

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

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	1
Statement of Comprehensive Income by Program	2
Statement of Cash Flows	3
Rate Setting Statement	4
Notes to and Forming Part of the Budget	5 to 27
Supplementary Information	28 to 38

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

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue				
Rates	8	2,753,524	2,536,749	2,554,421
Operating Grants, Subsidies and Contributions		1,372,674	1,312,395	1,357,513
Fees and Charges	11	250,510	249,600	267,790
Interest Earnings	2(a)	35,600	44,990	22,800
Other Revenue		49,676	77,865	59,728
		<u>4,461,984</u>	<u>4,221,599</u>	<u>4,262,252</u>
Expenses				
Employee Costs		(2,038,872)	(2,055,161)	(1,859,310)
Materials and Contracts		(1,919,551)	(1,737,492)	(1,879,650)
Utility Charges		(155,890)	(144,874)	(158,690)
Depreciation on Non-Current Assets	2(a)	(422,603)	(419,538)	(400,995)
Interest Expenses	2(a)	(62,283)	(63,668)	(63,668)
Insurance Expenses		(105,299)	(83,090)	(124,432)
Other Expenditure		0	0	(33,819)
		<u>(4,704,498)</u>	<u>(4,503,823)</u>	<u>(4,520,564)</u>
		(242,514)	(282,224)	(258,312)
Non-Operating Grants, Subsidies and Contributions		41,775	8,050	0
Profit on Asset Disposals	4	0	15,731	21,713
Loss on Asset Disposals	4	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		(200,739)	(258,443)	(236,599)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(200,739)</u>	<u>(258,443)</u>	<u>(236,599)</u>

Notes:

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

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

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

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

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

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		10,260	22,267	25,180
General Purpose Funding		2,871,963	2,632,081	2,666,893
Law, Order, Public Safety		12,450	12,701	10,950
Health		9,000	0	9,000
Education and Welfare		0	0	0
Community Amenities		111,960	135,633	115,570
Recreation and Culture		1,377,166	1,344,208	1,333,884
Transport		15,885	44,651	15,885
Economic Services		53,300	30,058	68,300
Other Property and Services		0	0	16,590
		<u>4,461,984</u>	<u>4,221,599</u>	<u>4,262,252</u>
Expenses Excluding				
Finance Costs (Refer Notes 1,2 & 14)				
Governance		(784,533)	(788,034)	(781,037)
General Purpose Funding		(84,970)	(101,286)	(95,889)
Law, Order, Public Safety		(62,652)	(61,278)	(48,726)
Health		(60,995)	(51,715)	(59,037)
Education and Welfare		(27,104)	(19,606)	(32,028)
Community Amenities		(592,614)	(524,458)	(536,039)
Recreation & Culture		(2,030,621)	(1,969,416)	(1,975,834)
Transport		(914,388)	(841,648)	(847,399)
Economic Services		(84,338)	(79,327)	(80,907)
Other Property and Services		0	(3,387)	0
		<u>(4,642,215)</u>	<u>(4,440,155)</u>	<u>(4,456,896)</u>
Finance Costs (Refer Notes 2 & 5)				
Recreation & Culture		(62,283)	(63,668)	(63,668)
		<u>(62,283)</u>	<u>(63,668)</u>	<u>(63,668)</u>
Non-operating Grants, Subsidies and Contributions				
Recreation & Culture		0	8,050	0
Transport		41,775	0	0
		<u>41,775</u>	<u>8,050</u>	<u>0</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 4)				
Recreation & Culture		0	0	5,123
Other Property and Services		0	15,731	16,590
		<u>0</u>	<u>15,731</u>	<u>21,713</u>
NET RESULT		(200,739)	(258,443)	(236,599)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(200,739)</u>	<u>(258,443)</u>	<u>(236,599)</u>

Notes:

