>
Surplus(deficiency) before general rates		<u>(2,902,720)</u>	<u>(2,825,634)</u>	<u>(2,524,909)</u>
Total amount raised from general rates	22	<u>3,080,256</u>	<u>3,055,100</u>	<u>2,983,759</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u>177,536</u>	<u>229,466</u>	<u>458,850</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 2017**

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. All are stated in Australian dollars.

Except for cash flow and rate setting information, the report has 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.

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 Shire 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.

(a) 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.

(b) 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) 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 the Council's intentions to release for sale.

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

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 Shire.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

Fair Value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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 Shire 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 Shire 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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 Shire 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 are 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 in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

Non-derivative financial liabilities (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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 Shire 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.

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire'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.

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

(k) 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.

(l) Provisions

Provisions are recognised when the Shire 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.

(m) Leases

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) 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 below 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 Shire'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.

(p) 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.

(q) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the Shire 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.

(u) 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 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Management's assessment of the new and amended pronouncements that are relevant to the Shire, 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 Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard 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 Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

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

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.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

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 2017**

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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Community amenities							
Metropolitan Youth Scholarship (DLG)	0	0	0	0	9,048	(1,031)	8,017
Recreation and culture							
River Wall (DPaW) Stage 1 & 2	0	70,000	0	70,000	0	(70,000)	0
River Wall (DPaW) Stage 3	0	0	0	0	25,070	0	25,070
River Wall (DPaW) Riverbank Erosion	0	0	0	0	30,440	(8,090)	22,350
Transport							
Bay View Terrace (RRG)	0	18,552	0	18,552	0	(18,552)	0
Bay View Terrace (RIR)	0	21,878	0	21,878	0	(21,878)	0
Hobbs Place (RIR)	0	5,471	0	5,471	0	(5,471)	0
Total	0	115,901	0	115,901	64,558	(125,022)	55,437

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 2017**

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		407,983	562,716
Restricted		907,813	607,824
		1,315,796	1,170,540

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

Leave Reserve	11	170,578	36,336
Plant Reserve	11	0	0
Infrastructure/Building Reserve	11	377,870	27,137
Information Technology	11	22,473	37,326
Road Reserve	11	268,277	105,424
Library Staff Leave Reserve	11	0	2,145
Public Open Space Reserve	11	0	156,803
Library Infrastructure Reserve	11	10,394	109,411
Arts & Culture Reserve	11	2,784	17,342
Unspent grants	2(c)	55,437	115,901
		907,813	607,825

	2017 \$	2016 \$
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4. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding	99,333	111,964
Sundry debtors	12,412	8,515
GST receivable	8,592	23,661
Rebates	(769)	2,722
	119,568	146,862

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding	99,333	111,964
Includes:		
Past due and not impaired	99,333	111,964
Impaired	0	0
Sundry debtors	12,412	8,515
Includes:		
Past due and not impaired	12,412	8,515
Impaired	0	0

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

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-Current Investment in Joint Venture

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

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

	2017	2016
	\$	\$
(i) Retained surplus attributable to interest in joint venture:		
Balance at beginning of the financial year	74,772	62,824
Share of joint venture's net result	(5,792)	11,948
Balance at the end of the financial year	<u><u>68,980</u></u>	<u><u>74,772</u></u>
(ii) Carrying amount of investment in joint venture:		
Balance at beginning of the financial year	238,570	226,622
Share of joint venture's net assets	(5,792)	11,948
Balance at the end of the financial year	<u><u>232,778</u></u>	<u><u>238,570</u></u>

