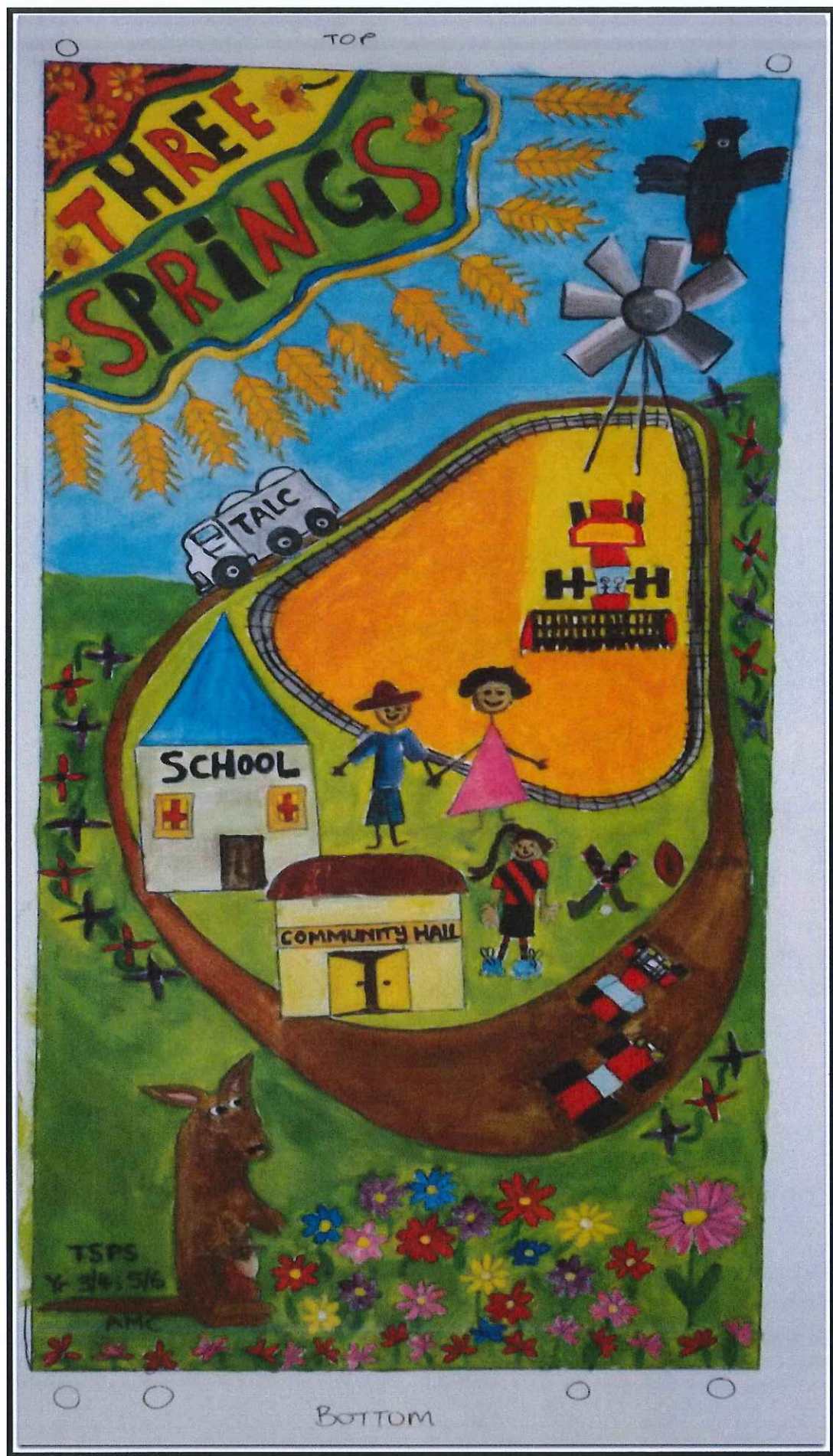


SHIRE OF THREE SPRINGS  
ANNUAL REPORT 2014-2015





## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **THE SHIRE PRESIDENT'S REPORT 2015**

Dear electors and ratepayers I welcome the opportunity as your Shire President to present my report on the activities of the Shire of Three Springs for the financial year ending 30<sup>th</sup> June, 2015.

The 2014/15 has been a year of achievement with some great outcomes for the Shire of Three Springs particularly some of the ones that I share a passion for.

This community does not function without volunteers and Three Springs is fortunate to have many volunteers who contribute and work with Council in so many ways, my sincere thanks to all of those wonderful volunteers. Whether they belong to community committees, service or sporting organisations, volunteers play a vital role in ensuring Three Springs remains a strong and vibrant community.

Tourism is becoming a real focus for the region and the Shire is building a positive reputation as being a welcoming attraction for tourists, particularly for those with caravans and campervans enjoying the Eco Park. Of huge benefit to the community is the annual Western Desert Races, feedback by participants in the event is very positive. The Wildflower festival continues to grow in importance. Well done to all people involved in making these events a success.

As part of Local Government Energy Efficient Program, seven energy saving hot water systems are installed and the Shire is also looking at water wise gardens and an overall plan for the efficient use of water within the environs of the township.

In line with implementation of the new Cat Act a dog/cat pound was constructed at the Work's Depot site and is performing to expectations

A particular area of interest for the community and Council is determining the capacity and local needs in regards to aged care. The local issues range from support services and accommodation to health services and emergency care, which are relevant to all levels of government (local, state and federal) therefore it is hoped

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

the new year will bring some clearer direction for Council and the community to address ongoing concerns.

With health being a high priority, the retention of a medical practitioner and dentist is important for Council and by providing excellent facilities for both Medical and Dental services has been achieved. We now have Jupiter Health and Medical Services Pty Ltd for the provision of medical services while Dr Tim Vellaichamy has guaranteed the continuation of a Dental Clinic in Three Springs.

In the last 12 months the Shire has had an opportunity to build on the good planning practices that Council has prepared in prior year's, resulting in grant funding success and backing from government partners and relevant stakeholders to progress and complete of a number of key projects from our Strategic Community Plan. With the Shire's commitment to economic and social growth in this area we are mindful of the need to plan for the future and 2016 will see the forecast reach out to 2026 as we update our ten year long term plan.

The Shire has been actively involved in campaigning to maintain the Government's Federal Assistance Grants (FAGs) and restore indexation through the Australian Local Government Association (ALGA). This Australia-wide campaign has resulted in a boost to the Roads to Recovery funding over the next two years which we will benefit from. The Shire does continue to receive operational financial support through this program but the future security is unknown and we going to have to develop new ideas for raising revenue to meet future demands.

Your elected members have represented Council and your community on a number of committees and organisations in 2014/15 these include the Northern Country Zone of WALGA, Mid-West Regional Road Group, North Midlands Medical Practice Committee, Wildflower Country and Three Springs Community Action Group. In their role as Councillors, all have attended and represented the Three Springs Shire.

On behalf of electors and ratepayers, I take this opportunity to thank each of our Councillors past and present for their efforts and input during the 2014/2015 financial year. Without their support and contribution Council would not be able to provide the high level of facilities and services to our community. My appreciation is extended to

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

Councillors' partners and families for their support which has allowed Councillors to dedicate their time to Council.

I am proud to serve the Shire of Three Springs as Councillor and now as Shire President and wish to convey my thanks to my fellow Councillors the CEO and staff over this period. I am very grateful for your support and advice and I enjoy both the collaboration and healthy debate that has made our Council very progressive.

Cr Anthony Thomas  
Shire President

### **The Council for 2015-17**

#### **President**

Cr AEC (Anthony) Thomas  
PO Box 86  
Three Springs WA 6519  
Ph: 9954 1155  
Fax: 9954 1159

#### **Deputy President**

Cr RJ (Richard) Thorpe  
PO Box 235  
Three Springs WA 6519  
Ph: 0427 541116

### **Councillors**

Cr RN (Neil) Hebiton  
PO Box 206  
Three Springs WA 6519  
Ph: 0427 449680

Cr RW (Robert) Hunt  
PO Box 2  
Three Springs WA 6519  
Ph: 9954 1190

Cr CD (Chris) Lane  
PO Box 44  
Three Springs WA 6519  
Ph: 9954 5034

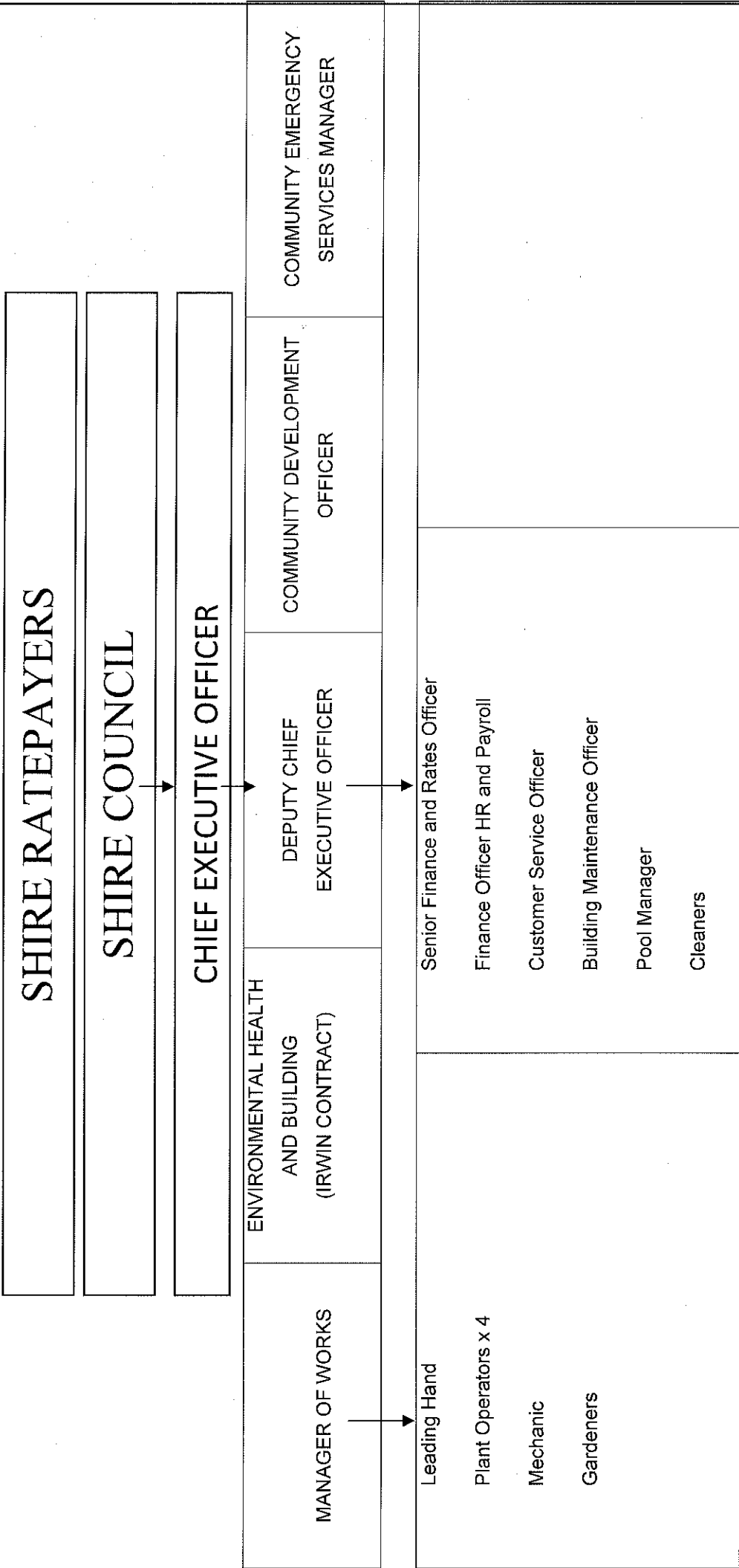
Cr JA (Jenny) Lake  
91 Railway Road  
Three Springs WA 6519  
Ph: 9954 1479

