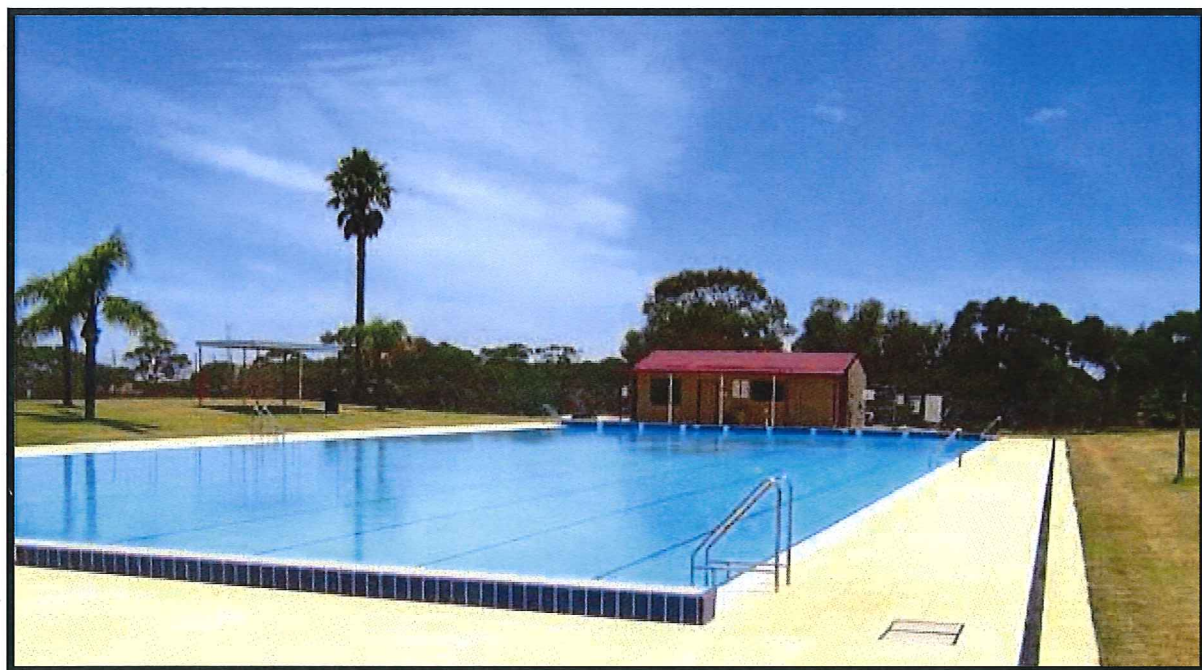


2013/2014

Annual Report



**SHIRE OF
THREE SPRINGS**

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Annual Electors Meeting

The Annual General Meeting of Electors of Shire of Three Springs for year ended 30 June 2014 will be held in the Council Chambers, Railway Road Three Springs on Tuesday 10th February 2015 commencing at 7.00pm.

The order of business will be:

- Confirmation of Minutes of AGM held on 2nd April 2014
- Shire President's Report
- Chief Executive Officer's Report
- 2013/2014 Annual Financial Statements
- Auditor's Report
- General Business

Copies of the Annual Report (including Financial Statements and Reports) are available from Shire Office during normal office hours and will also be available at the meeting.

Please forward any relevant questions to the Chief Executive Officer by 4.00pm Friday 6th February 2015.

All members of the public are welcome to attend.

Sylvia Yandle
Chief Executive Officer

20th January 2015



**MINUTES OF THE ANNUAL MEETING OF ELECTORS
HELD WEDNESDAY 2ND APRIL 2014
IN THE COUNCIL CHAMBERS, RAILWAY ROAD THREE SPRINGS
COMMENCING AT 7.03PM**

1. Present

AA Treloar
RW Hunt
GW Turley

Shire President
Councillor
Councillor

SJ Yandle
AD Trew
LJ Langley

Chief Executive Officer
Deputy Chief Executive Officer
Admin & Finance Officer

Electors:

David Ashcroft, Joy Ridley, Rick Ryan, Alan Yandle (Observer)

2. Apologies

Cr RN Hebiton, Cr AE Thomas, Cr RJ Thorpe, Sjeord and Marilyn Boonstra.