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

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

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

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

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

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,728,524	2,473,080	2,554,421
Operating Grants, Subsidies and Contributions		1,372,674	1,312,395	1,357,513
Fees and Charges		262,555	249,702	267,790
Interest Earnings		35,600	60,392	22,800
Goods and Services Tax		237,996	238,791	286,427
Other Revenue		49,700	77,865	59,728
		<u>4,687,049</u>	<u>4,412,225</u>	<u>4,548,679</u>
Payments				
Employee Costs		(2,023,872)	(2,055,161)	(1,859,310)
Materials and Contracts		(1,867,081)	(1,771,996)	(1,879,650)
Utility Charges		(155,890)	(154,874)	(158,690)
Interest Expenses		(62,283)	(63,668)	(124,432)
Insurance Expenses		(105,299)	(83,090)	(63,668)
Goods and Services Tax		(166,515)	(248,726)	(168,700)
Other Expenditure		0	0	(33,819)
		<u>(4,380,940)</u>	<u>(4,377,515)</u>	<u>(4,288,269)</u>
Net Cash Provided By Operating Activities	15(b)	<u>306,109</u>	<u>34,710</u>	<u>260,410</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(12,500)	(90,822)	(158,770)
Payments for Construction of Infrastructure	3	(212,050)	(221,914)	(320,000)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		41,775	8,050	0
Proceeds from Sale of Plant & Equipment	4	0	52,297	153,840
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(182,775)</u>	<u>(252,389)</u>	<u>(324,930)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(21,118)	(19,733)	(19,733)
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(21,118)</u>	<u>(19,733)</u>	<u>(19,733)</u>
Net Increase (Decrease) in Cash Held		102,216	(237,412)	(84,253)
Cash at Beginning of Year		741,977	979,389	973,432
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>844,193</u></u>	<u><u>741,977</u></u>	<u><u>889,179</u></u>

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

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

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenues	1,2			
Governance		10,260	22,267	25,180
General Purpose Funding		118,439	95,332	112,472
Law, Order, Public Safety		12,450	12,701	10,950
Health		9,000	0	9,000
Education and Welfare		0	0	0
Community Amenities		111,960	135,633	115,570
Recreation and Culture		1,377,166	1,352,258	1,333,884
Transport		57,660	44,651	15,885
Economic Services		53,300	30,058	68,300
Other Property and Services		0	15,731	16,590
		<u>1,750,235</u>	<u>1,708,631</u>	<u>1,707,831</u>
Expenses	1,2			
Governance		(784,533)	(788,034)	(781,037)
General Purpose Funding		(84,970)	(101,286)	(95,889)
Law, Order, Public Safety		(62,652)	(61,278)	(48,726)
Health		(60,995)	(51,715)	(59,037)
Education and Welfare		(27,104)	(19,606)	(32,028)
Community Amenities		(592,614)	(524,458)	(536,039)
Recreation & Culture		(2,092,904)	(2,033,084)	(2,039,502)
Transport		(914,388)	(841,648)	(847,399)
Economic Services		(84,338)	(79,327)	(80,907)
Other Property and Services		0	(3,387)	0
		<u>(4,704,498)</u>	<u>(4,503,823)</u>	<u>(4,520,564)</u>
Net Operating Result Excluding Rates		(2,954,263)	(2,795,192)	(2,812,733)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	(15,731)	(21,713)
Depreciation on Assets	2(a)	422,603	419,538	400,995
Capital Expenditure and Revenue				
Purchase Land and Buildings		0		(8,000)
Purchase Infrastructure Assets - Roads	3	(65,000)	(145,056)	(33,000)
Purchase Infrastructure Assets - Footpaths	3	(100,550)	(57,534)	0
Purchase Infrastructure Assets - Drainage	3	(21,500)	(1,300)	0
Purchase Infrastructure Assets - Parks	3	(25,000)	(16,500)	(320,000)
Purchase Infrastructure Assets - Foreshore	3	0	(1,524)	0
Purchase Plant and Equipment	3	(12,500)	(90,822)	(125,770)
Proceeds from Disposal of Assets	4	0	52,297	153,840
Repayment of Debentures	5	(21,118)	(19,733)	(19,733)
Proceeds from New Debentures	5	0	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(14,500)	(35,148)	(62,800)
Transfers from Reserves (Restricted Assets)	6	27,500	54,014	89,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	2,349	118,291	45,217
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	(8,455)	2,349	(160,276)
Amount Required to be Raised from General Rate	8	<u>(2,753,524)</u>	<u>(2,536,749)</u>	<u>(2,554,421)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The Local Government Reporting Entity

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

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

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

(b) 2013/14 Actual Balances

Balances shown in this budget as 2013/14 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) Goods and Services Tax (GST)

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

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

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

(f) Superannuation

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

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

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

Land Under Control

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

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

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

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

Transitional Arrangement

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

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

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

Land Under Roads

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

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

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

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

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

Depreciation

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

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

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

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

Capitalisation Threshold

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

(k) Fair Value of Assets and Liabilities

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(m) Impairment of Assets

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

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

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Current and Non-Current Classification