Cr CS (Chris) Connaughton  
PO Box 92  
Three Springs WA 6519  
Ph: 9954 7007

**SHIRE OF THREE SPRINGS  
ANNUAL REPORT 2014-2015**

**SHIRE OF THREE SPRINGS ORGANISATIONAL STRUCTURE**

30 JUNE 2015



# **SHIRE OF THREE SPRINGS**

## **ANNUAL REPORT 2014-2015**

### **THE CHIEF EXECUTIVE OFFICER'S REPORT 2015**

To the shire president, councillors, electors and community members I present the Chief Executive Officer's report for 2015. In what has proved to be a challenging and uncertain economic environment The Three Spring Shire has performed strongly both in terms of financial performance and its day-to-day operations. This has been a real team effort from the Councillors and all Staff who work for the Shire.

This Annual Report presents the Shire of Three Springs financial statements and a summary of the work that has been carried out during the 2014/15 financial year. This is in line with our statutory and legislative requirements, our corporate goals, strategies and outcomes as outlined in the integrated forward planning and reporting documents.

The Shire has continued its redevelopment works as part of the overall long term business plan. We have completed important road construction projects that will enhance the Shire's rural road network. Key infrastructure projects include the completion of the construction of the Aquatic Centre, Staff housing units, the installation of a CCTV facility within the boundaries of the town and work towards an upgrade of Council buildings.

Planning for the future continues to be a major focus, the Shire involved with community consultation and the subsequent adoption of the following corporate initiatives:

- Town Revitalisation Plan,
- Risk Management Framework,
- Emergency Planning.
- Local Planning Scheme No.2
- Green Infrastructure Strategy
- Reconciliation Plan,
- Disability Access and Inclusion Plan.
- Early Learning Centre Business Plan



## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

The Shire understands the importance the local community has placed on improving aged care service delivery and continues to pursue outcomes in this area with relevant stakeholders. Community engagement is the key to efficient communication and I think the increase in use of social media and community forums will assist community members to raise awareness of issues and provide feedback on Shire matters.

The commitment and professionalism shown by the staff in their service to the community is to be commended and I thank them for their support and dedication over the last 12 months. 2016 will bring new challenges but the projects and reviews currently underway will strengthen the Council and enable it to meet improved practice standards and community objectives. I look forward to working with a new Council following the October local government elections. Our former Shire President Cr Annie Treloar and Deputy President Gary Turley have not been returned to office, I wish to acknowledge Annie's service as a two term Council President and Gary as Deputy President. I wish to congratulate both of them on their achievements and thank them for the guidance, support and leadership during my time as Chief Executive Officer thus far and wish them well for the future.

### **RATES**

The 2014/2015 Annual Budget was adopted by Council in August 2014 with revenue of \$1,854,124 raised in general rates. A CPI increase was necessary to meet rising costs of Council activities and fund significant reduced grant income.

### **RESERVE FUNDS**

Cash backed Reserves to help with future major projects plus plant and equipment replacement totalled \$518,422 at 30<sup>th</sup> June 2015.



## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **RESERVES - CASH BACKED**

Gravel Pit Reserve	\$ 44,036.00
Housing and Development Reserve	\$ 75,966.00
Joint Venture Housing Reserve	\$ 115,810.00
Leave Reserve	\$ 121,059.00
Plant Reserve	\$ 127,496.00
Swimming Pool Equipment Reserve	\$ 34,055.00
<b>TOTAL RESERVES</b>	<b><u>\$ 518,422.00</u></b>

### **AUDIT**

The 2014/15 Annual Audit was commenced in November 2015 and completed in January 2016. The report forms part of this Annual Report. The Shire has a series of performance indicators that is now a statutory reporting requirement. These financial ratios are designed to show how well the Shire is performing. They indicate how well the Shire performs in terms of servicing debt, replacing and maintaining its assets and it tests the overall liquidity of the Shire.

Every three years there is a requirement to revalue assets to fair and replacement value for insurance. In the 2014/15 financial year Parks and Ovals, the Airstrip and Furniture and Equipment were all assessed for the purpose of revaluation.

### **ENVIRONMENTAL HEALTH**

During 2013/2014 Council entered into an agreement with the Shire of Irwin for the delivery of Building, Environmental Health and Land Use Planning services, and this arrangement continued in 2014/2015.

### **FOOD RECALLS**

A number of food recalls and information items relating to food safety were received by Council and issued to various food premises. However there were no issues of concern for the year.

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **BUILDING WORKS IN THE SHIRE OF THREE SPRINGS**

Building activity for 2014/2015 with 9 approvals

TYPE	NUMBER	VALUE
New dwellings	3	\$772,930
Garages / Patios / Fences	5	\$40,860
Commercial / Industrial	1	\$1,136,660
<b>TOTAL</b>	<b>9</b>	<b>\$1,950,450</b>

### **DEMOLITION FEES**

Nil

### **TOWN PLANNING**

There was no Planning Approval issued for the 2014/2015 financial year.

### **BUILDING MAINTENANCE PROGRAM**

The Shire employs a full time building maintenance officer. There is a maintenance program to ensure Council property is maintained to a high standard.

### **PUBLIC BUILDINGS**

The public buildings controlled by Council were maintained in conjunction with the building maintenance program.

### **SHIRE OF THREE SPRINGS TOWN PLANNING SCHEME NO 2**

The Three Springs Local Planning Scheme No.2 has approval and the new scheme and townsite strategy will give Three Springs a platform for planned growth under the 2015-2025 Long Term Plan.

### **TOWNSITE EXPANSION STRATEGY**

The Local Planning Strategic Document is adopted by Council and endorsed by WA Planning Commission.

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **THREE SPRINGS WASTE FACILITY**

Work on new Three Springs Waste Facility was scheduled to commence in 2014/15, however the transfer of land is yet to be completed delaying commencement of this project, once resolved, and commencement is planned for 2015/2016

### **THREE SPRINGS CLASS 1 AQUATIC FACILITY**

Stage 3 of Pool Upgrade commenced in April 2014 and was completed in time for 2014/15 summer season. Grant funding from the Department of Sport and Recreation CSRFF (Community Sporting and Recreation Facilities Fund) has enabled Council to complete final stage of the upgrade. The new building now serves as a multipurpose facility by providing kiosk, ablutions and training room for pool patrons during summer and meeting room and storage for Hockey Club during winter. Separate shower and toilet facilities are available all year round for the general public and people travelling.



**THREE SPRINGS CLASS 1 AQUATIC FACILITY**

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **SPORTS PAVILION AND OVAL**

General maintenance has been carried out on Sports Facilities throughout the year along with usual maintenance for grassed areas; oval and hockey field.

### **SHIRE OF THREE SPRINGS ECO TOURISM CARAVAN PARK**

Positive comments have been received from a number of tourists utilising the Short Stay Caravan Park, along with the RV dump point located within the townsite, Three Springs is becoming a popular stay over place for caravaner's and campers.

### **MAJOR PROJECTS**

Main Roads/Shire funded road projects during the year included works on re-sheeting general road maintenance of \$422,075 and capital works with expenditure of \$750,000. Infrastructure Parks Ovals and Footpaths incurred costs of \$178,000 Plant and Equipment purchased during 2014/2015 amounted to \$672,000 which included a new Fire Truck that cost \$357,000 and the replacement of motor vehicles and heavy road plant.(Isuzu NPR Crew, Isuzu Giga 6 Wheel Tipper, Nissan Patrol Wagon)

Capital expenditure for Buildings was \$1,381,058

Waste disposal and collection cost \$86,526

The Aquatic centre operating costs were \$120,572

### **STAFF**

In 2014/2015 resignations were received from the following:-

Esther Tomek	Cathie Holder	Lee Langley
James Machin	Tia Plant	Jake Harrington
Ramandip Singh	Warren Dunstan	

Shire of Three Springs welcomed the following staff in 2014/15:-

Kirsten Smith	Jessica Couper	Jane Morris
Warren Dunstan	Philip Lamprey	Trent Smith
Maxine Philbey (Casual employee)		

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES**

Council adopted a DAIP in June 2007 for implementation in July 2007; this was reviewed and updated in 2015 with the inclusion outcome 7.

The seven desired outcomes of this Disability Access and Inclusion Plan are:

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

Each year Council's Disability Access and Inclusion Plan is tabled in parliament as part of the Disability Services Commission aggregated report.

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **STATUTORY REPORTS**

#### **NATIONAL COMPETITION POLICY (NCP)**

Under Clause 7 of the NCP Statement, Council was required to produce a strategy for the review and reform of Local Laws. There are a substantial number of by-laws (Local Laws) that have been superseded by the changes to the Local Government Act and other legislation. The process was commenced in 1998 and Council is utilizing WALGA Local Law Service to assist in this process. All Laws have been reviewed by WA Local Law Service and Council has worked through these and adopted these new Laws and has submitted them to the State Government for formal adoption.

