



Shire of  
Peppermint Grove

**ADOPTED BUDGET**

**FOR THE FINANCIAL YEAR**  
**ENDED**

**30 JUNE 2021**



## Message from the Shire President - 2020/2021 Budget

The Council adopted the Shire's 2020/2021 budget at the Ordinary Council Meeting held on 23rd June 2020. Total projected revenue for 2020/21 is \$4.9 million of which rates make up \$3.3 million.

### Rates

When considering the adoption of the budget, Councillors were very aware of the financial impact COVID-19 may have on some ratepayers and businesses in the Shire. Accordingly, the Council has adopted a COVID-19 Hardship Policy to assist ratepayers should they experience difficulty in paying their rates.

The Council resolved to freeze total rate revenue to the same level as the 2019/2020 financial year. However, 2020/2021 is a property revaluation year. The revaluation affects the gross rental values (GRV) for each property and this has resulted in changes to the gross rental values of properties in the Shire. Even though the Shire will have a zero increase in the rates income, some properties will have an increase over their 2019/2020 rates, and some will have a decrease. The minimum rate remains unchanged at \$1,400.

The Council has also frozen fees and charges. In addition, small businesses in the Shire that are eligible under the Shire's Hardship Policy, may receive a partial rate refund or rebate. The Hardship Policy and more information on rates assistance is on the Shire's website, [www.peppermintgrove.wa.gov.au](http://www.peppermintgrove.wa.gov.au)

### Waste changes

During 2019/2020 the new three bin service was introduced. This reduced the cost of disposal of municipal waste (MWS) going to landfill as green waste previously going into these red lid bins is now disposed of in the garden organics (green lid) bins, which is sent to be mulched, rather than the more expensive option of landfill. These savings offset the cost of introducing the new garden organics (GO) bin service earlier this year.

The Schedule of Fees and Charges shows a reduction in the cost of a second MWS (red top) bin from \$362 to \$248 for 2020/2021. The cost of an additional recycling bin is unchanged at \$199. The cost of an additional GO bin has been reduced from \$199 to \$140 in 2020/2021.

Included with your rates notice is your Residents Access Pass to the West Metro Recycling Centre on Brockway Road and Lemnos Street. Please read this carefully as it explains what each residential household can take to the centre for recycling. Also included are two free passes for the disposal of green waste and two free passes for general waste.

### Major capital works

The replacement of the reticulation system for Manners Hill Park, Keanes Reserve and the foreshore is a major project for this year with a budgeted cost of \$250,000. This new system will enable better water saving and efficient practices to be implemented. We will also be installing a new reticulation controller at The Grove to ensure watering of the gardens is done in the most effective and efficient way.

Overall, the budget provides for around \$1.1 million in capital works. In addition to the reticulation works other major projects include:

- Resealing part of Johnston Street - \$200,000
  - Resealing of Venn Street - \$141,000
  - Johnston Street Pedestrian Crossing at Cottesloe Primary School - \$30,000
  - Renewal of Pavilion paving at Manners Hill Pavilion - \$40,000
  - Local roads and Community Infrastructure Projects - \$72,000
-



### **Community Events**

The budget continues to provide funding for our programme of community activities and events such as Carols by Candlelight, Australia Day and Community Breakfast as well as ongoing financial support to SHINE Community Services for the provision of services to older residents in the Shire.

### **The Grove Library**

The net operating cost of running The Grove Library and Community Centre is met by the three local governments of Mosman Park, Cottesloe and the Shire. The level of contribution is based on census population data. The net operating cost for 2020/2021, excluding capital, is \$1,249,718, with the Town of Mosman Park contributing \$608,363, Town of Cottesloe \$527,756 and the Shire \$113,599. The contribution level is 12.21% lower than in 2019/20. This has been achieved by efficiency gains and restructuring introduced by the Shire, as the managers of The Grove.

Sadly, our Library Manager, Debra Burn is retiring at the end of July. Debra commenced at The Grove 10 years ago when it opened. Debra has been instrumental in making The Grove such a welcoming and much-loved community facility. On behalf of The Grove Library community I thank Debra for her dedicated service and wish her well in her retirement.

### **Loans**

No new loans are proposed. We have one existing loan which was taken out for the construction of The Grove complex. The budget provides for capital repayment of \$31,725, leaving a principal balance of \$724,962 as at 30 June 2021. Interest repayments during the year will total \$54,074.

### **Reserve funds**

Transfers into the reserves during the year will include interest earnings of \$16,000, along with \$20,000 to the Arts & Culture Reserve and \$15,000 to the Infrastructure reserve for drainage pit renewal in accordance with our Asset Plan.

We have budgeted for transfers out of reserves of \$561,000 for our capital works programme. Funds in reserve at the end of the 2020/2021 financial year are budgeted to be \$471,103.