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

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2013 - level 3	0	965,000
- Independent valuation 2014 - level 3	0	6,000,000
- Independent valuation 2017 - level 3	815,000	0
	<u>815,000</u>	<u>6,965,000</u>
	<u>815,000</u>	<u>6,965,000</u>
Buildings - specialised at:		
- Independent valuation 2013 - level 3	0	6,498,980
- Independent valuation 2014 - level 3	0	1,893,750
- Independent valuation 2017 - level 3	5,803,708	0
- Additions after valuation - cost	0	40,858
Buildings - specialised - Less: accumulated depreciation	0	(399,907)
	<u>5,803,708</u>	<u>8,033,681</u>
	<u>5,803,708</u>	<u>8,033,681</u>
Total land and buildings	<u>6,618,708</u>	<u>14,998,681</u>
Furniture and equipment at:		
- Management valuation 2013 - level 3	0	138,610
- Management valuation 2017 - level 3	23,636	0
- Additions after valuation - cost	0	7,132
Furniture and equipment - Less: accumulated depreciation	0	(28,010)
	<u>23,636</u>	<u>117,732</u>
Plant and equipment at:		
- Management valuation 2016 - level X	230,488	230,488
- Additions after valuation - cost	1,061	0
Plant and equipment - Less: accumulated depreciation	(12,468)	0
	<u>219,081</u>	<u>230,488</u>
	<u>6,861,425</u>	<u>15,346,901</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as 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 property, plant and equipment to be shown at fair value.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Land - freehold land	6,965,000	0	0	(6,150,000)	0	0	0	815,000
Total land	<u>6,965,000</u>	<u>0</u>	<u>0</u>	<u>(6,150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>815,000</u>
Buildings - specialised	8,033,681	143,000	(121,152)	(2,126,648)	0	0	(125,174)	5,803,708
Total buildings	<u>8,033,681</u>	<u>143,000</u>	<u>(121,152)</u>	<u>(2,126,648)</u>	<u>0</u>	<u>0</u>	<u>(125,174)</u>	<u>5,803,708</u>
Total land and buildings	<u>14,998,681</u>	<u>143,000</u>	<u>(121,152)</u>	<u>(8,276,648)</u>	<u>0</u>	<u>0</u>	<u>(125,174)</u>	<u>6,618,708</u>
Furniture and equipment	117,732	13,636	0	(89,907)	0	0	(17,826)	23,636
Plant and equipment	230,488	164,936	(163,875)				(12,468)	219,081
Total property, plant and equipment	<u>15,346,901</u>	<u>321,572</u>	<u>(285,026)</u>	<u>(8,366,555)</u>	<u>0</u>	<u>0</u>	<u>(155,468)</u>	<u>6,861,425</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	Level 3	Independent Valuation	Fair Value	June 2017	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Buildings - specialised	Level 3	Independent Valuation	Fair Value	June 2017	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Furniture and equipment	Level 3	Management Valuation	Fair Value	June 2017	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Plant and equipment	Level 2	Management Valuation	Fair Value	June 2016	Current Replacement Cost/Condition Assessment (Level 2)

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level X	8,972,822	8,972,822
- Additions after valuation - cost	178,520	72,800
Infrastructure - Roads - Less: accumulated depreciation	<u>(294,726)</u>	<u>(145,777)</u>
	8,856,616	8,899,845
Infrastructure - Footpaths		
- Management valuation 2015 - level X	1,821,750	1,821,750
- Additions after valuation - cost	122,347	49,571
Infrastructure - User defined 2 - Less: accumulated depreciation	<u>(110,152)</u>	<u>(54,083)</u>
	1,833,945	1,817,238
Infrastructure - Drainage		
- Management valuation 201X - level X	774,612	774,613
Infrastructure - User defined 3 - Less: accumulated depreciation	<u>(14,176)</u>	<u>(7,088)</u>
	760,436	767,525
Infrastructure - Parks & Ovals		
- Management valuation 201X - level X	1,008,000	1,008,000
- Additions after valuation - cost	118,950	0
Infrastructure - User defined 4 - Less: accumulated depreciation	<u>(75,146)</u>	<u>(35,779)</u>
	1,051,804	972,221
Infrastructure - Other		
- Management valuation 201X - level X	28,000	28,000
Infrastructure - User defined 5 - Less: accumulated depreciation	<u>(2,799)</u>	<u>(1,400)</u>
	25,201	26,600
	<u>12,528,002</u>	<u>12,483,429</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as 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.

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

7. INFRASTRUCTURE (Continued)

(b) 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) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	8,899,845	105,721	0	0	0	0	(148,949)	0	8,856,616
Infrastructure - Footpaths	1,817,238	72,777	0	0	0	0	(56,069)	0	1,833,945
Infrastructure - Drainage	767,525	0	0	0	0	0	(7,088)	0	760,436
Infrastructure - Parks & Ovals	972,221	118,951	0	0	0	0	(39,367)	0	1,051,804
Infrastructure - Other	26,600	0	0	0	0	0	(1,400)	0	25,201
Total infrastructure	12,483,429	297,449	0	0	0	0	(252,874)	0	12,528,002