Council's business activities do not fall within the area of receiving \$200,000 revenue per annum; therefore Council has not applied the competitive neutrality principals of NCP during this financial year or intends to do so in the forthcoming years unless warranted to do so.

#### **INTEGRATED PLANNING AND REPORTING**

All Councils are required to produce a plan for the future; the Shire of Three Springs 10+ Year Strategic Community Plan was adopted in May 2012. As part of the Integrated Strategic Planning framework a four year Corporate Business Plan and Integrated Workforce Plans were adopted by Council in June 2013.

The Corporate Business Plan represents the views, needs and future plans for the community.

The Integrated Workforce Plan addresses the workforce needs of the Shire, it also aims to build capacity and resilience and ensure Council has workforce to deliver operations and projects in the future.



# SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015

## INTEGRATED PLANNING AND REPORTING

### THREE SPRINGS COMMUNITY ASPIRATIONS FOR 2015-2025

Quality Leadership



Strong Community



Sustainable Environment



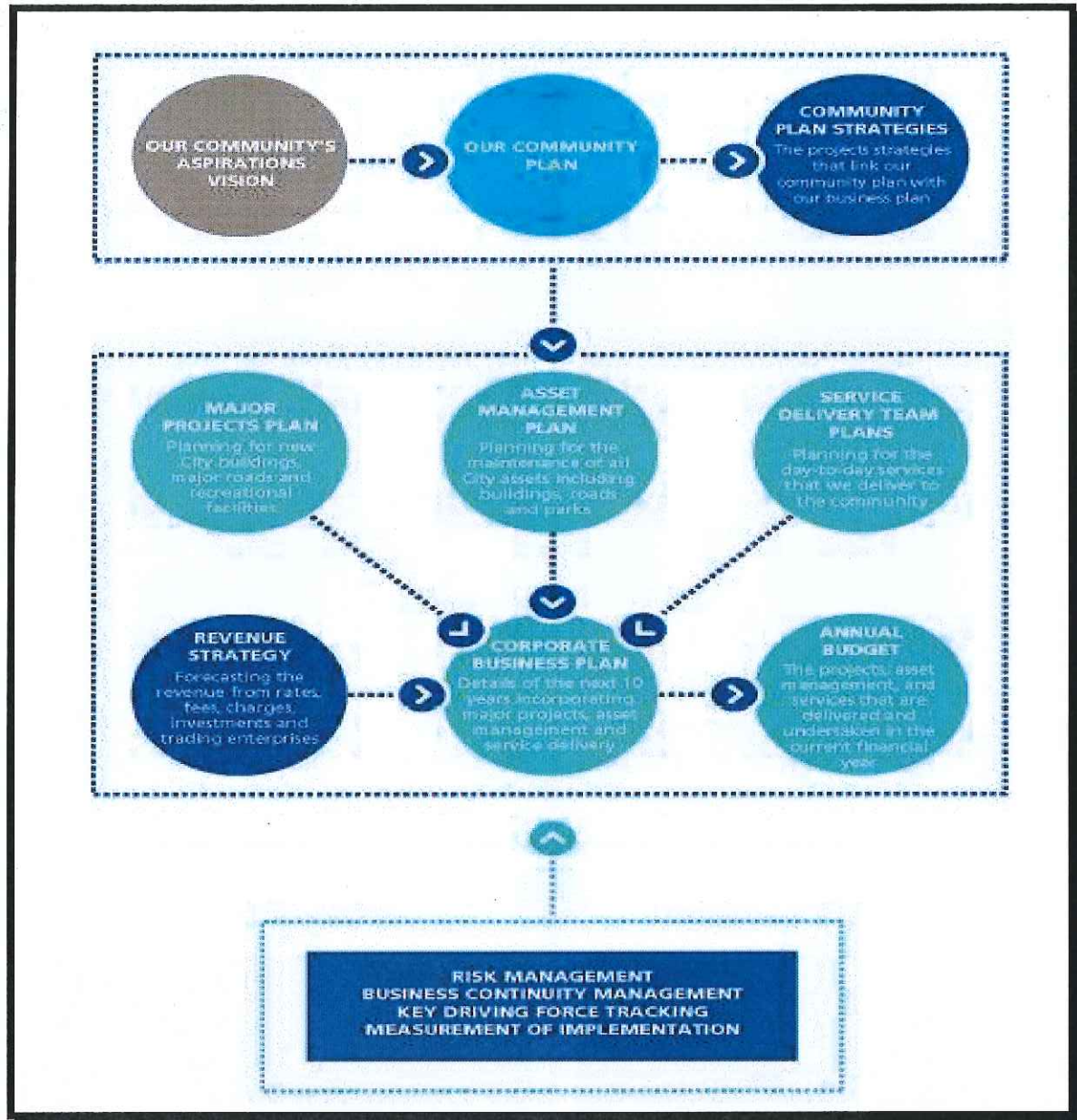
Wildflower Tourism





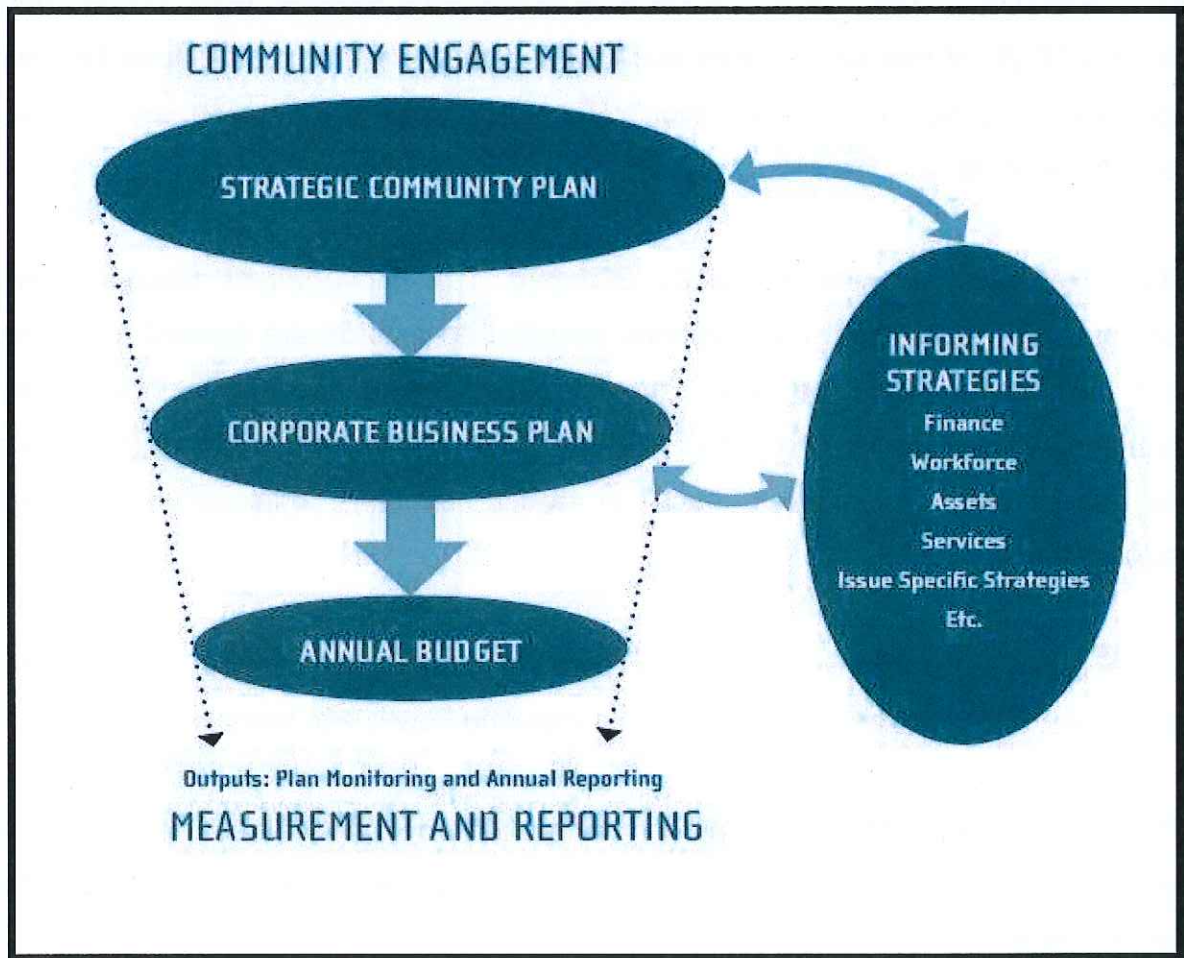
# SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015

## INTEGRATED PLANNING AND REPORTING



# SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015

## INTEGRATED PLANNING AND REPORTING



## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **FREEDOM OF INFORMATION**

The Shire of Three Springs has a requirement to comply with the Freedom of Information Act. The Freedom of Information Statement stand-alone document is available on Council website [www.threesprings.wa.gov.au](http://www.threesprings.wa.gov.au).

During the 2014/2015 no applications were received for information under the terms of this legislation.

### **RECORDS**

In accordance with the State Records Act the Shire is required to report on development and compliance of Council's Record Keeping Plan.

A revised Record Keeping Plan has been presented to the State Records Commission in accordance with Section 28 of the *State Records Act 2000* (the Act). Section 28 (5) of that Act requires that no more than 5 years must elapse between approval of a government organization's Recordkeeping Plan and a review of it, next review due 2016.

State Records Commission (SRC) Standard 1 – *Government Recordkeeping* requires that government organizations ensure that records are created, managed and maintained over time and disposed of in accordance with principles and standards issued by the SRC. SRC Standard 2 – *Recordkeeping Plans* comprises six recordkeeping principles each of which contains minimum compliance requirements.

The purpose of this Recordkeeping Plan is to set out the matters about which records are to be created by the Shire of Three Springs and how it is to keep its records

The Recordkeeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice recordkeeping within the organization.

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

The Recordkeeping Plan is to provide an accurate reflection of the recordkeeping program within the organization, including information regarding the organization's recordkeeping system(s), disposal arrangements, policies, practices and processes.