The full budget is available on the Shire's website at [www.peppermintgrove.wa.gov.au](http://www.peppermintgrove.wa.gov.au)

If you have any queries, please do not hesitate to contact the Shire on 9286 8600.

Best wishes

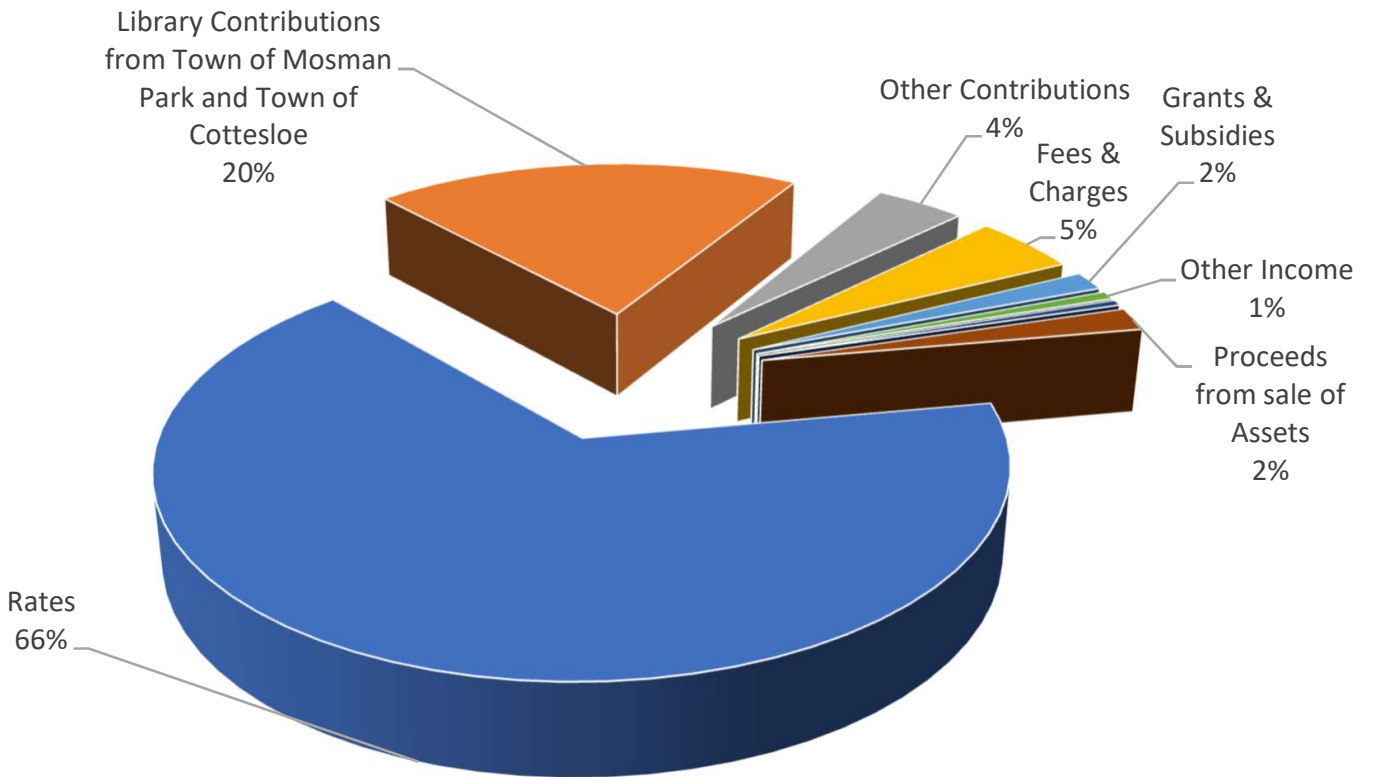
Rachel Thomas

Shire President

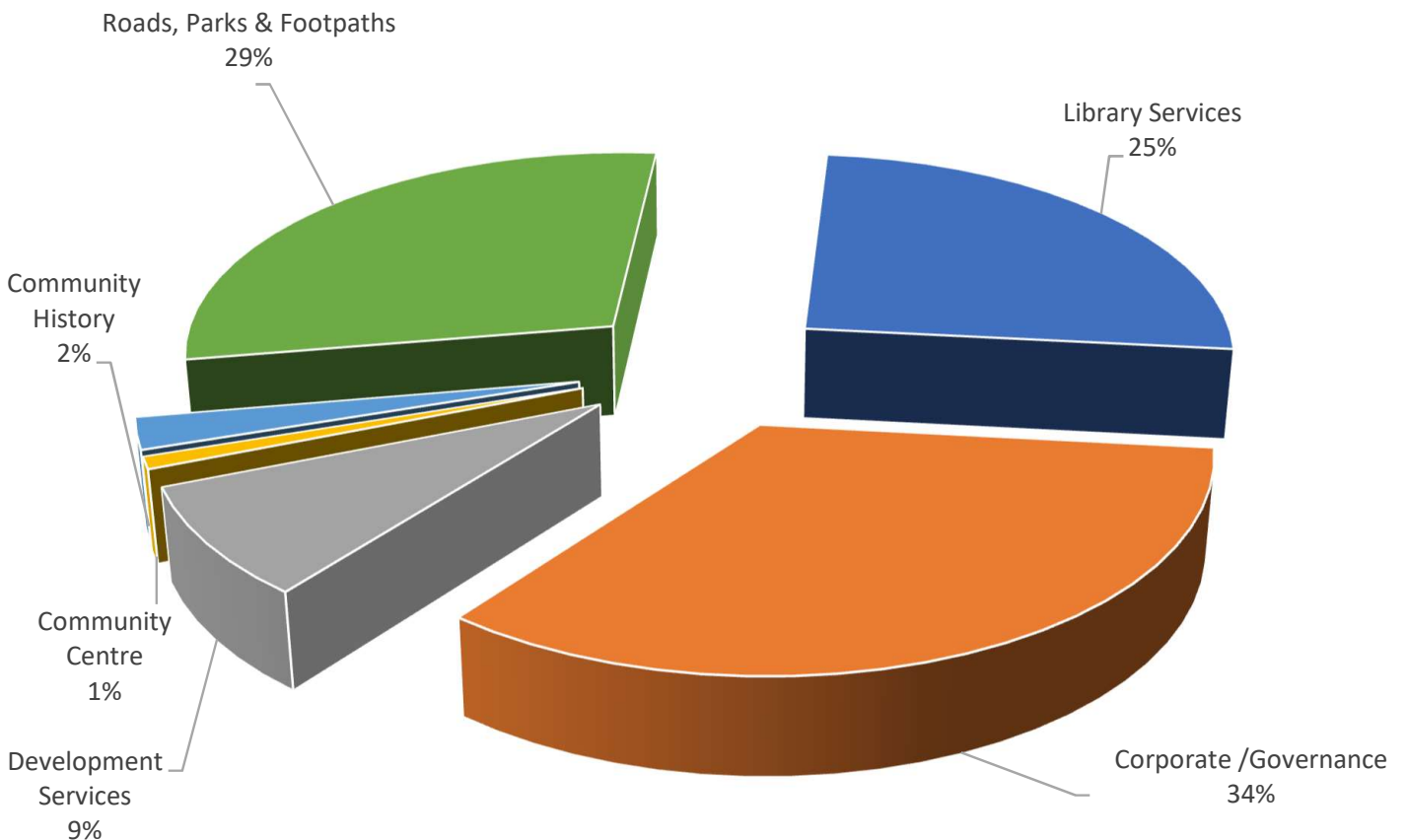
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**2020-2021 INCOME**



**2020-2021 SERVICE EXPENDITURE**



# SHIRE OF PEPPERMINT GROVE

## BUDGET

### FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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#### SHIRE'S VISION

*To remain a Shire valued for its ambience and independence*

**SHIRE OF PEPPERMINT GROVE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	3,326,228	3,312,960	3,310,667
Operating grants, subsidies and contributions	9(a)	1,149,166	1,441,095	1,363,459
Fees and charges	8	246,285	237,249	249,534
Service charges	1(d)	0		0
Interest earnings	11(a)	22,600	44,049	75,600
Other revenue	11(b)	33,909	19,178	9,200
		4,778,188	5,054,531	5,008,460
<b>Expenses</b>				
Employee costs		(2,114,504)	(2,284,136)	(2,228,643)
Materials and contracts		(1,991,474)	(1,991,025)	(1,925,767)
Utility charges		(100,707)	(120,263)	(128,396)
Depreciation on non-current assets	5	(473,123)	(473,123)	(473,123)
Interest expenses	11(d)	(57,074)	(56,451)	(59,316)
Insurance expenses		(108,267)	(97,322)	(100,952)
Other expenditure		(153,012)	(69,023)	(149,540)
		(4,998,161)	(5,091,343)	(5,065,737)
<b>Subtotal</b>		(219,973)	(36,812)	(57,277)
Non-operating grants, subsidies and contributions	9(b)	154,249	205,257	357,684
Profit on asset disposals	4(b)	12,000	17,818	0
Loss on asset disposals	4(b)	(12,364)	0	0
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Fair value adjustments to investment property at fair value through profit or loss		0	0	0
		153,885	223,075	357,684
<b>Net result</b>		<b>(66,088)</b>	<b>186,263</b>	<b>300,407</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(66,088)</b>	<b>186,263</b>	<b>300,407</b>

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

# SHIRE OF PEPPERMINT GROVE FOR THE YEAR ENDED 30 JUNE 2021

## BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget 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.

## THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the SHIRE OF PEPPERMINT GROVE controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

## 2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

## CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget.

Specific impacts of AASB 2018-7 have not been identified.