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	Level 3	Independent Valuation	Fair Value	June 2015	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Infrastructure - Footpaths	Level 3	Independent Valuation	Fair Value	June 2015	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Infrastructure - Drainage	Level 3	Independent Valuation	Fair Value	June 2015	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Infrastructure - Parks & Ovals	Level 3	Management Valuation	Fair Value	June 2015	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Infrastructure - Other	Level 3	Management Valuation	Fair Value	June 2015	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)

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.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

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

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	190,376	129,773
Accrued salaries and wages	24,824	33,585
ATO liabilities	622	36,352
	<u>215,822</u>	<u>199,710</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by floating charge		
Debentures	25,884	24,186
	<u>25,884</u>	<u>24,186</u>
Non-current		
Secured by floating charge		
Debentures	814,053	839,937
	<u>814,053</u>	<u>839,937</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2016			
Current provisions	106,381	60,538	166,919
Non-current provisions	0	20,827	20,827
	<u>106,381</u>	<u>81,365</u>	<u>187,746</u>
Movement in provisions	(4,225)	32,266	28,041
Balance at 30 June 2017	<u>102,156</u>	<u>113,631</u>	<u>215,787</u>
Comprises			
Current	102,156	87,474	189,630
Non-current	0	26,157	26,157
	<u>102,156</u>	<u>113,631</u>	<u>215,787</u>

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

11. RESERVES - CASH BACKED

Name of Reserve	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave Reserve	36,336	134,241	0	170,577	36,336	113,580	0	149,916	35,290	1,046	0	36,336
Plant Reserve	0	0	0	0	0	0	0	0	62,492	794	(63,286)	0
Infrastructure/Building Reserve	27,137	350,734	0	377,871	27,137	20,000	0	47,137	26,355	782	0	27,137
Information Technology	37,326	703	(15,556)	22,473	37,326	1,120	(15,000)	23,446	1,747	35,579	0	37,326
Road Reserve	105,424	162,853	0	268,277	105,424	2,100	0	107,524	82,681	22,743	0	105,424
Library Staff Leave Reserve	2,145	58	(2,203)	0	2,145	180	0	2,325	5,813	172	(3,840)	2,145
Public Open Space Reserve	156,803	3,235	(160,038)	0	156,803	0	(153,000)	3,803	234,649	6,644	(84,490)	156,803
Library Infrastructure Reserve	109,411	2,321	(101,338)	10,394	109,411	2,800	(15,000)	97,211	106,259	3,152	0	109,411
Arts & Culture Reserve	17,342	442	(15,000)	2,784	17,342	520	0	17,862	1,069	16,273	0	17,342
	491,924	654,587	(294,135)	852,376	491,924	140,300	(183,000)	449,224	556,355	87,185	(151,616)	491,924

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 reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	On-going	To fund future staff annual and long service leave entitlements
Plant Reserve	On-going	To fund replacement and upgrading of Council's vehicles and plant
Infrastructure/Building Reserve	On-going	To fund replacement and upgrading of Council's recreational infrastructure and municipal buildings
Information Technology	On-going	To fund replacement and upgrading of Council's information and technology assets
Road Reserve	On-going	To fund renewal and expansion of Council's roads and drainage systems
Library Staff Leave Reserve	30/06/2017	To fund future annual and long service leave payments with respect to library staff
Public Open Space Reserve	30/06/2017	To fund replacement and upgrading of Council's recreational infrastructure in accordance with WA Planning Commission policy
Library Infrastructure Reserve	On-going	To fund the Shire's portion of capital items at the Grove Library and/or Community Centre
Arts & Culture Reserve	On-going	To enable the purchase of items of public art

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

12. REVALUATION SURPLUS

Name of Reserve	2017					2016				
	2017 Opening Balance \$	2017 Revaluation Increment \$	2017 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2017 Closing Balance \$	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2016 Closing Balance \$
Revaluation surplus - Land	6,964,800	0	(6,150,000)	(6,150,000)	814,800	6,964,800			0	6,964,800
Revaluation surplus - Buildings - specialised	1,035,940	0	(2,126,648)	(2,126,648)	(1,090,708)	1,035,940			0	1,035,940
Revaluation surplus - Furniture and equipment	0	0	(89,907)	(89,907)	(89,907)				0	0
Revaluation surplus - Plant and equipment	(26,936)	0	0	0	(26,936)	13,217		(40,153)	(40,153)	(26,936)
Revaluation surplus - Infrastructure - Roads	8,213,301	0	0	0	8,213,301	8,213,301			0	8,213,301
Revaluation surplus - Infrastructure - Other	1,218,911	0	0	0	1,218,911	1,218,911			0	1,218,911
	17,406,016	0	(8,366,555)	(8,366,555)	9,039,461	17,446,169	0	(40,153)	(40,153)	17,406,016