3. Confirmation of Minutes

MOVED Cr GW Turley SECONDED Cr RW Hunt that the Minutes of the Annual Meeting of Electors held on the 6th February 2013 be confirmed as a true and correct record.

CARRIED

4. Business Arising
Nil

5. 2012/2013 Annual Report

5.1 President's Report

Cr Annie Treloar presented the President's Report for the Financial Year 2012/2013.

MOVED Joy Ridley SECONDED Rick Ryan that the President's Report as presented be accepted.

CARRIED

5.2 Chief Executive Officer's Report

Acting Chief Executive Officer Sylvia Yandle, on behalf of Grant Middleton presented the Chief Executive Officer's report for the Financial Year 2012/2013.

MOVED David Ashcroft SECONDED Cr RW Hunt that the Chief Executive Officer's Report as presented be accepted.

CARRIED

5.3 Statutory Reports

The Statutory Reports for the year ended 30th June, 2013 was presented.

MOVED Cr RW Hunt, SECONDED David Ashcroft that the Statutory Reports as presented be accepted.

CARRIED

5.4 Annual Financial Report

The Annual Financial Report for the year ended 30th June, 2013 was presented.

MOVED Cr RW Hunt, SECONDED David Ashcroft that the Annual Financial Report for the year ended 30th June, 2013 is accepted as presented.

CARRIED

5.5 Auditor's Report

The Auditor's Report on the Annual Financial Statement for the year ended 30th June 2013 was presented.

MOVED Cr RW Hunt, SECONDED David Ashcroft that the Auditor's Report for the year ended 30th June, 2013 is accepted as presented.

CARRIED

6. General Business

- 6.1 Joy Ridley expressed her concern for public safety due to the condition of the Duffy's Store building and adjoining Billiards Room and requested an update on the progress of the restoration of Duffy's Store.

The CEO advised that Duffy's Store is heritage listed which impacts on the restoration process. Grant funding of \$75,000 has been received and a contractor has been engaged by the Shire to repair the front of the building. The CEO gave an outline of the works that would be undertaken which are due to commence April 2014.

The President noted that as a clear and appropriate purpose for the building had not been identified, this impacted on the Shire's ability to fund a project for further restoration or apply for funding from other bodies.

- 6.2 David Ashcroft enquired whether the issue with the circuit breakers had been attended to in the Sports Pavilion.

The CEO advised that this issue had been checked on numerous occasions and had been rectified and that it was indicated that there was possibly a faulty appliance being used which caused the issue.

- 6.3 Joy Ridley enquired regarding the status of the fence for the Talc Mine Lookout.

The CEO advised that a quote had been provided and a contractor engaged and that the Shire was awaiting confirmation of a start date.

- 6.4 Joy Ridley requested an update on the status of reuse water on the town oval.

The CEO advised that this initiative had been implemented, however had ceased due to resident complaints regarding odor. In addition to this issue, there was not sufficient water in the Water Corporation Treatment Ponds over the warmer months to irrigate due to a third pond being added to the scheme. Town scheme water is currently being used to irrigate the oval.

- 6.5 Joy Ridley queried the status of the Corella Culling program that is currently being carried out by the Shire, specifically the number that the permit allowed for and what the progress had been to date.

The CEO advised that the Shire had a permit to cull 500 birds and that this number had not yet been achieved. The CEO advised that members from WA Field and Game Association were visiting Three Springs over the coming weekend (6th April) to assist with the cull.

7. Closure

There being no further business the Chairperson, Cr Annie Treloar declared the meeting closed at 7.45pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 17th December, 2014

Signed: _____

Presiding Person at the meeting at which the Minutes were confirmed

Date: 17th December, 2014

President's Report

Ladies and Gentlemen, I welcome the opportunity as your President to present to electors and ratepayers my report on the activities of the Shire of Three Springs for the financial year 1st July, 2013 through to 30th June, 2014.

Councillors

During 2013/2014 Councillor Mal Ogden retired from Council having served for a two year term, on behalf of Council, I thank Mal for his commitment during those two years. Councillor Patrick Fanning was elected unopposed in October 2013, however due to unforeseen circumstances resigned in December 2013. The seventh Councillor vacancy remained unfilled at the end of 2013/2014 financial year.