## KEY TERMS AND DEFINITIONS - NATURE OR TYPE

### REVENUES

#### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

#### SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

#### PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

## REVENUES (CONTINUED)

### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

### FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

## EXPENSES

### EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

### LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

### OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**SHIRE OF PEPPERMINT GROVE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Revenue</b>	1,8,9(a),11(a),11(b)	\$	\$	\$
Governance		4,500	5,746	6,000
General purpose funding		3,330,746	3,438,426	3,421,267
Law, order, public safety		8,005	8,027	7,600
Health		7,000	7,248	12,780
Education and welfare		0	0	0
Housing		0	0	0
Community amenities		126,100	158,558	139,446
Recreation and culture		1,277,355	1,414,136	1,373,607
Transport		0	0	13,900
Economic services		24,480	21,064	33,860
Other property and services		0	1,328	0
		4,778,186	5,054,533	5,008,460
<b>Expenses excluding finance costs</b>	4(a),5,11(c),(e)			
Governance		(1,491,600)	(1,728,644)	(1,000,920)
General purpose funding		(2,150)	(592)	(103,350)
Law, order, public safety		(1,700)	(500)	(47,500)
Health		(11,792)	(8,088)	(43,931)
Education and welfare		(19,500)	(17,474)	(61,304)
Housing		0	0	0
Community amenities		(765,349)	(641,254)	(758,806)
Recreation and culture		(1,647,666)	(1,651,656)	(2,120,751)
Transport		(604,944)	(605,981)	(756,259)
Economic services		(24,500)	(16,145)	(113,600)
Other property and services		(371,886)	(364,560)	0
		(4,941,087)	(5,034,894)	(5,006,421)
<b>Finance costs</b>	,6(a),11(d)			
Governance		0	0	0
General purpose funding		0	0	0
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		0	0	0
Housing		0	0	0
Community amenities		0	0	0
Recreation and culture		(57,074)	(56,450)	(59,316)
Transport		0	0	0
Economic services		0	0	0
Other property and services		0	0	0
		(57,074)	(56,450)	(59,316)
<b>Subtotal</b>		(219,975)	(36,811)	(57,277)
Non-operating grants, subsidies and contributions	9(b)	154,249	205,257	357,684
Profit on disposal of assets	4(b)	12,000	17,818	0
(Loss) on disposal of assets	4(b)	(12,364)	0	0
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Fair value adjustments to investment property at fair value through profit or loss		0	0	0
		153,885	223,075	357,684
<b>Net result</b>		<b>(66,088)</b>	<b>186,263</b>	<b>300,407</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(66,088)</b>	<b>186,263</b>	<b>300,407</b>



**SHIRE OF PEPPERMINT GROVE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,246,228	3,312,960	3,313,212
Operating grants, subsidies and contributions		1,281,166	1,199,095	1,358,459
Fees and charges		206,285	237,249	249,534
Service charges		0	0	
Interest earnings		22,600	44,049	75,600
Goods and services tax		(220,000)	0	200,000
Other revenue		21,909	19,178	9,200
		4,558,188	4,812,531	5,206,005
<b>Payments</b>				
Employee costs		(2,069,504)	(2,284,136)	(2,228,643)
Materials and contracts		(2,076,474)	(1,643,762)	(1,958,535)
Utility charges		(100,707)	(120,263)	(128,396)
Interest expenses		(57,074)	(56,451)	(59,316)
Insurance expenses		(73,267)	(97,322)	(100,952)
Goods and services tax		220,000	0	(205,000)
Other expenditure		(148,012)	(69,023)	(149,540)
		(4,305,038)	(4,270,957)	(4,830,382)
<b>Net cash provided by (used in) operating activities</b>	3	253,150	541,574	375,623
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(261,000)	(375,936)	(364,264)
Payments for construction of infrastructure	4(a)	(852,331)	(433,424)	(718,300)
Non-operating grants, subsidies and contributions		154,249	205,257	357,684
Proceeds from sale of plant and equipment	4(b)	95,500	17,818	27,200
<b>Net cash provided by (used in) investing activities</b>		(863,582)	(586,285)	(697,680)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(31,725)	(29,645)	(29,645)
<b>Net cash provided by (used in) financing activities</b>		(31,725)	(29,645)	(29,645)
<b>Net increase (decrease) in cash held</b>		(642,157)	(74,356)	(351,702)
Cash at beginning of year		1,225,000	1,225,000	2,113,583
<b>Cash and cash equivalents at the end of the year</b>	3	<b>582,843</b>	<b>1,150,644</b>	<b>1,761,881</b>