The objectives of the Shire of Three Springs RKP are to ensure:

Compliance with Section 28 of the *State Records Act 2000*;

Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;

Processes are in place to facilitate the complete and accurate record of business transactions and decisions;

Recorded information can be retrieved quickly, accurately and cheaply when required; and the Protection and preservation of the Local Government's records.

In accordance with Section 17 of the Act, the Shire of Three Springs and all its employees are legally required to comply with the contents of this Plan.

This Recordkeeping Plan applies to all of the Shire of Three Springs:

Employees;

Contractors;

Organisations performing outsourced services on behalf of the Shire of Three Springs; and Elected members

Staff Training was undertaken during the year for all staff involved in record keeping and archive retention. Significant work was then undertaken on an archiving process that included the destruction of some records in accordance with the Local Government Disposal Authority and preparation of an archiving schedule. This process had not been undertaken for many years and the Shire now has an up to date records management system.

## **SHIRE OF THREE SPRINGS ANNUAL REPORT 2014-2015**

### **PUBLIC INTEREST DISCLOSURES**

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Council has complied with all obligations under the Act including:

Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations, while providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

### **EMPLOYEE REMUNERATION**

The Shire had one employee during 2014/2015 that was entitled to a salary of between \$120,000 and \$130,000.

### **CONCLUSION**

In conclusion my thanks go to Councillors and staff for their assistance, guidance and co-operation during the 2014/2015 year. Three Springs faces many challenges ahead in implementing projects included in the Corporate Business Plan, however with the support of Council and commitment of staff, I am sure these goals will be achieved. I wish the Shire of Three Springs all the best for 2015/2016 and beyond.

Sylvia Yandle

**CHIEF EXECUTIVE OFFICER**

# **SHIRE OF THREE SPRINGS**

## **FINANCIAL REPORT**

**AS AT 30TH JUNE 2015**

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Principal place of business: Address 132 Railway Road Three Springs WA 6519	



**SHIRE OF THREE SPRINGS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the 28<sup>th</sup> day of JANUARY 2016



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Sylvia Yandle  
Chief Executive Officer



**SHIRE OF THREE SPRINGS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	1,854,124	1,848,004	1,711,643
Operating Grants, Subsidies & Contributions	28	1,839,544	1,354,214	1,503,813
Fees and Charges	27	260,845	370,608	557,796
Interest Earnings	2(a)	52,842	46,406	43,810
Other Revenue	2(a)	70,705	30,560	30,014
		<u>4,078,060</u>	<u>3,649,792</u>	<u>3,847,076</u>
<b>Expenses</b>				
Employee Costs		(1,077,496)	(1,289,406)	(1,231,167)
Materials and Contracts		(633,036)	(801,422)	(849,049)
Utility Charges		(186,817)	(146,801)	(169,919)
Depreciation on Non-Current Assets	2(a)	(1,662,033)	(820,100)	(1,626,318)
Interest Expenses	2(a)	(34,517)	(33,245)	(32,831)
Insurance Expenses		(153,465)	(154,383)	(156,363)
Other Expenditure		(20,732)	(40,166)	(98,708)
		<u>(3,768,096)</u>	<u>(3,285,523)</u>	<u>(4,164,355)</u>
		<u>309,964</u>	<u>364,269</u>	<u>(317,279)</u>
Non-Operating Grants, Subsidies & Contributions	28	1,078,646	1,621,425	1,517,475
Loss on Revaluation of Fixed Assets	6(b) 7(b)	(139,956)	0	0
Profit on Asset Disposals	20	0	1,260	6,538
Loss on Asset Disposals	20	(61,672)	(48,702)	(126,971)
		<u>1,186,982</u>	<u>1,938,252</u>	<u>1,079,763</u>
<b>NET RESULT</b>				
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	7(b)	181,566	0	0
		<u>181,566</u>	<u>0</u>	<u>0</u>
<b>Total Other Comprehensive Income</b>				
		<u>181,566</u>	<u>0</u>	<u>0</u>
<b>Total Comprehensive Income</b>				
		<u><u>1,368,548</u></u>	<u><u>1,938,252</u></u>	<u><u>1,079,763</u></u>

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

**SHIRE OF THREE SPRINGS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		78,620	26,460	36,953
General Purpose Funding		3,314,858	2,815,918	2,183,054
Law, Order, Public Safety		153,532	152,800	174,876
Health		24,889	17,350	302,038
Education and Welfare		96,289	146,500	171,461
Housing		109,624	105,086	88,514
Community Amenities		78,289	64,680	63,139
Recreation and Culture		47,761	44,900	16,786
Transport		108,436	171,298	646,781
Economic Services		6,898	8,800	17,553
Other Property and Services		58,864	96,000	145,921
		<u>4,078,060</u>	<u>3,649,792</u>	<u>3,847,076</u>
<b>Expenses</b>	2(a)			
Governance		(221,222)	(223,559)	(244,845)
General Purpose Funding		(18,570)	(35,319)	(27,477)
Law, Order, Public Safety		(290,687)	(255,995)	(253,498)
Health		(213,443)	(206,236)	(543,542)
Education and Welfare		(90,611)	(163,348)	(170,565)
Housing		(325,898)	(357,258)	(355,640)
Community Amenities		(163,086)	(260,851)	(188,804)
Recreation & Culture		(902,409)	(797,832)	(769,266)
Transport		(1,379,266)	(767,374)	(1,438,583)
Economic Services		(76,346)	(112,741)	(60,511)
Other Property and Services		(52,041)	(71,765)	(78,793)
		<u>(3,733,579)</u>	<u>(3,252,278)</u>	<u>(4,131,524)</u>
<b>Financial Costs</b>	2(a)			
Governance		0	0	(3,461)
General Purpose Funding		(2,779)	0	(150)
Recreation & Culture		(11,833)	(11,873)	(4,739)
Transport		(19,905)	(21,372)	(24,481)
		<u>(34,517)</u>	<u>(33,245)</u>	<u>(32,831)</u>
<b>Loss on Revaluation of Fixed Assets</b>				
Recreation & Culture		(139,956)	0	0
<b>Non-Operating Grants, Subsidies and</b>				
Governance		0	0	312,839
Law, Order, Public Safety		357,158	445,000	114,128
Housing		0	0	320,517
Community Amenities		63,471	75,500	0
Recreation & Culture		288,980	303,682	0
Transport		349,303	797,243	769,991
Economic Services		19,734	0	0
		<u>1,078,646</u>	<u>1,621,425</u>	<u>1,517,475</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(2,893)	(8,449)	0
Law, Order, Public Safety		(37,223)	0	0
Health		0	(7,083)	0
Housing		0	0	6,405
Recreation & Culture		0	0	(126,971)
Transport		(21,556)	(31,910)	133
		<u>(61,672)</u>	<u>(47,442)</u>	<u>(120,433)</u>
<b>Net Result</b>		<b>1,186,982</b>	<b>1,938,252</b>	<b>1,079,763</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	7(b)	181,566	0	0
<b>Total Other Comprehensive Income</b>		<b>181,566</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>1,368,548</b>	<b>1,938,252</b>	<b>1,079,763</b>

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

**SHIRE OF THREE SPRINGS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,568,756	1,200,031
Trade and Other Receivables	4	113,946	99,615
Inventories	5	7,358	9,315
<b>TOTAL CURRENT ASSETS</b>		<u>1,690,060</u>	<u>1,308,961</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	16,089	14,479
Property, Plant and Equipment	6	14,962,935	14,528,335
Infrastructure	7	34,952,085	34,770,932
<b>TOTAL NON-CURRENT ASSETS</b>		<u>49,931,109</u>	<u>49,313,746</u>
<b>TOTAL ASSETS</b>		<u>51,621,169</u>	<u>50,622,707</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	113,546	302,589
Current Portion of Long Term Borrowings	9	142,098	149,917
Provisions	10	106,669	146,567
<b>TOTAL CURRENT LIABILITIES</b>		<u>362,314</u>	<u>599,073</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	418,865	560,963
Provisions	10	50,582	41,811
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>469,447</u>	<u>602,774</u>
<b>TOTAL LIABILITIES</b>		<u>831,760</u>	<u>1,201,847</u>
<b>NET ASSETS</b>		<u>50,789,409</u>	<u>49,420,860</u>
<b>EQUITY</b>			
Retained Surplus		25,924,955	24,759,172
Reserves - Cash Backed	11	518,422	497,223
Revaluation Surplus	12	24,346,032	24,164,465
<b>TOTAL EQUITY</b>		<u>50,789,409</u>	<u>49,420,860</u>

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

**SHIRE OF THREE SPRINGS  
STATEMENT OF CHANGES IN EQUITY  
AS AT 30TH JUNE 2015**

		<b>RETAINED SURPLUS \$</b>	<b>RESERVES CASH BACKED \$</b>	<b>REVALUATION SURPLUS \$</b>	<b>TOTAL EQUITY \$</b>
<b>Balance as at 30 June 2013</b>	<b>NOTE</b>	<b>23,693,319</b>	<b>483,313</b>	<b>24,164,465</b>	<b>48,341,097</b>
Comprehensive Income					
Net Result		1,079,763	0	0	1,079,763
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		1,079,763	0	0	1,079,763
Transfers from/(to) Reserves		(13,910)	13,910	0	0
<b>Balance as at 30 June 2014</b>		<b>24,759,172</b>	<b>497,223</b>	<b>24,164,465</b>	<b>49,420,860</b>
Comprehensive Income					
Net Result		1,186,982	0	0	1,186,982
Changes on Revaluation of Non-Current Assets	12	0	0	181,567	181,567
Total Comprehensive Income		1,186,982	0	181,567	1,368,549
Transfers from/(to) Reserves		(21,199)	21,199		0
<b>Balance as at 30 June 2015</b>		<b>25,924,955</b>	<b>518,422</b>	<b>24,346,032</b>	<b>50,789,409</b>