Your Councillors

President

Cr Annie Treloar

PO Box 216
Three Springs WA 6519
Ph: (08) 9954 1951
Fax: (08) 9954 1951

Deputy President

Cr Gary Turley

PO Box 90
Three Springs WA 6519
Ph: (08) 9954 1513
Fax: (08) 9954 1447

Councillors

Cr Neil Hebiton

PO Box 158
Three Springs WA 6519
Ph: (08) 9954 5035
Fax: (08) 9954 5067

Cr Robert Hunt

PO Box 2
Three Springs WA 6519
Ph: (08) 9954 1190
Fax: (08) 9954 1190

Cr Anthony Thomas

PO Box 86
Three Springs WA 6519
Ph: (08) 9954 1155
Fax: (08) 9954 1159

Cr Richard Thorpe

PO Box 253
Three Springs WA 6519
Ph: 0427 541 116

Your elected members have represented Council and your community on a number of organisations; these include the Midwest Regional Council, Northern Country Zone of WALGA, Mid West Regional Road Group, North Midlands Medical Practice Committee, Yarra Yarra Catchment Council, Wildflower Country and Three Springs Community Action Group. In their role as Councillors, all have attended and represented Council at a number of meetings, functions and events at both local and regional level.

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 2013/2014 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 Councillors' partners and families for their support which has allowed Councillors to dedicate their time to Council.

The 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 active community.

In December 2010 Council secured the services of Dr Thyagaraj Ramakrishna, unfortunately he resigned in September 2013 and moved to the city with his family in December. During those three years Dr Raj served the community well and his departure was a huge loss, not only to Three Springs but also surrounding shires.

Negotiations commenced in October 2013 with Jupiter Health and Medical Services Pty Ltd for the provision of medical services to replace Dr Raj at the end of his term. In March 2014 an agreement was signed with Jupiter Health for the management of medical services and Dr Hany Eskander commenced Practice on 4th March.

Also in March 2014 Dr Anusha Sivarajah informed Council of the sale of her Three Springs Dental Clinic business. A lease agreement for the premises was signed by Council with the new owner Dr Hareesh Thippeswamy. Thank you to Anusha for the service you have provided to Three Springs Community and securing the services of a replacement Dentist, which has guaranteed the continuation of a Dental Clinic in Three Springs.

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 this has been achieved.

A major project completed in 2013/2014 was the upgrade of Three Springs/Perenjori Road Bridge at a cost of \$1,256,000 with funding received through Main Roads WA and Roads to Recovery. The bridge upgrade was first proposed in 2004 through R2R program then carried over into 2009-2014 period and finally completed in June 2014.

As part of Local Government Energy Efficient Program, seven of Council's residences had energy saving hot water systems installed.

In line with implementation of the new Cat Act a dog/cat pound was constructed at the Work's Depot site at a cost of \$17,900, funding was received to assist with the construction of the pound.

New projects commenced in 2013/2014 were 2 x 2 bedroom Staff Housing Units and the Multi Purpose building at the swimming pool, both due to be completed early in the 2014/2015 year. Council contributed \$55,334 towards replacement of synthetic bowling green surface as part of Community Sporting and Recreation Facilities Fund and also through a Lotterywest Grant work was undertaken on Duffy's Store and the adjacent Billiard Room.

Of huge benefit to the community of Three Springs was the inaugural Western Desert Races, it has been said by participants in the event "Track and facilities are the best". Well done to all people involved in making this event the success that it was.

Finally, on behalf of the Community, Councillors and myself as Shire President, thanks to our staff for their hard work and dedication that they exhibit on a daily basis.

Cr Annie Treloar
Shire President

Chief Executive Officer's Report

PRESIDENT, COUNCILLORS, ELECTORS AND COMMUNITY MEMBERS,

It is with pleasure I submit the Chief Executive Officer's report to the residents' of Three Springs on activities for the 2013/2014 financial year.