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

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:

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	<u>1,315,796</u>	<u>920,387</u>	<u>1,170,540</u>

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

Net result	17,854	248,611	274,915
Non-cash flows in Net result:			
Depreciation	408,342	386,384	362,263
(Profit)/Loss on sale of asset	129,928	(1,065)	14,071
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	27,294	105,000	11,238
(Increase)/Decrease in Joint Venture Net Assets	5,792	0	(11,948)
Increase/(Decrease) in payables	16,112	(65,750)	17,450
Increase/(Decrease) in provisions	28,041	20,000	50,841
Grants contributions for the development of assets	<u>(113,827)</u>	<u>(94,661)</u>	<u>(115,901)</u>
Net cash from operating activities	<u>519,536</u>	<u>598,519</u>	<u>602,929</u>

	2017 \$	2016 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	<u>9,623</u>	<u>3,479</u>
Total amount of credit unused	<u>224,623</u>	<u>218,479</u>
Loan facilities		
Loan facilities - current	25,884	24,186
Loan facilities - non-current	<u>814,053</u>	<u>839,937</u>
Total facilities in use at balance date	<u>839,937</u>	<u>864,123</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 2017**

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at 30th June 2017

	2017	2016
	\$	\$

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	15,837	37,585
- later than one year but not later than five years	13,310	26,634
- later than five years	<u>0</u>	<u>0</u>
	<u>29,147</u>	<u>64,219</u>

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	0	315,247
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Payable:

- not later than one year	0	315,247
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There are no capital expenditure projects outstanding at the end of the current reporting period.

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

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

	2017	2016
	\$	\$
Governance	4,165,148	4,806,683
General purpose funding	0	114,686
Community amenities	1,047,778	8,119,064
Recreation and culture	2,561,342	3,161,908
Transport	11,809,100	11,752,758
Other property and services	38,837	194,488
Unallocated	1,435,364	1,236,716
	<u>21,057,569</u>	<u>29,386,303</u>

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

	2017	2016	2015
18. FINANCIAL RATIOS			
Current ratio	2.02	2.00	1.15
Asset sustainability ratio	1.06	0.70	0.53
Debt service cover ratio	4.13	6.77	4.16
Operating surplus ratio	(0.03)	0.05	(0.01)
Own source revenue coverage ratio	0.69	0.74	0.69

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 55 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$28,017.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$28,269.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.92	1.89	1.05
Operating surplus ratio	(0.04)	0.05	(0.02)
Debt service cover ratio	3.83	7.10	3.79

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

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:

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Footpath Deposits	98,060	32,550	(19,550)	111,060
Other Deposits	15,438	7,600	(7,100)	15,938
	<u>113,498</u>			<u>126,998</u>

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
<u>Governance</u>								
Holden Commodore	27,450	27,858	408	0	25,968	26,000	32	0
Holden Commodore	28,175	21,051	0	(7,124)				
<u>Transport</u>								
Ford Ranger XLT	41,750	42,873	1,123	0	41,082	41,250	168	0
Toyota Hilux	34,000	32,182	0	(1,818)	32,795	33,250	455	0
Toyota Hilux	32,500	31,136	0	(1,364)	31,340	31,750	410	0
Buildings								
<u>Other property and services</u>								
Keanes Point Kiosk	94,711	0	0	(94,711)	0	0		
Keanes Point Toilets	26,441	0	0	(26,441)	0	0		
	<u>285,026</u>	<u>155,099</u>	<u>1,530</u>	<u>(131,457)</u>	<u>131,185</u>	<u>132,250</u>	<u>1,065</u>	<u>0</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture Library/Community Centre	864,124	0	24,186	24,186	839,938	839,938	67,924	62,136
	864,124	0	24,186	24,186	839,938	839,938	67,924	62,136

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(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 2016 and 30 June 2017 was \$Nil.