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

**SHIRE OF THREE SPRINGS  
STATEMENT OF CASH FLOWS  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,835,365	1,852,993	1,747,608
Operating Grants, Subsidies and Contributions		1,839,544	1,384,595	944,786
Fees and Charges		260,845	370,608	557,796
Interest Earnings		52,842	46,406	43,810
Goods and Services Tax		201,234	(31,681)	0
Other Revenue		70,705	30,560	579,296
		<u>4,260,535</u>	<u>3,653,481</u>	<u>3,873,296</u>
<b>Payments</b>				
Employee Costs		(1,136,095)	(1,287,330)	(1,135,490)
Materials and Contracts		(784,422)	(829,794)	(776,220)
Utility Charges		(186,817)	(146,801)	(169,918)
Interest Expenses		(36,171)	(23,585)	(35,060)
Insurance Expenses		(153,465)	(154,383)	(156,363)
Goods and Services Tax		(204,991)	0	0
Other Expenditure		(20,730)	(40,166)	(98,708)
		<u>(2,522,691)</u>	<u>(2,482,059)</u>	<u>(2,371,759)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	1,737,844	1,171,422	1,501,537
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale				
Payments for Purchase of Property, Plant & Equipment		(1,554,857)	(2,149,807)	(836,569)
Land				
Buildings				
Furniture and Equipment				
Motor Vehicles				
Plant and Equipment				
Payments for Construction of Infrastructure		(886,955)	(1,447,832)	(1,927,024)
Roads				
Footpaths				
Parks & Ovals				
Non-Operating Grants, Subsidies and Contributions		1,078,646	1,621,425	1,517,475
Proceeds from Sale of Fixed Assets		143,964	163,000	92,100
Proceeds from Advances				
<b>Net Cash Provided by (Used in) Investment Activities</b>		<u>(1,219,202)</u>	<u>(1,813,214)</u>	<u>(1,154,018)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(149,917)	(149,917)	(126,757)
Proceeds from New Debentures		0		200,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(149,917)</u>	<u>(149,917)</u>	<u>73,243</u>
Net Increase (Decrease) in Cash Held		368,725	(791,709)	420,762
Cash at Beginning of Year		1,200,031	1,200,031	779,269
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>1,568,756</u>	<u>408,322</u>	<u>1,200,031</u>

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

**SHIRE OF THREE SPRINGS  
RATE SETTING STATEMENT  
AS AT 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		78,620	26,460	349,792
General Purpose Funding		1,460,734	967,914	471,411
Law, Order, Public Safety		510,690	597,800	289,004
Health		24,889	10,267	302,038
Education and Welfare		96,289	146,500	171,461
Housing		109,624	105,086	415,436
Community Amenities		141,760	140,180	63,139
Recreation and Culture		336,741	348,582	16,786
Transport		457,739	968,541	1,416,904
Economic Services		26,632	8,800	17,553
Other Property and Services		58,864	96,000	145,922
		<u>3,302,582</u>	<u>3,416,130</u>	<u>3,659,446</u>
<b>Expenses</b>				
Governance		(224,115)	(232,008)	(248,306)
General Purpose Funding		(21,345)	(35,819)	(27,627)
Law, Order, Public Safety		(327,910)	(255,995)	(253,498)
Health		(213,443)	(206,236)	(543,542)
Education and Welfare		(90,611)	(163,348)	(170,145)
Housing		(325,898)	(357,258)	(355,640)
Community Amenities		(163,086)	(260,851)	(188,804)
Recreation and Culture		(1,054,199)	(809,705)	(900,976)
Transport		(1,420,727)	(820,656)	(1,463,064)
Economic Services		(76,346)	(112,741)	(60,511)
Other Property and Services		(52,038)	(71,765)	(78,794)
		<u>(3,969,718)</u>	<u>(3,325,882)</u>	<u>(4,291,327)</u>
<b>Net Result Excluding Rates</b>		(667,136)	90,248	(631,881)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-cash Expenditure and Revenue</b>				
Movement in Deferred Pensioner Rates (Non-Current)		(1,615)	0	(75)
Movement in Leave Reserve (Added Back)		4,950	0	3,248
Movement in Employee Benefit Provisions (Non-current)		8,771	0	336
Depreciation and Amortisation on Assets	2(a)	1,662,033	820,100	1,626,318
Loss on Revaluation of Fixed Assets	6(b),7(b)	139,956	0	0
(Profit)/Loss on Asset Disposals	20	61,672	47,442	120,433
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	6(a)	(835,669)	(1,280,807)	(690,654)
Purchase Furniture and Equipment	6(a)	(11,371)	0	(17,893)
Purchase Motor Vehicles	6(a)	(35,395)	(869,000)	(128,022)
Purchase Plant and Equipment	6(a)	(672,423)	0	0
Purchase Roads	7(a)	(747,310)	(1,316,007)	(1,927,024)
Purchase Footpaths	7(a)	(78,324)	(61,825)	0
Purchase Parks & Ovals	7(a)	(61,321)	(70,000)	0
Proceeds from Disposal of Fixed Assets	20	143,964	163,000	92,100
Repayment of Debentures	21(a)	(149,917)	(149,917)	(126,757)
Proceeds from New Debentures	21(a)	0	0	200,000
Transfers to Reserves (Restricted Assets)	11	(21,199)	(13,100)	(13,910)
Transfers from Reserves (Restricted Assets)	11	0	122,000	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	478,691	670,000	260,829
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,072,482	138	478,691
<b>Total Amount Raised from General Rate</b>	22(a)	<u>(1,854,124)</u>	<u>(1,848,004)</u>	<u>(1,711,643)</u>

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

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

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

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

**(b) Goods and Services Tax (GST)**

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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



**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land Held for Sale***

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

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

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

**(f) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; 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.

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

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

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

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

***Land Under Control***

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

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

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

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

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

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

***Revaluation***

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

***Land Under Roads***

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

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

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

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	5 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
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	10 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

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

***Capitalisation Threshold***

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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



**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-Term Employee Benefits**

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

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

**Other Long-Term Employee Benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Leases (Continued)**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

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

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments AASB 2014-7 and AASB 2014-8	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	01 January 2017	This Standard establishes principles for entities to apply and report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

[AASB 1 & AASB 2]

Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(vi) AASB 2014 - 4: Amendments to Australian Accounting Standards Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
(vii) AASB 2014-5 Amendments to Australian Accounting Standards AASB 15	December 2014	1 January 2017	Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.  Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB101	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
[AASB 7, 101, 134 & 1049]			It is not anticipated it will have any significant impact on disclosures.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	1 January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary

[AASB 10, 124 & 1049]

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**2. REVENUE AND EXPENSES**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

	2015	2014
	\$	\$
<b>Auditors Remuneration</b>		
Audit of the annual financial report	27,305	37,155
Other Services	0	2,550
<b>Depreciation</b>		
Buildings	639,007	492,599
Furniture and Equipment	46,269	50,044
Plant and Equipment	191,987	141,267
Motor Vehicles	36,265	31,315
Roads	710,180	874,593
Footpaths	1,950	1,950
Parks & Ovals	33,357	31,532
Airfield	3,018	3,018
	<u>1,662,033</u>	<u>1,626,318</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures (refer Note 21.(a))	32,381	31,449
Other Interest	2,136	1,382
	<u>34,517</u>	<u>32,831</u>
<b>Rental Charges</b>		
Operating Leases	20,119	18,987
	<u>20,119</u>	<u>18,987</u>
<b>(ii) Crediting as Revenue:</b>		
<b>Significant Revenue</b>		
Transport	0	549,283
	<u>0</u>	<u>549,283</u>

The Transport significant revenue relates to a bridge contributed to the Shire from Main Roads WA and has been classified as Contributions by Nature or Type.

**Other Revenue**

Reimbursements and Recoveries	70,705	30,014
	<u>70,705</u>	<u>30,014</u>

	2015	2015	2014
	\$	Budget	\$
<b>Interest Earnings</b>			
		\$	
Reserve Funds	21,199	13,100	13,910
Other Funds	22,427	22,706	21,588
Other Interest Revenue (refer note 26)	9,217	10,600	8,312
	<u>52,842</u>	<u>46,406</u>	<u>43,810</u>



**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire will lead responsibly and partner with the Regional and Three Springs community to achieve its future goals and reach its potential. The Shire will encourage community action and ownership of all key projects through playing a catalyst and facilitator

**COMMUNITY VISION**

Powering the Region - Three Springs becomes a healthy and unified community with a bright future.  
Council  
operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:** To provide a decision making process for efficient allocation of scarce resources.

**Activities:** Administration and operation of facilities and services to members of council; other cost that relate to the task of assisting elected members, ratepayers on matter which do not concern specific council services

**GENERAL PURPOSE FUNDING**

**Objective:** To collect revenue to fund provision of services

**Activities:** Rates, general purpose government grants and interest revenue

**LAW, ORDER, PUBLIC SAFETY**

**Objective:** To ensure a safer community in which to live

**Activities:** Supervision of various local laws, fire prevention, emergency services and animal control

**HEALTH**

**Objective:** To provide an operational framework for good community health

**Activities:** Food quality and pest control, maintenance of child health centre, medical centre, dental clinic and administration of group health scheme.

**EDUCATION AND WELFARE**

**Objective:** To support the needs of the community in education and welfare

**Activities:** Assistance to daycare centre, playgroup and Youth activities

**HOUSING**

**Objective:** Provide adequate housing to attract and retain staff and non-staff

**Activities:** Maintenance of council owned staff and non-staff housing

**COMMUNITY AMENITIES**

**Objective:** Provide services as required by the community

**Activities:** Rubbish collection services, operation of tip, noise control, administration of town planning scheme, maintenance of cemetery, rest centres, storm water drainage and FM radio retransmitter.

**RECREATION AND CULTURE**

**Objective:** To establish, efficiently manage infrastructure and resources that help the social wellbeing of the community.

**Activities:** Maintenance: swimming pool, recreation centre, library, parks, gardens, reserves

**TRANSPORT**

**Objective:** To provide effective and efficient transport services to the community.

**Activities:** Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, traffic signs, cycleways; depot maintenance and airstrip maintenance.