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

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

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

2. REVENUES AND EXPENSES	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	25,600	14,079	18,000
Other Services	0	0	1,600
Depreciation			
<u>By Program</u>			
Governance	120,388	112,164	114,435
Recreation and Culture	90,752	84,319	87,695
Transport	165,371	165,866	146,821
Other Property and Services	46,092	57,189	52,044
	<u>422,603</u>	<u>419,538</u>	<u>400,995</u>
<u>By Class</u>			
Land and Buildings	138,350	137,285	132,052
Furniture and Equipment	40,906	40,906	33,639
Plant and Equipment	67,817	67,817	71,018
Roads	131,970	129,970	125,490
Footpaths	30,293	30,293	29,425
Parks	8,352	8,352	4,683
Drainage	4,915	4,915	4,688
	<u>422,603</u>	<u>419,538</u>	<u>400,995</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	62,283	63,668	63,668
	<u>62,283</u>	<u>63,668</u>	<u>63,668</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	15,000	15,997	0
- Other Funds	20,600	28,992	10,000
Other Interest Revenue (<i>refer note 13</i>)	14,000	15,403	6,000
	<u>49,600</u>	<u>60,392</u>	<u>16,000</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

Implementation of building controls.

OTHER PROPERTY & SERVICES

Plant operation and overheads.

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

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Community Amenities	
Infrastructure Assets - Foreshore	0
Recreation and Culture	
Plant and Equipment	12,500
Infrastructure Assets - Parks and Ovals	25,000
Transport	
Infrastructure Assets - Roads	65,000
Infrastructure Assets - Footpaths	100,550
Infrastructure Assets - Drainage	21,500
	224,550
<u>By Class</u>	
Land and Buildings	0
Infrastructure Assets - Roads	65,000
Infrastructure Assets - Footpaths	100,550
Infrastructure Assets - Drainage	21,500
Infrastructure Assets - Parks and Ovals	25,000
Infrastructure Assets - Foreshore	0
Plant and Equipment	12,500
	224,550

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:
- Capital expenditure budget

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	<small>Net Book Value</small> 2014/15 BUDGET \$	<small>Sale Proceeds</small> 2014/15 BUDGET \$	<small>Profit(Loss)</small> 2014/15 BUDGET \$
No Assets are proposed to be Sold	0	0	0
<u>By Class</u>			
	<small>Net Book Value</small> 2014/15 BUDGET \$	<small>Sale Proceeds</small> 2014/15 BUDGET \$	<small>Profit(Loss)</small> 2014/15 BUDGET \$
No Assets are proposed to be Sold	0	0	0

Summary

	2014/15 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	0

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-14	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2014/15 Budget	2013/14 Actual	2014/15 Budget	2013/14 Actual	2014/15 Budget	2013/14 Actual
			\$	\$	\$	\$	\$	\$
Recreation & Culture								
Library	907,841	0	21,118	19,733	886,723	907,841	62,283	63,668
	907,841	0	21,118	19,733	886,723	907,841	62,283	63,668

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

(b) New Debentures - 2014/15

No new borrowings are proposed in 2014/15.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2014 nor is it expected to have unspent debenture funds as at 30th June 2015.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2014/15.

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

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	9,821	14,519	23,290
Amount Set Aside / Transfer to Reserve	500	19,793	15,700
Amount Used / Transfer from Reserve	0	(24,491)	0
	<u>10,321</u>	<u>9,821</u>	<u>38,990</u>
(b) Plant Replacement Reserve			
Opening Balance	47,286	46,158	46,158
Amount Set Aside / Transfer to Reserve	1,300	1,128	1,425
Amount Used / Transfer from Reserve	0	0	0
	<u>48,586</u>	<u>47,286</u>	<u>47,583</u>
(c) Infrastructure/Building Reserve			
Opening Balance	25,506	24,819	24,818
Amount Set Aside / Transfer to Reserve	1,200	687	20,750
Amount Used / Transfer from Reserve	0	0	0
	<u>26,706</u>	<u>25,506</u>	<u>45,568</u>
(d) Sitting Fee Reserve			
Opening Balance	1,691	10,795	0
Amount Set Aside / Transfer to Reserve	50	46	0
Amount Used / Transfer from Reserve	0	(9,150)	0
	<u>1,741</u>	<u>1,691</u>	<u>0</u>
(e) Road Reserve			
Opening Balance	15,786	15,361	15,365
Amount Set Aside / Transfer to Reserve	450	425	500
Amount Used / Transfer from Reserve	(15,000)	0	0
	<u>1,236</u>	<u>15,786</u>	<u>15,865</u>
(f) Library Leave Reserve			
Opening Balance	5,949	8,197	3,199
Amount Set Aside / Transfer to Reserve	100	101	15,100
Amount Used / Transfer from Reserve	0	(2,349)	0
	<u>6,049</u>	<u>5,949</u>	<u>18,299</u>
(g) Public Open Space Reserve			
Opening Balance	227,037	236,318	236,317
Amount Set Aside / Transfer to Reserve	7,370	8,743	5,000
Amount Used / Transfer from Reserve	0	(18,024)	(76,000)
	<u>234,407</u>	<u>227,037</u>	<u>165,317</u>
(h) Library Infrastructure Reserve			
Opening Balance	155,658	151,461	151,461
Amount Set Aside / Transfer to Reserve	3,500	4,197	4,300
Amount Used / Transfer from Reserve	(12,500)	0	(13,000)
	<u>146,658</u>	<u>155,658</u>	<u>142,761</u>
(i) Green Funds Reserve			
Opening Balance	1,035	1,007	1,007
Amount Set Aside / Transfer to Reserve	30	28	25
Amount Used / Transfer from Reserve	0	0	0
	<u>1,065</u>	<u>1,035</u>	<u>1,032</u>
Total Reserves	<u>476,769</u>	<u>489,769</u>	<u>475,415</u>