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

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
Residential	7.5330	552	36,028,680	2,714,041	31,159	0	2,745,200	2,714,041	6,003	0	2,720,044
Commercial	7.5330	35	2,896,518	218,195	0	0	218,195	218,195	0	0	218,195
Clubs	7.5330	2	515,900	38,863	0	0	38,863	38,863	0	0	38,863
Sub-Total		589	39,441,098	2,971,099	31,159	0	3,002,258	2,971,099	6,003	0	2,977,102
Minimum payment	Minimum \$										
Gross rental value valuations											
Residential	1,322	52	763,620	68,744	0	0	68,744	68,744	0	0	68,744
Commercial	1,322	7	92,910	9,254	0	0	9,254	9,254	0	0	9,254
Sub-Total		59	856,530	77,998	0	0	77,998	77,998	0	0	77,998
Total amount raised from general rate		648	40,297,628	3,049,097	31,159	0	3,080,256	3,049,097	6,003	0	3,055,100

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

23. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>177,536</u>	<u>458,850</u>	<u>458,850</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	407,983	562,716	562,716
Restricted	907,813	607,824	607,824
Receivables			
Rates outstanding	99,333	111,964	111,964
Sundry debtors	12,412	8,515	8,515
GST receivable	8,592	23,661	23,661
Rebates	(769)	2,722	2,722
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(190,376)	(129,772)	(129,772)
Accrued salaries and wages	(24,824)	(33,585)	(33,585)
ATO liabilities	(622)	(36,352)	(36,352)
Long term borrowings			
Secured by floating charge	(25,884)	(24,186)	(24,186)
Provisions			
Provision for annual leave	(102,156)	(106,381)	(106,381)
Provision for long service leave	(87,474)	(60,538)	(60,538)
Unadjusted net current assets	<u>1,004,028</u>	<u>926,588</u>	<u>926,588</u>
Adjustments			
Less: Reserves - restricted cash	(852,376)	(491,924)	(491,924)
Add: Secured by floating charge	25,884	24,186	24,186
Adjusted net current assets - surplus/(deficit)	<u>177,536</u>	<u>458,850</u>	<u>458,850</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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

28. FEES & CHARGES	2017	2016
	\$	\$
General purpose funding	8,485	8,410
Law, order, public safety	12,963	6,055
Health	7,060	6,446
Community amenities	108,028	133,539
Recreation and culture	69,674	67,920
Transport	9,219	15,305
Economic services	67,312	78,686
	<u>282,741</u>	<u>316,361</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	17,799	18,435
General purpose funding	80,481	25,509
Law, order, public safety	3,500	3,500
Community amenities	0	2,371
Recreation and culture	1,311,673	1,263,806
Transport	7,969	8,921
	<u>1,421,422</u>	<u>1,322,542</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	55,510	70,000
Transport	58,317	45,901
	<u>113,827</u>	<u>115,901</u>
	<u>1,535,249</u>	<u>1,438,443</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

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

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	52,500	52,500	52,500
President's allowance	10,750	10,750	10,750
	<u>63,250</u>	<u>63,250</u>	<u>63,250</u>

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

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017 \$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	569,331
Post-employment benefits	47,019
Other long-term benefits	68,957
Termination benefits	0
	685,307

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

The Shire manages the Grove Library and Community Centre on behalf of itself and the Towns of Cottesloe & Mosman Park. While the Shire has the power to participate in the formulation of financial and operating policy decisions, it does not have control; rather it holds significant influence by virtue of a voting power of one out of three.

iii. Joint venture entities accounted for under the equity method

The Shire has a one-fifth interest in a waste facility service. The interest in the joint venture entity operated by the WMRC is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 5

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

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	
Sale of goods and services	1,382,703
Purchase of goods and services	1,467,295
Joint venture entities:	
Distributions received from joint venture entities	(5,792)
Amounts outstanding from related parties:	
Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0
Amounts payable to related parties:	
Trade and other payables	0
Loans from associated entities	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/17 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

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

35. FINANCIAL RISK MANAGEMENT

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

The Shire 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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,315,796	1,170,540	1,315,796	1,170,540
Receivables	119,568	146,862	119,568	146,862
	<u>1,435,364</u>	<u>1,317,402</u>	<u>1,435,364</u>	<u>1,317,402</u>
Financial liabilities				
Payables	215,822	199,710	215,822	199,710
Borrowings	839,937	864,123	839,937	864,123
	<u>1,055,759</u>	<u>1,063,833</u>	<u>1,055,759</u>	<u>1,063,833</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 2017**

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	13,158	11,705
- Statement of Comprehensive Income	13,158	11,705

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 2017**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire'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. The Shire 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 the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire 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.