**ECONOMIC SERVICES**

**Objective:** To help promote the Shire and improve its economic well being.

**Activities:** The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control, plant nursery and standpipes.

**OTHER PROPERTY AND SERVICES**

**Objective:** To monitor and control overheads and operating accounts.

**Activities:** Private work operations, plant repair, operations and engineering costs.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 01/07/13 \$	Received <sup>(2)</sup> 2013/14 \$	Expended <sup>(3)</sup> 2013/14 \$	Closing Balance <sup>(1)</sup> 30/06/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance 30/06/15 \$
CLGF - Admin Upgrade	Governance	0	312,939	0	312,939	0	(78,111)	234,828
Office of Crime Prevention	Law & Order	0	10,210		10,210	0	(10,210)	0
FESA - Emergency Services	Law & Order	0	32,952	(32,952)		357,158	(357,158)	0
DFES - Fire Fighting Unit	Law & Order	0	114,128	(114,128)	0	0	0	0
Three Springs Childcare Centre	Welfare	0	10,000	(10,000)	0	0	0	0
CLGF - Staff Housing	Housing	0	313,386	(204,650)	108,736	0	(108,736)	0
Local Govt Energy Efficiency	Housing	12,869	7,131	(20,000)	0	0	0	0
Dept of Planning - Townsite Expansion	Community Amenities	3,119	0	(3,119)	0	0	0	0
MWDC - Main St Master Plan	Community Amenities	6,750	0	(6,750)	0	0	0	0
Planning WA - Revitalisation Plan	Community Amenities	11,600	0	(11,600)	0	0	0	0
Lotteries Commission	Community Amenities	0	0	0	0	63,471	(63,471)	0
Pool - Government Grants CSRFF - Pool	Recreation	0	0	0	0	250,000	(250,000)	0
Roads to Recovery	Transport	72,757	582,668	(655,425)	0	0	0	0
Main Roads - Regional Road Group	Transport	0	187,322	(187,322)	0	310,466	(310,466)	0
Main Roads - RRG Direct Grant	Transport	0	76,836	(76,836)	0	0	0	0
Grants - Country Pathways	Transport	0	0	0	0	38,837	(38,837)	0
Main Roads - Midwest Street Lighting	Transport	0	2,225	(2,225)	0	0	0	0
Tidy Towns - Tourism	Economic Services	750	0	(750)	0	0	0	0
Grants	Economic Services	0	0	0	0	19,734	0	19,734
		<b>107,845</b>	<b>1,649,797</b>	<b>(1,325,757)</b>	<b>431,885</b>	<b>1,039,666</b>	<b>(1,216,989)</b>	<b>254,562</b>

**Notes:**

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

<b>3. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Unrestricted		795,772	270,923
Restricted		772,984	929,108
		<u>1,568,756</u>	<u>1,200,031</u>
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Leave Reserve	11	121,059	116,109
Plant Reserve	11	127,496	122,283
Housing and Development Reserve	11	75,966	72,860
Joint Venture Housing Reserve	11	115,810	111,074
Gravel Pit Reserve	11	44,036	42,235
Swimming Pool Equipment Reserve	11	34,055	32,662
Unspent Grants	2(c)	254,562	431,885
		<u>772,984</u>	<u>929,108</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		36,763	25,128
Sundry Debtors		76,627	105,367
Provision for Doubtful Debts		(3,187)	(30,880)
GST Receivable		3,743	0
		<u>113,946</u>	<u>99,615</u>
<b>Non-Current</b>			
Pensioner Deferred Rates		16,089	14,479
		<u>16,089</u>	<u>14,479</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Stock on Hand		7,358	9,315
		<u>7,358</u>	<u>9,315</u>

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

<b>6.(a) PROPERTY, PLANT AND EQUIPMENT</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Land and Buildings</b>		
<b>Freehold Land at:</b>		
Independent Valuation 2013 (Level 2)	877,000	877,000
Additions after valuation at cost	18,200	4,408
	<u>895,200</u>	<u>881,408</u>
<b>Total Land</b>	<u>895,200</u>	<u>881,408</u>
<b>Buildings at:</b>		
Independent Valuation 2013 (Level 3)	12,016,543	12,016,543
Additions after valuation at cost	1,508,122	140,856
Less: Accumulated Depreciation	(1,463,455)	(824,448)
	<u>12,061,210</u>	<u>11,332,951</u>
<b>Works in Progress Buildings</b>	0	545,389
<b>Total Buildings</b>	<u>12,061,210</u>	<u>11,878,340</u>
<b>Total Land and Buildings</b>	<u>12,956,410</u>	<u>12,759,748</u>
<b>Furniture and Equipment at:</b>		
Management Valuation 2015 (Level 3)	140,000	0
Cost	0	833,157
Less Accumulated Depreciation	0	(657,166)
	<u>140,000</u>	<u>175,991</u>
<b>Plant and Equipment at:</b>		
Management Valuation 2013 (Level 3)	73,553	73,553
Independent Valuation 2013 (Level 2)	1,124,603	1,309,603
Additions after valuation at cost	800,411	128,022
Less Accumulated Depreciation	(300,431)	(141,267)
	<u>1,698,136</u>	<u>1,369,911</u>
<b>Motor Vehicles at:</b>		
Management Valuation 2013 (Level 2)	191,000	254,000
Additions after valuation at cost	35,395	0
Less Accumulated Depreciation	(58,006)	(31,315)
	<u>168,389</u>	<u>222,685</u>
	<u>14,962,935</u>	<u>14,528,335</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Transfers	Revaluation Increments	Revaluation Decrement	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$		\$	\$	\$	\$
Freehold Land	881,408	13,792	0	0	0	0	0	895,200
<b>Total Land</b>	<b>881,408</b>	<b>13,792</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>895,200</b>
Buildings	11,332,951	821,877	0	545,389	0	0	(639,007)	12,061,210
Works in Progress - Buildings	545,389	0	0	(545,389)	0	0	0	0
<b>Total Buildings</b>	<b>11,878,340</b>	<b>821,877</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(639,007)</b>	<b>12,061,210</b>
<b>Total Land and Buildings</b>	<b>12,759,748</b>	<b>835,669</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(639,007)</b>	<b>12,956,410</b>
Furniture and Equipment	175,991	11,371	0	0	0	(1,093)	(46,269)	140,000
Motor Vehicles	222,685	35,395	(53,426)	0	0	0	(36,265)	168,389
Plant and Equipment	1,369,911	672,423	(152,210)	0	0	0	(191,987)	1,698,136
<b>Total Property, Plant and Equipment</b>	<b>14,528,335</b>	<b>1,554,857</b>	<b>(205,636)</b>	<b>0</b>	<b>0</b>	<b>(1,093)</b>	<b>(913,527)</b>	<b>14,962,935</b>

The revaluation of Furniture and Equipment assets resulted in a net decrease on revaluation of \$1,093 in the net value of Property, Plant & Equipment. This decrease was debited to the profit or loss section of the Statement of Comprehensive Income and recognised as "Loss on Revaluation of Fixed Assets" as these decrements were attributable to individual classes of assets for which a previous revaluation surplus did not exist.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

<b>(c) Fair Value Measurements</b>		<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Asset Class</b>						
<b>Land and Buildings</b>						
Freehold Land at:						
	(Level 2)	Market approach using recent observable market data for similar properties	Independent registered valuers	30/06/2013	Price per square metre	
Specialised buildings	(Level 3)	Market approach using recent observable market data for similar properties	Independent registered valuers	30/06/2013	Price per square metre	
Furniture and Equipment	(Level 3)	Cost approach using depreciated replacement cost	Management valuation	30/06/2015	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments	
Motor Vehicles	(Level 2)	Market approach using recent observable market data	Independent registered valuers	30/06/2013	Price per unit/item	
Plant and Equipment	(Level 2)	Market approach using recent observable market data	Independent registered valuers	30/06/2013	Price per unit/item	
Plant and Equipment	(Level 3)	Cost approach using depreciated replacement cost	Management valuation	30/06/2013	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments	

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7(a). INFRASTRUCTURE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Roads</b>		
Management Valuation 2013 (Level 3)	33,177,598	33,177,598
Additions after Valuation Cost	2,674,334	1,927,024
Less Accumulated Depreciation	<u>(1,584,773)</u>	<u>(874,593)</u>
	34,267,159	34,230,029
 <b>Footpaths</b>		
Management Valuation 2013 (Level 3)	78,006	78,006
Additions after Valuation Cost	78,324	0
Less Accumulated Depreciation	<u>(3,900)</u>	<u>(1,950)</u>
	152,430	76,056
 <b>Parks &amp; Ovals</b>		
Independent Valuation 2015 (Level 3)	245,000	724,679
Management Valuation 2015	59,496	0
Less Accumulated Depreciation	<u>0</u>	<u>(309,284)</u>
	304,496	415,395
 <b>Airfield</b>		
Independent Valuation 2015 (Level 3)	228,000	93,691
Less Accumulated Depreciation	<u>0</u>	<u>(44,239)</u>
	228,000	49,452
	<u><u>34,952,085</u></u>	<u><u>34,770,932</u></u>

The Shire's Road Infrastructure and Footpaths were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value. They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments \$	Revaluation Decrements \$	Depreciation \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	34,230,029	747,310	0	0	0	0	(710,180)	34,267,159
Footpaths	76,056	78,324	0	0	0	0	(1,950)	152,430
Parks & Ovals	415,395	61,321	0	0	(138,863)	0	(33,357)	304,496
Airfield	49,452	-	0	181,566	0	0	(3,018)	228,000
<b>Total</b>	<b>34,770,932</b>	<b>886,955</b>	<b>0</b>	<b>181,566</b>	<b>(138,863)</b>	<b>0</b>	<b>(748,505)</b>	<b>34,952,085</b>

The revaluation of infrastructure assets resulted in a net increase on revaluation of \$42,703 in the net value of infrastructure. \$181,566 of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income whilst \$138,863 was debited to the profit or loss section of the Statement of Comprehensive Income and recognised as "Loss on Revaluation of Fixed assets" as these decrements were attributable to individual classes of assets for which a previous revaluation surplus did not exist.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and Buildings</b>					
Roads	(Level 3)	Cost approach using depreciated replacement cost	Management valuation	30/06/2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths	(Level 3)	Cost approach using depreciated replacement cost	Management valuation	30/06/2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Parks & Ovals	(Level 3)	Cost approach using depreciated replacement cost	Independent registered valuers	30/06/2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Airfield	(Level 3)	Cost approach using depreciated replacement cost	Independent registered valuers	30/06/2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**8. TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Sundry Creditors	36,341	129,151
Accrued Interest on Debentures	7,993	9,660
Accrued Salaries and Wages	0	27,472
Accrued Expenditure	62,027	123,607
Excess Rates	7,185	12,699
	<u>113,546</u>	<u>302,589</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge		
Debentures	142,098	149,917
	<u>142,098</u>	<u>149,917</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	418,865	560,963
	<u>418,865</u>	<u>560,963</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Analysis of Total Provisions		
Current	106,669	146,567
Non-Current	50,582	41,811
	<u>157,251</u>	<u>188,378</u>