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

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

6. RESERVES (Continued)	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	500	19,793	15,700
Plant Replacement Reserve	1,300	1,128	1,425
Infrastructure/Building Reserve	1,200	687	20,750
Sitting Fee Reserve	50	46	0
Road Reserve	450	425	500
Library Leave Reserve	100	101	15,100
Public Open Space Reserve	7,370	8,743	5,000
Library Infrastructure Reserve	3,500	4,197	4,300
Green Funds Reserve	30	28	25
	<u>14,500</u>	<u>35,148</u>	<u>62,800</u>
Transfers from Reserves			
Leave Reserve	0	(24,491)	0
Plant Replacement Reserve	0	0	0
Infrastructure/Building Reserve	0	0	0
Sitting Fee Reserve	0	(9,150)	0
Road Reserve	(15,000)	0	0
Library Leave Reserve	0	(2,349)	0
Public Open Space Reserve	0	(18,024)	(76,000)
Library Infrastructure Reserve	(12,500)	0	(13,000)
Green Funds Reserve	0	0	0
	<u>(27,500)</u>	<u>(54,014)</u>	<u>(89,000)</u>
Total Transfer to/(from) Reserves	<u>(13,000)</u>	<u>(18,866)</u>	<u>(26,200)</u>

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

Long Service/ Annual Leave Reserve.

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

Plant Replacement Reserve

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

Infrastructure/Building Reserve

- to upgrade and replace recreational infrastructure & Council buildings

Sitting Fee Reserve

- to be used for member-related expenses

Road Works Reserve

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

Leave Reserve (Library Staff)

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

Library Infrastructure Reserve

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

Public Open Space Reserve

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

Green Funds Reserve

- to be used for environmental projects

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

	Note	2014/15 Budget \$	2013/14 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	367,424	252,208
Cash - Restricted Reserves	15(a)	476,769	489,769
Receivables		203,693	196,693
Inventories		<u>0</u>	<u>0</u>
		<u>1,047,886</u>	<u>938,670</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(595,942)</u>	<u>(462,322)</u>
NET CURRENT ASSET POSITION		451,944	476,348
Less: Cash - Restricted Reserves	15(a)	(476,769)	(489,769)
Plus: Cash-Backed Provisions		<u>16,370</u>	<u>15,770</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>(8,455)</u></u>	<u><u>2,349</u></u>

The estimated surplus/(deficiency) c/fwd in the 2013/14 actual column represents the surplus (deficit) brought forward as at 1 July 2014.

The estimated surplus/(deficiency) c/fwd in the 2014/15 budget column represents the surplus (deficit) carried forward as at 30 June 2015.