The Shire 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 Shire's credit risk at balance date was:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	0%	20%
- Overdue	100%	80%

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

35. 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. The Shire 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 the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2017</u>					
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$	
Payables	215,822	0	0	215,822	215,822	
Borrowings	83,400	333,600	1,042,500	1,459,500	839,937	
	<u>299,222</u>	<u>333,600</u>	<u>1,042,500</u>	<u>1,675,322</u>	<u>1,055,759</u>	
Payables	199,710	0	0	199,710	199,710	
Borrowings	83,400	333,600	1,125,900	1,542,900	864,123	
	<u>283,110</u>	<u>333,600</u>	<u>1,125,900</u>	<u>1,742,610</u>	<u>1,063,833</u>	

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

35. 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. The Shire 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 %
	\$	\$	\$	\$	\$	\$	\$	%
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Debtentures	0	0	0	0	0	839,938	839,938	6.90%
Weighted average Effective interest rate						6.90%		
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debtentures	0	0	0	0	0	864,124	864,124	6.90%
Weighted average Effective interest rate						6.90%		

MvdM : RS
PEPP01

24 November 2017

Mr J Merrick
Chief Executive Officer
Shire of Peppermint Grove
PO Box 221
COTTESLOE WA 6911

Dear Sir

SHIRE OF PEPPERMINT GROVE

We wish to advise that we have recently completed the audit of the above mentioned Shire for the year ended 30 June 2017.

The Australian Auditing Standards require auditors to communicate with those charged with governance as a means of advising the Council and Management of any matters noted during the course of the audit.

Our audit work involves the review of only those systems and controls adopted by the Council upon which we wish to rely for the purposes of determining our audit procedures. Furthermore, our audit should not be relied upon to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the audit tests we undertake. While we have considered the control environment in accordance with Australian Auditing Standards, we have not tested controls and hence do not comment on whether systems and controls are operating effectively.

We advise that we have not encountered any significant matters during the course of our audit that we believe should be brought to your attention other than the following:

Financial ratios

Finding

Note 19 of the financial report sets out various financial ratios. We note that the operating surplus ratio does not meet the benchmark set by the Department of Local Government.

We are required by the Regulations to report this to the Department of Local Government and our report has been modified as such.

Recommendation:

We recommend that management review the ratio's to identify the reasons for not meeting the benchmark and implement plans to achieve compliance.

Management Comment

The operating surplus ratio has been negatively impacted in 2016/17 due to the one-off recording of a loss on sale (demolition) of assets, namely the old Kiosk Pt Kiosk and adjacent public toilets. While both assets had significant remaining useful lives (and therefore written-down values) it has long been a local community aspiration for both facilities to be replaced by a new, larger kiosk. Freshwaters Café opened to the public on 26th October 2017. Removing the loss - \$121,152 – from the Statement of Comprehensive Income would immediately return the ratio into positive territory.

The ratio was also impacted by the presence of one-off expenditures relating to the demolition of the abandoned partly-constructed Oswal residence and the remittance of library reserve monies held on behalf of the Towns of Mosman Park and Cottesloe.

Separation of duties

Finding

We appreciate that due to the nature and size of the Shire, management oversees all the functions within the Shire. However there is an inherent risk of a lack of segregation of duties within the general financial administrative process.

Recommendation

We recommend that this should be continually considered by Council and management in designing compensating controls.

Management Comment

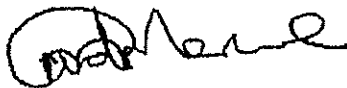
The recent review of Council's financial management processes and procedures also highlighted this problem and processes have been implemented to ensure officers authorising the payroll via the bank are not involved in its production.

This safeguard will shortly be incorporated into the processing of creditors payments to the extent that any officer authorising payment of an invoice is also not the officer authorising the electronic funds transfer via the bank.

We wish to thank the Shire of Peppermint Grove staff for their assistance during the audit.

Should you have any questions please do not hesitate to contact me.

Yours faithfully
BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF PEPPERMINT GROVE

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Peppermint Grove, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 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).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Shire 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 56 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.

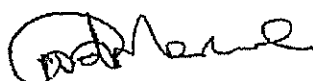
Reporting on Other Legal and Regulatory Requirements

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) Apart from the operating surplus ratio that does not meet the minimum benchmark, 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
Director
Perth
Date: 23 November 2017

**SHIRE OF PEPPERMINT GROVE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

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.

	2017	2016	2015
Asset consumption ratio	0.974	1.013	1.012
Asset renewal funding ratio	1.022	1.104	0.972

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