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance at 1 July 2014	108,153	80,225	188,378
Additional provision	0	11,375	11,375
Amounts used	(42,502)	0	(42,502)
Balance at 30 June 2015	<u>65,651</u>	<u>91,600</u>	<u>157,251</u>

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. RESERVES - CASH BACKED**

	2015	2015 Budget	2014
<b>(a) Leave Reserve</b>			
Opening Balance	116,109	116,109	112,861
Amount Set Aside / Transfer to Reserve	4,950	3,200	3,248
Amount Used / Transfer from Reserve	0	0	0
	<u>121,059</u>	<u>119,309</u>	<u>116,109</u>
<b>(b) Plant Reserve</b>			
Opening Balance	122,283	122,283	118,862
Amount Set Aside / Transfer to Reserve	5,213	3,000	3,421
Amount Used / Transfer from Reserve	0	(82,000)	0
	<u>127,496</u>	<u>43,283</u>	<u>122,283</u>
<b>(c) Housing and Development Reserve</b>			
Opening Balance	72,860	72,860	70,822
Amount Set Aside / Transfer to Reserve	3,106	2,000	2,038
Amount Used / Transfer from Reserve	0	0	0
	<u>75,966</u>	<u>74,860</u>	<u>72,860</u>
<b>(d) Joint Venture Housing Reserve</b>			
Opening Balance	111,074	111,074	107,966
Amount Set Aside / Transfer to Reserve	4,736	3,000	3,108
Amount Used / Transfer from Reserve	0	(40,000)	0
	<u>115,810</u>	<u>74,074</u>	<u>111,074</u>
<b>(e) Gravel Pit Reserve</b>			
Opening Balance	42,235	42,235	41,054
Amount Set Aside / Transfer to Reserve	1,801	1,000	1,181
Amount Used / Transfer from Reserve	0	0	0
	<u>44,036</u>	<u>43,235</u>	<u>42,235</u>
<b>(f) Swimming Pool Equipment Reserve</b>			
Opening Balance	32,662	32,662	31,748
Amount Set Aside / Transfer to Reserve	1,393	900	914
Amount Used / Transfer from Reserve	0	0	0
	<u>34,055</u>	<u>33,562</u>	<u>32,662</u>
<b>TOTAL RESERVES</b>	<u>518,422</u>	<u>388,323</u>	<u>497,223</u>
Total Opening Balance	497,223	497,223	483,313
Total Amount Set Aside / Transfer to Reserve	21,199	13,100	13,910
Total Amount Used / Transfer from Reserve	0	(122,000)	0
<b>TOTAL RESERVES</b>	<u>518,422</u>	<u>388,323</u>	<u>497,223</u>

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. RESERVES - CASH BACKED (continued)**

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

- (a) Leave Reserve  
- to be used to fund long service leave requirements
- (b) Plant Reserve  
- to be used for plant replacement, upgrade or purchase
- (c) Housing and Development Reserve  
- to be used to fund development projects
- (d) Joint Venture Housing Reserve  
- to be used to maintain the joint Ministry of Housing/Local Government properties
- (e) Gravel Pit Reserve  
- to be used for rehabilitation of disused gravel pits
- (f) Swimming Pool Equipment Reserve  
- to be used to purchase recreational equipment for the swimming pool

The above reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

Profit and losses of the two community housing project properties and Kadathinni Units are directed to the Joint Venture Housing Reserve.

**12. REVALUATION SURPLUS**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Land &amp; Buildings</b>		
Opening Balance	8,504,631	8,504,631
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>8,504,631</u>	<u>8,504,631</u>
<b>(b) Plant &amp; Equipment</b>		
Opening Balance	259,263	259,263
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>259,264</u>	<u>259,263</u>
<b>(c) Roads</b>		
Opening Balance	15,400,571	15,400,571
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>15,400,571</u>	<u>15,400,571</u>
<b>(d) Airfields</b>		
Opening Balance	0	0
Revaluation Increment	181,566	0
Revaluation Decrement	0	0
	<u>181,566</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>24,346,032</u></u>	<u><u>24,164,465</u></u>

**SHIRE OF THREE SPRINGS**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2015 \$	2015 Budget \$	2014 \$
<b>Cash and Cash Equivalents</b>	<u>1,568,756</u>	<u>408,322</u>	<u>1,200,031</u>

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

Net Result	1,186,982	1,938,252	1,079,763
Depreciation	1,662,033	820,100	1,626,318
(Profit)/Loss on Sale of Asset	61,672	47,442	120,433
Loss on Revaluation of Fixed Assets	139,956	0	0
(Increase)/Decrease in Receivables	(15,941)	(3,689)	40,356
(Increase)/Decrease in Inventories	1,957	(3,000)	7,276
Increase/(Decrease) in Payables	(189,041)	(6,258)	172,796
Increase/(Decrease) in Employee Provisions	(31,127)	0	(27,930)
Grants Contributions for the Development of Assets	(1,078,646)	(1,621,425)	(1,517,475)
<b>Net Cash from Operating Activities</b>	<u>1,737,844</u>	<u>1,171,422</u>	<u>1,501,537</u>

**(c) Undrawn Borrowing Facilities**

	2015 \$	2014 \$
<b>Credit Standby Arrangements</b>		
Credit Card limit	11,000	11,000
Credit Card Balance at Balance Date	(80)	0
<b>Total Amount of Credit Unused</b>	<u>10,920</u>	<u>11,000</u>

**Loan Facilities**

Loan Facilities - Current	142,098	149,917
Loan Facilities - Non-Current	418,865	560,963
<b>Total Facilities in Use at Balance Date</b>	<u>560,963</u>	<u>710,880</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF THREE SPRINGS**  
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**14. CONTINGENT LIABILITIES**

There are no known contingent liabilities.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Payable:		
- not later than one year	17,994	18,984
- later than one year but not later than five years	35,988	0
- later than five years	0	0
	<u>53,982</u>	<u>18,984</u>

**(b) Capital Expenditure Commitments**

Contracted for:

Group Housing Project	0	312,000
Swimming Pool Project Stage 3	0	528,907

Payable:

- not later than one year	<u>0</u>	<u>840,907</u>
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The Shire did not have any future capital expenditure commitments at the reporting date.  
The capital expenditure projects outstanding at the end of the previous reporting period represented the construction of the Swimming Pool Upgrade Stage 3 and completion of the Key Worker Housing Project funded through Royalties for Regions.



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**16. JOINT VENTURE ARRANGEMENTS**

The Shire together with the Department of Housing and Works constructed four units for aged residents in 2002/03 and a further two units in 2008/09, known as Kadathinni Units, Carter Street, Three Springs. Council has a 22.34% equity in the first 4 units (units 1,2,3,&4) and a 15.35% in the last two units (units 5&6) in this development and is included in Land and Buildings as follows:-

	2015	2014
<b>Non-Current Assets</b>	<b>\$</b>	<b>\$</b>
Kadathinni Units - Aged Residents	180,359	180,359
Less: Accumulated Depreciation	<u>(11,532)</u>	<u>(7,338)</u>
	<u>168,827</u>	<u>173,021</u>

The Shire together with the Department of Housing and Works constructed 2 houses for community housing purposes in 1985/86 and 1986/87 in Glyde Street, Three Springs. Council's 10.78% equity in 54 Glyde Street and 11.14% equity in 60 Glyde Street is included in Land and Buildings as follows:-

	2015	2014
<b>Non-Current Assets</b>	<b>\$</b>	<b>\$</b>
Land & Buildings	51,420	81,420
Less: Accumulated Depreciation	<u>(4,250)</u>	<u>(2,538)</u>
	<u>47,170</u>	<u>78,882</u>

	2015	2014
<b>17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>	<b>\$</b>	<b>\$</b>
Governance	974,869	1,296,482
General Purpose Funding	0	12,607
Law, Order, Public Safety	704,604	522,337
Health	1,714,828	1,774,412
Education and Welfare	16,311	17,261
Housing	3,271,320	3,383,099
Community Amenities	329,678	341,731
Recreation and Culture	4,922,439	4,921,563
Transport	35,218,264	35,081,350
Economic Services	201,723	249,575
Other Property and Services	1,662,108	1,686,107
Unallocated	<u>2,605,025</u>	<u>1,336,183</u>
	<u>51,621,169</u>	<u>50,622,707</u>

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	2015	2014	2013
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	3.59	0.79	1.09
Asset Sustainability Ratio	1.10	1.44	0.87
Debt Service Cover Ratio	9.90	7.72	4.82
Operating Surplus Ratio	0.05	(0.19)	(0.13)
Own Source Revenue Coverage Ratio	0.58	0.55	0.63

The above ratios are calculated as follows:

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

**Notes:**

(a) Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 53 of this document.

**(b) 2015**

- (i) The Current, Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$481,793, which was received prior to year end.
- (ii) The Debt Service Cover and Operating Surplus ratios as disclosed above were all distorted by an item of significant expense being the loss on revaluation of fixed assets amounting to \$139,956.

**(c) 2014**

- (i) The Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of some \$438,848 less revenue for the year.
- (ii) The Debt Service Cover and Operating Surplus ratios as disclosed above, were distorted by an item of significant revenue totalling \$549,283 relating to a bridge contributed to the Shire.

**(d) 2013**

- (i) The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.
- (ii) The Debt Service Cover, Operating Surplus and Own Source Revenue Coverage ratios as disclosed above were all distorted by an item of significant expense being the loss on revaluation of fixed assets amounting to \$37,889.