RATES

The 2013/2014 Annual Budget was adopted by Council in August 2013 with an increase in rate revenue of 9.5% and discount offer of 4% amounting to \$1,711,643 raised in general rates. The increase was necessary to meet rising costs of Council activities and offset significant reduced grant income.

RESERVE FUNDS

Cash backed Reserves to help with future major projects plus plant and equipment purchases totalled \$497,223 at 30th June 2014.

Housing & Development	\$72,860
Plant	\$122,283
Leave	\$116,109
Joint Venture Housing	\$111,074
Swimming Pool Equipment	\$32,662
Gravel	<u>\$42,235</u>
 TOTAL	 \$497,223

AUDIT

The Annual Audit was undertaken in October 2014 and completed in December, a copy of the report is included within this Annual Report. With the introduction of six new ratios required in the annual report due to legislative changes in 2012/2013, a significant amount of time and money was consumed in estimating the fair values in all asset classes. 2013/2014 is the second year of the new ratios and information relating to the ratios are included in the financial report. It may take some time for the implications of the new ratios to be fully understood and it is important for Council and management staff to monitor all ratios in future financial years.

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, this was in lieu of employing a full time Environmental Health/Building Officer.

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.

BUILDING WORKS IN THE SHIRE OF THREE SPRINGS

Building activity was average during the 2013/2014 with 12 approvals issued to a total value of \$1,853,693 as per table below:-

TYPE	NUMBER	VALUE
New dwellings	3	\$1,059,151
Additions to dwellings	1	\$ 15,000
Garages / Patios / Fences etc	7	\$ 106,000
Commercial / Industrial	0	\$ 673,542
TOTAL	11	\$ 1,853,693

DEMOLITION FEES

Only building demolished was Pool kiosk and ablutions.

TOWN PLANNING

Planning Approval issued for the 2013/2014 financial year was:-

Two year extension for development

BUILDING MAINTENANCE PROGRAM

An extensive building maintenance program was undertaken during the year to ensure staff and non staff houses are maintained to a satisfactory standard.

PUBLIC BUILDINGS

The public buildings controlled by Council were maintained in conjunction with the building maintenance program. A new carport was erected at the rear of the Medical Centre and new patio at Doctor's residence.

SHIRE OF THREE SPRINGS WASTE WATER REUSE SCHEME

Approval has been received from the Health Department of Western Australia to reuse effluent water on Council's oval, however usage was limited during 2013/2014 due to low water level and complaints received from ratepayers in regard to odour.

SHIRE OF THREE SPRINGS TOWN PLANNING SCHEME NO 2

The Draft copy of Shire of Three Springs Local Planning Scheme No.2 is in the final stage for approval and will be presented to Council following outcome of any written submissions in relation to the Scheme

The new scheme and townsite strategy will give Three Springs planned growth for the future.

Townsites expansion strategy

Local Planning Strategic Document was prepared by Rowe Group, adopted by Council and endorsed by WA Planning Commission.

THREE SPRINGS WASTE FACILITY

Work on new Three Springs Waste Facility was scheduled to commence in 2014, however transfer of land is yet to be completed delaying commencement of the Refuse Site project.

THREE SPRINGS CLASS 1 AQUATIC FACILITY

Stage 3 of Pool Upgrade commenced in April 2014 and is expected to be completed in time for 2014/15 summer season. An amount of \$250,000 through 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 serves a multi purpose by providing kiosk, ablutions and training room for pool patrons during summer and ablutions, meeting room and storage for Hockey Club during winter. Separate shower and toilet facilities are available all year round for the general public.

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 stayover place for caravaners and campers.

MAJOR PROJECTS

Main Roads/Shire funded road projects during the year included works on Arrino South Road SLK 12.00-16.90 second coat seal \$192,271 and Dudawa Road SLK 5.46-8.37 second coat seal \$108,071.

Resheeting work was undertaken on McKenzie, Bligh, Hydraulic, Mitchell, Broad and Simpson Roads totalling \$239,694, also portion of West Yarra Road construct and seal \$33,334 and Eneabba Road shoulder work \$33,245. Roadwork and culverts installed on Bunney Road totalled \$50,655 and drainage work on corner Murcott and Williamson Streets \$6,388.