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

**SHIRE OF PEPPERMINT GROVE**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Net current assets at start of financial year - surplus/(deficit)</b>			
	139,265	125,324	240,785
	139,265	125,324	240,785
<b>Revenue from operating activities (excluding rates)</b>			
Specified area rates	1(c) 0	0	0
Operating grants, subsidies and contributions	9(a) 1,149,166	1,441,095	1,363,459
Fees and charges	8 246,285	237,249	249,534
Service charges	1(d) 0	0	0
Interest earnings	11(a) 22,600	44,081	75,600
Other revenue	11(b) 34,274	19,178	9,200
Profit on asset disposals	4(b) 12,000	0	0
	1,464,325	1,741,603	1,697,793
<b>Expenditure from operating activities</b>			
Employee costs	(2,114,504)	(2,284,136)	(2,228,643)
Materials and contracts	(1,991,474)	(2,130,993)	(1,925,767)
Utility charges	(100,707)	(120,263)	(128,396)
Depreciation on non-current assets	5 (473,123)	(473,123)	(473,123)
Interest expenses	11(d) (57,074)	(56,451)	(59,316)
Insurance expenses	(108,267)	(97,322)	(100,952)
Other expenditure	(153,012)	(69,023)	(149,540)
Loss on asset disposals	4(b) (12,364)	0	0
Loss on revaluation of non current assets	0	0	0
Reversal of prior year loss on revaluation of assets	0	0	0
	(5,010,525)	(5,231,311)	(5,065,737)
<b>Operating activities excluded from budgeted deficiency</b>			
Non-cash amounts excluded from operating activities	2 (a)(i) 473,487	455,305	431,088
<b>Amount attributable to operating activities</b>	(2,933,448)	(2,909,079)	(2,696,071)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	9(b) 154,249	205,257	357,684
Purchase land held for resale	4(a) 0	0	0
Purchase investment property	4(a) 0	0	0
Purchase property, plant and equipment	4(a) (261,000)	(375,936)	(364,264)
Purchase and construction of infrastructure	4(a) (852,331)	(433,424)	(718,300)
Purchase of right of use assets	4(a) 0	0	0
Proceeds from disposal of assets	4(b) 95,500	17,818	27,200
Proceeds from self supporting loans	6(a) 0	0	0
Advances of self supporting loans	6(a) 0	0	0
<b>Amount attributable to investing activities</b>	(863,582)	(586,285)	(697,680)
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a) (31,725)	(29,645)	(29,645)
Principal elements of finance lease payments	6 0	0	0
Proceeds from new borrowings	6(b) 0	0	0
Proceeds from new leases liabilities	7 0	0	0
Transfers to cash backed reserves (restricted assets)	7(a) (51,600)	(17,686)	(202,002)
Transfers from cash backed reserves (restricted assets)	7(a) 561,000	369,000	348,866
<b>Amount attributable to financing activities</b>	477,675	321,669	117,219
<b>Budgeted deficiency before general rates</b>	(3,319,355)	(3,173,695)	(3,276,532)
<b>Estimated amount to be raised from general rates</b>	1(a) 3,326,227	3,312,960	3,310,667
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (a)(iii) 6,872	139,265	34,135

**SHIRE OF PEPPERMINT GROVE  
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FOR THE YEAR ENDED 30 JUNE 2021**

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SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
General Rates	0.08599	586	37,455,251	3,220,627	16,000		3,236,627	3,244,360	3,242,067
<b>Sub-Totals</b>		586	37,455,251	3,220,627	16,000	0	3,236,627	3,244,360	3,242,067
	<b>Minimum</b>								
<b>Minimum payment</b>									
	\$								
<b>Gross rental valuations</b>									
General Rates	1,400	64		89,600			89,600	68,600	68,600
<b>Sub-Totals</b>		64	0	89,600	0	0	89,600	68,600	68,600
		650	37,455,251	3,310,227	16,000	0	3,326,227	3,312,960	3,310,667
Discounts (Refer note 1(e))							0	0	0
Concessions (Refer note 1(e))							0	0	0
<b>Total amount raised from general rates</b>							3,326,227	3,312,960	3,310,667
Specified area rates (Refer note 1(c))							0	0	0
Ex-gratia rates									
<b>Total rates</b>							3,326,228	3,312,960	3,310,667

All land (other than exempt land) in the SHIRE OF PEPPERMINT GROVE is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the SHIRE OF PEPPERMINT GROVE.