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

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2014/15 Budgeted Rate Revenue \$	2014/15 Budgeted Interim Rates \$	2014/15 Budgeted Back Rates \$	2014/15 Budgeted Total Revenue \$	2013/14 Actual \$
General Rate								
Residential	6.9460	549	32,187,558	2,235,842			2,235,842	2,080,236
Commercial	6.9460	26	5,575,400	387,173			387,173	336,632
Commercial/R/Use	6.9460	7	228,174	15,849			15,849	11,179
Railway Reserve	6.9460	3	94,298	6,550			6,550	4,964
MRS Reserve	6.9460	1	486,956	33,824			33,824	33,299
Parks	6.9460	1	28,952	2,011			2,011	1,979
Sub-Totals		587	38,601,338	2,681,249	0	0	2,681,249	2,468,289
Minimum Payment	Minimum \$							
Residential	1,225	53	751,822	64,925			64,925	51,345
Commercial	1,225	6	104,458	7,350			7,350	14,833
Commercial/R/Use	1,225	0		0			0	2,282
Sub-Totals		59	856,280	72,275	0	0	72,275	68,460
Discounts (Note 12)							0	0
Total Amount Raised from General Rate							2,753,524	2,536,749
Specified Area Rates (Note 9)							0	0
Total Rates							2,753,524	2,536,749

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

The general rates detailed above for the 2014/15 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

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

9. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

No specified area rate will apply in 2014/15

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

No service charges will apply in 2014/15

11. FEES & CHARGES REVENUE	2014/15 Budget \$	2013/14 Actual \$
Governance	60	240
General Purpose Funding	8,500	9,471
Law, Order, Public Safety	4,950	5,201
Health	0	0
Education and Welfare	0	0
Housing	0	0
Community Amenities	111,960	135,633
Recreation & Culture	84,390	78,889
Transport	5,050	6,124
Economic Services	35,600	14,042
Other Property & Services	0	0
	<u>250,510</u>	<u>249,600</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2014/15 FINANCIAL YEAR**

No rate payment discounts, waivers or concessions are proposed for 2014/15

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

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

The following interest charge is proposed in the 2014/15 budget:-

11% interest (annual) will be charged on a daily basis on all rates outstanding after the due date, **i.e. 8 August 2014.**

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

The total estimated revenue to be obtained from this interest charge is \$14,000.

Payment of Rates by Instalments

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

First Instalment	Due Date:	8 August 2014
Second Instalment	Due Date:	8 October 2014
Third Instalment	Due Date:	8 December 2014
Fourth Instalment	Due Date:	9 February 2015

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

Interest will not be charged for the instalment option unless any instalment is overdue and if this occurs the rate of 11% will apply on any payments outstanding. No discount will apply to rates paid under this option.

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

14. ELECTED MEMBERS REMUNERATION

2014/15	2013/14
Budget	Actual
\$	\$

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

Meeting Fees	16,800	16,800
President's Allowance	6,000	6,000
Deputy President's Allowance	300	300
Travelling Expenses	0	0
Telecommunications Allowance	0	0
	<u>23,100</u>	<u>23,100</u>

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash - Unrestricted	367,424	252,208	405,764
Cash - Restricted	476,769	489,769	475,415
	<u>844,193</u>	<u>741,977</u>	<u>881,179</u>

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

Leave Reserve	10,321	9,821	38,990
Plant Replacement Reserve	48,586	47,286	47,583
Infrastructure/Building Reserve	26,706	25,506	45,568
Sitting Fee Reserve	1,741	1,691	0
Road Reserve	1,236	15,786	15,865
Library Leave Reserve	6,049	5,949	18,299
Public Open Space Reserve	234,407	227,037	165,317
Library Infrastructure Reserve	146,658	155,658	142,761
Green Funds Reserve	1,065	1,035	1,032
	<u>476,769</u>	<u>489,769</u>	<u>475,415</u>

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

Net Result	(200,739)	(258,443)	(236,599)
Depreciation	422,603	419,538	400,996
(Profit)/Loss on Sale of Asset	0	(15,731)	(21,713)
(Increase)/Decrease in Receivables	(25,000)	(74,725)	(73,612)
Increase/(Decrease) in Payables	47,470	(39,278)	77,269
Increase/(Decrease) in Employee Provisions	20,000	(4,701)	191,069
Grants/Contributions for the Development of Assets	41,775	8,050	(77,000)
Net Cash from Operating Activities	<u>306,109</u>	<u>34,710</u>	<u>260,410</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

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

Loan Facilities

Loan Facilities in use at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

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

16. TRUST FUNDS

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

Detail	Balance 1-Jul-14	Estimated Amounts Received	Estimated Amounts Paid	Estimated Balance 30-Jun-15
	\$	\$	(\$)	\$
Community Centre Bonds	3,188	500	(700)	2,988
Legal & Other Receipts	1,600	0	0	1,600
Footpath Deposit Funds	104,060	20,000	(20,000)	104,060
	<u>108,848</u>	<u>20,500</u>	<u>(20,700)</u>	<u>108,648</u>

17. MAJOR LAND TRANSACTIONS

No major land transactions are proposed in 2014/15.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings are proposed in 2014/15.