These items are considered "one-off" timing/non-cash in nature and, if they were ignored, the calculations disclosed in the columns above would be as follows:

	2015	2014	2013
Current Ratio	1.70	same as above	same as above
Debt Service Cover Ratio	8.03	7.02	5.06
Operating Surplus Ratio	( 0.10)	( 0.23)	( 0.12)
Own Source Revenue Coverage Ratio	same as above	same as above	0.64

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

**19. TRUST FUNDS**

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

	Balance 01-Jul-14	Amounts Received	Amounts Paid	Balance 30-Jun-15
	\$	\$	(\$)	\$
Arrowsmith Catchment	87,459	0	0	87,459
Arrowsmith Rates	1,489	0	0	1,489
Housing Bonds - General	280	0	0	280
Police Department - Licensing	2,546	267,168	(264,592)	5,122
Three Springs LCDC	4,334	0	0	4,334
Trust - East TS Catchment	2,014	0	0	2,014
Refuse Site fund in Trust	0	50,000	0	50,000
	<u>98,122</u>			<u>150,698</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
<b>Governance</b>						
Nissan Patrol Wagon	24,256	24,740	21,364	26,000	(2,892)	1,260
Hyundai Santa Fe	0	26,709	0	17,000	0	(9,709)
<b>Law and Order</b>						
Fire Truck	55,223	0	18,000	0	(37,223)	0
<b>Transport</b>						
Isuzu NPR Crew	29,170	30,915	23,600	20,000	(5,570)	(10,915)
Isuzu Giga 6 Wheel Tipper	96,987	105,995	81,000	85,000	(15,987)	(20,995)
<b>Health</b>						
Toyota RAV4	0	22,083	0	15,000	0	(7,083)
	<u>205,636</u>	<u>210,442</u>	<u>143,964</u>	<u>163,000</u>	<u>(61,672)</u>	<u>(47,442)</u>
					<b>Profit</b>	0
					<b>Loss</b>	(48,702)
						<u>(47,442)</u>

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures	Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
	<b>Recreation &amp; Culture</b>								
	Loan 156 - Swimming Pool	79,136		14,211	14,210	64,926	64,926	4,024	4,103
	Loan 160 - Swimming Pool	200,000		16,698	16,698	183,302	183,302	7,778	7,770
	<b>Transport</b>								
	Loan 157 - Grader	160,917		22,940	22,940	137,977	137,977	9,679	9,656
	Loan 158 - Bobcat	14,460		14,460	14,460	0	0	642	642
	Loan 159 - Prime Mover	256,367		81,608	81,608	174,758	174,758	10,258	11,074
		<u>710,880</u>		<u>149,917</u>	<u>149,916</u>	<u>560,963</u>	<u>560,963</u>	<u>32,381</u>	<u>33,245</u>

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire has no overdraft facility in place.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>RATE TYPE</b>											
<b>Differential General Rate / General Rate</b>											
GRV - Residential	0.1106	204	1,954,920	216,213	3,039	681	219,934	216,212	0	0	216,212
GRV - Mining	0.3694	2	255,500	94,391	0	0	94,391	94,391	0	0	94,391
<b>Unimproved Value Valuations</b>											
UV - Rural & Arrino Town	0.0155	184	95,208,500	1,471,923	2,792	0	1,474,715	1,471,924	0	0	1,471,924
UV - Mining	0.1135	18	352,111	39,957	(393)	0	39,564	39,957	0	0	39,957
UV - Arrino Town	0.0155	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		408	97,771,031	1,822,484	5,438	681	1,828,604	1,822,484	0	0	1,822,484
<b>Minimum Payment</b>	<b>Minimum \$</b>										
GRV - Residential	440	25	18,015	11,000	0	0	11,000	11,000	0	0	11,000
UV - Rural & Arrino Town	440	18	248,296	7,920	0	0	7,920	10,120	0	0	10,120
UV - Mining	440	10	13,235	4,400	0	0	4,400	4,400	0	0	4,400
UV - Arrino Town	440	5	37,500	2,200	0	0	2,200	0	0	0	0
<b>Sub-Totals</b>		58	317,046	25,520	0	0	25,520	25,520	0	0	25,520
Discounts (refer Note 25)							1,854,124				1,848,004
<b>Total Amount Raised From General Rate</b>							<b>1,854,124</b>				<b>1,848,004</b>

All land except exempt land in the Shire of Three Springs is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2014/2015 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 THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

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

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

	2015 (30 June 2015 Carry Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30/06/2014) Carry Forward \$
<b>Surplus/(Deficit) 1 July 14 Brought Forward</b>	<u>1,072,482</u>	<u>478,691</u>	<u>478,691</u>
<b><u>Comprises:</u></b>			
<b>Cash and Cash Equivalents</b>			
Unrestricted	795,772	270,923	270,923
Restricted	772,984	929,108	929,108
<b>Receivables</b>			
Rates Outstanding	36,763	25,128	25,128
Sundry Debtors	76,627	105,367	105,367
GST Receivable	3,743	0	0
Provision for Doubtful Debts	(3,187)	(30,880)	(30,880)
<b>Inventories</b>			
Fuel and Materials	7,358	9,315	9,315
<b><u>Less:</u></b>			
<b>Trade and other Payables</b>			
Sundry Creditors	(36,341)	(129,151)	(129,151)
Accrued Interest on Debentures	(7,993)	(9,660)	(9,660)
Accrued Salaries and Wages	0	(27,472)	(27,472)
Accrued Expenditure	(62,028)	(123,607)	(123,607)
Excess Rates	(7,185)	(12,699)	(12,699)
<b>Current Portion of Long Term Borrowings</b>			
Secured by Floating Charge Debentures	(142,098)	(149,917)	(149,917)
<b>Provisions</b>			
Provision for Annual Leave	(65,650)	(108,153)	(108,153)
Provision for Long Service Leave	(41,019)	(38,414)	(38,414)
<b><u>Net Current Assets</u></b>	<u>1,327,747</u>	<u>709,888</u>	<u>709,888</u>
<b><u>Less:</u></b>			
Reserves - Restricted Cash	(518,422)	(497,223)	(497,223)
<b>Add :</b>			
Component of Leave Liability not required to be Funded	121,059	116,109	116,109
Current Loan Liability	142,098	149,917	149,917
<b>Surplus/(Deficit)</b>	<u>1,072,482</u>	<u>478,691</u>	<u>478,691</u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

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

No discount on rates is available.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

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

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%		5,616	8,000
Interest on Instalments Plan	5.50%		3,601	2,600
Charges on Instalment Plan	N/A	10	1,530	1,400
			<u>10,747</u>	<u>12,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 1 October 2014, 10th December 2014, 18th February 2015 and 29th April 2015. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2015 Actual \$</b>	<b>2014 Actual \$</b>
Governance	5,530	5,420
General Purpose Funding	17,656	11,744
Law, Order, Public Safety	4,017	4,251
Health	23,097	266,566
Education and Welfare	98,581	80,401
Community Amenities	69,577	62,457
Recreation and Culture	13,640	13,712
Transport	208	2,086
Economic Services	4,389	9,814
Other Property and Services	24,150	101,345
	<u>260,845</u>	<u>557,796</u>

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



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating Grants, Subsidies and Contributions	1,839,544	1,503,813
Non-Operating Grants, Subsidies and Contributions	1,078,646	1,517,475
	<u>2,918,190</u>	<u>3,021,288</u>
<b>By Program:</b>		
Governance	1,423,560	334,800
General Purpose Funding	15,661	436,091
Law, Order, Public Safety	524,673	284,753
Health	1,791	35,473
Education and Welfare	715	171,461
Housing	94,539	323,485
Community Amenities	63,471	364
Recreation and Culture	321,709	2,160
Transport	438,556	1,398,334
Economic Services	20,442	6,557
Other Property and Services	13,071	27,810
	<u>2,918,190</u>	<u>3,021,288</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date	<u>18</u>	<u>18</u>
--	-----------	-----------

**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Meeting Fees	11,900	11,680	13,320
President's Allowance	7,500	7,500	5,000
Deputy President's Allowance	1,375	1,375	1,250
Travelling Expenses	0	500	0
	<u>20,775</u>	<u>21,055</u>	<u>19,570</u>

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets	\$	\$	\$	\$
Cash and cash equivalents	1,568,756	1,200,031	1,568,756	1,200,031
Receivables	130,035	114,094	130,035	114,094
	<u>1,698,791</u>	<u>1,314,125</u>	<u>1,698,791</u>	<u>1,314,125</u>
<b>Financial Liabilities</b>				
Payables	113,546	302,589	113,546	302,589
Borrowings	560,963	710,880	560,963	692,074
	<u>674,510</u>	<u>1,013,469</u>	<u>674,509</u>	<u>994,663</u>

Fair value is determined as follows:

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

**(a) Cash and Cash Equivalents**

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

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

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents (Continued)**

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

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	15,688	12,000
- Statement of Comprehensive Income	15,688	12,000

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market

**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees.

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

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

The level of outstanding receivables is reported to the Shire monthly and benchmarks are set and monitored for acceptable collection performance. Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	<b>2015</b>	<b>2014</b>
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	83%	96%
- Overdue	17%	4%

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>Year Ended 30 June 2015</b>					
Payables	113,546			113,546	113,546
Borrowings	167,498	374,408	97,426	639,332	560,963
	<u>281,044</u>	<u>374,408</u>	<u>97,426</u>	<u>752,878</u>	<u>674,509</u>
<b>Year Ended 30 June 2014</b>					
Payables	302,589	0	0	302,589	302,589
Borrowings	183,162	486,872	154,936	824,970	710,880
	<u>485,751</u>	<u>486,872</u>	<u>154,936</u>	<u>1,127,559</u>	<u>1,013,469</u>

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

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

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

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

Year Ended 30 June 2015	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
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<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	174,758	0	64,926	137,977	183,302	560,963	
Weighted Average								
Effective Interest Rate		4.59%		5.32%	6.13%	3.91%		4.83%

<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	14,461	0	256,366	0	79,136	360,917	710,880	
Weighted Average								
Effective Interest Rate	5.55%		4.59%		5.32%	4.90%		4.85%

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## INDEPENDENT AUDITOR'S REPORT

### TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS

#### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Three Springs, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### *Management's Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial report of the Shire of Three Springs is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT**

**TO THE ELECTORS OF THE SHIRE OF WONGAN BALLIDU (CONTINUED)**

***Report On Other Legal and Regulatory Requirements***

During the course of the audit we became aware of the following instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended):

***Submission of Financial Report***

The Annual Financial Report for the year ended 30 June 2014 was not submitted to the Department of Local Government within 30 days of the auditor's report becoming available as required by Local Government (Financial Management) Regulation 51 (2).

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 53 of this report, we have reviewed the Asset Consumption Ratio calculation as presented and nothing has come to our attention to suggest it is not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Signed at Perth this 29<sup>th</sup> day of January 2016.



**SHIRE OF THREE SPRINGS  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

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

	2015	2014	2013
Asset Consumption Ratio (*)	0.44	0.42	0.64
Asset renewal funding ratio (i)	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

(\*) The Asset Consumption Ratio decreased in the 2014 year due to the increased current replacement cost of roads and buildings. This increase is due to insurance values of buildings increasing and a different methodology being used for roads.

(i) N/A - The Shire did not have an Asset Management Plan in place so was unable to calculate this ratio.