The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

<b>Instalment options</b>	<b>Date due</b>	<b>Instalment plan admin charge</b>	<b>Instalment plan interest rate</b>	<b>Unpaid rates interest rates</b>
		\$	%	%
<b>Option one</b>				
1st Installments	14/08/2020	0	0.0%	6.0%
2nd Installment	16/10/2020	0	0.0%	6.0%
3rd Installment	17/12/2020	0	0.0%	6.0%
4th Installment	17/02/2021	0	0.0%	6.0%

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(i) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

Adjustments to operating activities

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
Less: Profit on asset disposals	4(b)	(12,000)	(17,818)	0
Add: Loss on disposal of assets	4(b)	12,364	0	0
Add: Loss on revaluation of non current assets		0	0	0
Add: Change in accounting policies		0		
Add: Depreciation on assets	5	473,123	473,123	473,123
<b>Non cash amounts excluded from operating activities</b>		<b>473,487</b>	<b>455,305</b>	<b>473,123</b>

(ii) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.

Adjustments to net current assets

Less: Cash - restricted reserves	3	(471,103)	(980,503)	(1,184,953)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		31,725	0	31,726
<b>Total adjustments to net current assets</b>		<b>(439,378)</b>	<b>(980,503)</b>	<b>(1,153,227)</b>

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Note	\$	\$	\$
<b>(iii) Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash and cash equivalents- unrestricted	111,740	244,497	430,376
Cash and cash equivalents - restricted			
Cash backed reserves	471,103	980,503	1,184,953
Receivables	242,000	242,000	101,574
	<u>824,843</u>	<u>1,467,000</u>	<u>1,716,903</u>
<b>Less: current liabilities</b>			
Trade and other payables	(347,261)	(347,263)	(415,360)
Contract liabilities	0	0	124,007
Long term borrowings	(31,725)	0	(31,726)
Provisions	0	0	(206,462)
	<u>(378,986)</u>	<u>(347,263)</u>	<u>(529,541)</u>
<b>Net current assets</b>	<u>445,857</u>	<u>1,119,737</u>	<u>1,187,362</u>
<b>Less: Total adjustments to net current assets</b>	(439,378)	(980,503)	(1,153,227)
<b>Closing funding surplus / (deficit)</b>	<u>6,480</u>	<u>139,234</u>	<u>34,135</u>

2 (b). NET CURRENT ASSETS (CONTINUED)

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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 OF PEPPERMINT GROVE 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.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

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

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

**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.

**Superannuation**

The SHIRE OF PEPPERMINT GROVE contributes to a number of superannuation funds on behalf of employees.

All funds to which the SHIRE OF PEPPERMINT GROVE contributes are defined contribution plans.

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**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.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the SHIRE OF PEPPERMINT GROVE'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 OF PEPPERMINT GROVE'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 OF PEPPERMINT GROVE's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**LAND HELD FOR RESALE**

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

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

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



**SHIRE OF PEPPERMINT GROVE**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. RECONCILIATION OF CASH**

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

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	582,843	1,225,000	1,615,329
Term deposits	0	0	
	582,843	1,225,000	1,615,329
- Unrestricted cash and cash equivalents	111,740	244,497	430,376
- Restricted cash and cash equivalents	471,103	980,503	1,184,953
	582,843	1,225,000	1,615,329
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents and financial assets at amortised cost:			
Leave reserve	152,299	150,329	106,324
Reserve cash backed- Plant Reserve	21,078	20,805	21,021
Reserve cash backed- Infrastructure/ Building Reserve	120,115	363,696	645,646
Reserve cash backed- Information Technology Reserve	24,472	24,076	24,244
Reserve cash backed- Arts & Culture Reserve	20,864	674	20,972
Reserve cash backed- Road & Drains Reserve	99,592	390,474	194,527
Reserve cash backed- Library Infrastructure Reserve	11,243	11,098	11,214
Reserve cash backed- Legal Costs Reserve	21,440	19,351	161,005
	471,103	980,503	1,184,953
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	(66,090)	46,264	300,407
Depreciation	5 473,123	473,123	473,123
(Profit)/loss on sale of asset	4(b) 364	(17,818)	0
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	(242,000)	(30,000)
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	0	
Increase/(decrease) in payables	0	487,263	(32,768)
Increase/(decrease) in contract liabilities	0	0	22,545
Increase/(decrease) in employee provisions	0	0	
Non-operating grants, subsidies and contributions	(154,249)	(205,257)	(357,684)
<b>Net cash from operating activities</b>	253,148	541,575	375,623

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**FINANCIAL ASSETS AT AMORTISED COST**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program				2020/21	2019/20	2019/20
	Governance	Community amenities	Recreation and culture	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>							
Buildings - specialised	1,000		106,000	5,000	112,000	212,825	192,906
Furniture and equipment			10,000		10,000	37,347	10,000
Plant and equipment		35,000	25,000	79,000	139,000	125,764	161,358
	1,000	35,000	141,000	84,000	261,000	375,936	364,264
<i>Infrastructure</i>							
Infrastructure - roads				391,000	391,000	221,038	411,700
Infrastructure - footpaths				29,500	29,500	0	80,000
Infrastructure Parks & Ovals			324,200		324,200		
Infrastructure Other				107,631	107,631	212,386	226,600
	0	0	324,200	528,131	852,331	433,424	718,300
<b>Total acquisitions</b>	1,000	35,000	465,200	612,131	1,113,331	809,360	1,082,564

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

**SIGNIFICANT ACCOUNTING POLICIES**

**RECOGNITION OF ASSETS**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Community amenities	38,000	27,623	0	(10,377)		0	0			0	0	0
Recreation and culture	0	12,000	12,000	0	0	0	0			0	0	0
Transport	45,000	43,731	0	(1,269)		17,818	17,818		27,200	27,200	0	0
Other property and services	12,364	11,646	0	(718)		0	0		0	0	0	0
	95,364	95,000	12,000	(12,364)	0	17,818	17,818	0	27,200	27,200	0	0
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Plant and equipment	95,864	95,500	12,000	(12,364)		17,818	17,818		27,200	27,200		
	95,864	95,500	12,000	(12,364)	0	17,818	17,818	0	27,200	27,200	0	0

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document

**SIGNIFICANT ACCOUNTING POLICIES**

**GAINS AND LOSSES ON DISPOSAL**

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

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

5. ASSET DEPRECIATION

By Program

Governance  
 Recreation and culture  
 Transport

By Class

Buildings - specialised  
 Furniture and equipment  
 Plant and equipment  
 Infrastructure - roads  
 Infrastructure - footpaths  
 Drainage Infrastructure  
 Infrastructure Parks & Ovals  
 Infrastructure Other

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
61,359	61,359	61,359
93,565	93,565	93,565
318,199	318,199	318,199
473,123	473,123	473,123
81,392	81,392	81,392
8,045	8,045	8,045
38,392	38,392	38,392
195,352	195,352	195,352
58,314	58,314	58,314
15,607	15,607	15,607
64,942	64,942	64,942
11,079	11,079	11,079
473,123	473,123	473,123

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

Buildings - specialised	50 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - roads	25-50 years
Infrastructure - footpaths	40 years
Drainage Infrastructure	60-100 years
Infrastructure Parks & Ovals	10 to 25 years
Infrastructure Other	10 to 50 Years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual Principal 1 July 2019	2019/20	2019/20	Actual	2019/20	Budget Principal 1 July 2019	2019/20	2019/20	Budget	2019/20	
				Principal 1 July 2020	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020	Actual Interest Repayments		Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020	Budget Interest Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>																			
Library/ Community Centre	41	WATC	6.9%	756,708		(31,725)	724,983		786,353		(29,645)	756,708	(56,451)	814,054		(29,645)	784,409	(59,316)	
				756,708	0	(31,725)	724,983	0	786,353	0	(29,645)	756,708	(56,451)	814,054	0	(29,645)	784,409	(59,316)	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	150,329	1,970		152,299	148,359	1,970		150,329	148,359	3,531	(45,566)	106,324
(b) Reserve cash backed- Plant Reserve	20,805	273		21,078	20,532	273		20,805	20,532	489		21,021
(c) Reserve cash backed- Infrastructure/ Building Reserve	363,696	6,419	(250,000)	120,115	565,191	7,505	(209,000)	363,696	565,191	183,755	(103,300)	645,646
(d) Reserve cash backed- Information Technology Reserve	24,076	396		24,472	23,680	396		24,076	23,680	564		24,244
(e) Reserve cash backed- Arts & Culture Reserve	674	20,190		20,864	20,484	190	(20,000)	674	20,484	488		20,972
(f) Reserve cash backed- Road & Drains Reserve	390,474	20,118	(311,000)	99,592	385,356	5,118		390,474	385,356	9,171	(200,000)	194,527
(g) Reserve cash backed- Library Infrastructure Reserve	11,098	145		11,243	10,953	145		11,098	10,953	261		11,214
(h) Reserve cash backed- Legal Costs Reserve	19,351	2,089		21,440	157,262	2,089	(140,000)	19,351	157,262	3,743		161,005
	980,503	51,600	(561,000)	471,103	1,331,817	17,686	(369,000)	980,503	1,331,817	202,002	(348,866)	1,184,953

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave reserve		To fund Staff Annual & Long Service Leave Entitlements
(b) Reserve cash backed- Plant Reserve		To fund replacement and upgrading of Council's Vehicles and Plant
(c) Reserve cash backed- Infrastructure/ Building Reserve		To fund replacement and upgrading of Council's recreational infrastructure and municipal building
(d) Reserve cash backed- Information Technology Reserve		To fund replacement and upgrading of Council's Information & Technology Assets
(e) Reserve cash backed- Arts & Culture Reserve		To enable the purchase of Public Art
(f) Reserve cash backed- Road & Drains Reserve		To fund renewal and expansion of Council's roads and drainage system
(g) Reserve cash backed- Library Infrastructure Reserve		To fund the Shire's portion of Capital items at the Grove Library and /or Community Centre
(h) Reserve cash backed- Legal Costs Reserve		To provide for future general expenses including building and Planning actions

SHIRE OF PEPPERMINT GROVE  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	2,400	4,875	4,000
General purpose funding		30	2,800
Law, order, public safety	2,000	2,475	7,600
Health	5,505	5,552	5,780
Community amenities	150,100	164,861	118,739
Recreation and culture	85,800	57,866	71,155
Transport			6,000
Economic services	480	262	33,460
Other property and services		1,328	0
	246,285	237,249	249,534

9. GRANT REVENUE

	Unspent grants, subsidies and contributions liability				Grants, subsidies and contributions revenue			
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>By Program:</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>(a) Operating grants, subsidies and contributions</b>								
General purpose funding				0		29,149	63,178	28,200
Health				0		7,000	7,248	0
Community amenities				0		0	14,400	20,707
Recreation and culture				0		1,113,017	1,356,269	1,306,652
Transport				0				7,900
	0	0	0	0	0	1,149,166	1,441,095	1,363,459
<b>(b) Non-operating grants, subsidies and contributions</b>								
Recreation and culture				0		0	205,257	0
Transport				0		0	0	357,684
Other property and services				0		154,249	0	0
	0	0	0	0	0	154,249	205,257	357,684
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,303,415</b>	<b>1,646,352</b>	<b>1,721,143</b>

(c) Unspent grants, subsidies and contributions were restricted as follows:

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent grants reserve	0	0
Developer contributions reserve	0	0
Cash in lieu of parking reserve	0	0
Unspent grants, subsidies and contributions	0	0

**SHIRE OF PEPPERMINT GROVE**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. REVENUE RECOGNITION**

**SIGNIFICANT ACCOUNTING POLICIES**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed



**11. OTHER INFORMATION**

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	16,600	17,686	32,000
- Other funds	6,000	9,848	29,500
Late payment of fees and charges *	0	14,547	14,100
	22,600	42,081	75,600
<b>(b) Other revenue</b>			
Reimbursements and recoveries	33,909	19,178	9,200
	33,909	19,178	9,200
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	25,800	24,430	19,200
	25,800	24,430	19,200
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	0	56,451	59,316
	0	56,451	59,316
<b>(e) Elected members remuneration</b>			
Meeting fees	72,732	39,445	72,731
Mayor/President's allowance	15,047	9,429	15,047
Deputy Mayor/President's allowance	3,762	649	3,762
	91,541	49,523	91,540

## 12. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Peppermint Grove, together with the Towns of Cottesloe, and Mosman Park have a joint arrangement with regard to the provision of a **Library and Community Centre**. The only assets are Buildings, furniture and a vehicle. The Shire's share is 9.09% of these assets.

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>Non-current assets</b>			
Property Plant and equipment	1,283,743	1,186,743	1,221,715
Less: accumulated depreciation	(38,427)	(38,427)	(38,427)
	1,245,316	1,148,316	1,183,288

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The SHIRE OF PEPPERMINT GROVE's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

### 13. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Manners Hill Park Bonds	2,700		(1,500)	1,200
Footpath Deposits	17,650	10,200	(15,500)	12,350
Community Hall Bonds	388		(388)	0
LEMC Funding	65,390		(12,000)	53,390
	86,128	10,200	(29,388)	66,940

#### 14. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

##### 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.

##### CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

##### ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

##### COMPARATIVE FIGURES

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

##### BUDGET COMPARATIVE FIGURES

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

## 15. BUDGET RATIOS

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
Operating Surplus	5.89	18.80	3.17	4.20
Funds After Operations	99.13	98.13	98.22	98.43
PPE	3.10	4.80	0.91	0.00
Infrastructure	5.55	3.10	1.13	0.00
Cash Reserves	14.04	29.04	36.49	37.50
Borrowings	22.55	23.29	24.70	26.18
Debt Servicing	2.65	2.55	2.75	2.83
Average Rates (GRV)	5,885.00	5,899.00	5,885.00	5,738.00

The ratios are calculated as follows:

### OPERATIONS

Operating Surplus  $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations  $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

### ASSET RATIOS

PPE  $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure  $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

### FINANCING RATIOS

Cash Reserves  $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings  $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing  $\frac{\text{Principal and interest due}}{\text{General funds}}$

### RATES RATIOS

Average Rates  $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$