General road maintenance grading totalled \$329,031 and works/depot maintenance amounted to \$53,901.

Only minor plant and equipment to the value of \$13,893 was purchased during 2013/2014 which included a Slasher, Scaffolding and Road Counter.

Work commenced on 2 x 2 bedroom units on the corner of Murcott and Williamson Streets anticipated to be completed in November 2014. Cost for other housing improvements and maintenance amounted to \$195,544, Waste disposal and collection \$70,755, swimming pool maintenance \$141,036 and parks, gardens and sporting amenities \$224,612.

STAFF

In 2013/2014 resignations were received from the following staff:-

Geoff Benson
Rod Ennor
Doug Richards
Alana Trew

Bradden Corlett
Corey Quartermaine
Gloria Senior

Peter Cruickshank
Joy Ridley
Henry Sweetman

Shire of Three Springs welcomed the following staff in 2013/2014

Jeremy Clayton
Malcolm Elliott
Misty Maylam

Shane Collie
Jake Harrington
Tai Plant

Shannon Davis
James Machin
Alana Trew

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

Council adopted a DAIP in June 2007 for implementation in July 2007, this was reviewed and updated as required in November 2013.

The six 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.

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

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. Projects commenced but not completed in 2013/14 will continue into 2014/2015 and a number will be carried over from 2013/2014 financial year.

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.

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.

During the 2013/2014 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 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 Recordkeeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice recordkeeping within the organization.

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.

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.
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 employees during 2013/2014 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 2013/2014 year. Three Springs has 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 2014/2015 and beyond.

SYLVIA YANDLE

CHIEF EXECUTIVE OFFICER

SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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

**SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Three Springs at 30th June 2014 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 Eighteenth day of December 2014



Sylvia Yandle
Chief Executive Officer

SHIRE OF THREE SPRINGS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	1,711,643	1,700,927	1,493,386
Operating Grants, Subsidies and Contributions	28	1,503,813	1,145,664	1,138,662
Fees and Charges	27	557,796	812,076	922,947
Interest Earnings	2(a)	43,810	41,200	48,756
Other Revenue		30,014	44,600	87,234
		<u>3,847,076</u>	<u>3,744,467</u>	<u>3,690,985</u>
Expenses				
Employee Costs		(1,231,167)	(1,430,514)	(1,402,020)
Materials and Contracts		(849,049)	(1,690,551)	(1,218,840)
Utility Charges		(169,919)	(119,220)	(122,417)
Depreciation on Non-Current Assets	2(a)	(1,626,318)	(723,300)	(1,065,747)
Interest Expenses	2(a)	(32,831)	(31,449)	(36,011)
Insurance Expenses		(156,363)	(154,334)	(133,257)
Other Expenditure		(98,708)	(40,150)	(145,803)
		<u>(4,164,355)</u>	<u>(4,189,518)</u>	<u>(4,124,095)</u>
		(317,279)	(445,051)	(433,110)
Non-Operating Grants, Subsidies and Contributions	28	1,517,475	2,486,949	628,129
Profit on Asset Disposals	20	6,538	100,000	110,287
Loss on Asset Disposals	20	(126,971)	0	(24,048)
NET RESULT		1,079,763	2,141,898	281,258
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	0	0	22,817,514
Total Other Comprehensive Income		0	0	22,817,514
Total Comprehensive Income		<u>1,079,763</u>	<u>2,141,898</u>	<u>23,098,772</u>

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

SHIRE OF THREE SPRINGS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		36,953	24,500	56,641
General Purpose Funding		2,183,054	2,235,480	2,305,163
Law, Order, Public Safety		174,876	153,600	143,054
Health		302,038	512,320	519,676
Education and Welfare		171,461	153,025	800
Housing		88,514	195,432	125,952
Community Amenities		63,139	178,150	64,127
Recreation and Culture		16,786	110,355	18,835
Transport		646,781	189,425	207,108
Economic Services		17,553	10,130	25,560
Other Property and Services		145,921	82,050	224,068
	2(a)	3,847,076	3,844,467	3,690,984
Expenses				
Governance		(244,845)	(28,680)	(341,056)
General Purpose Funding		(27,477)	(287,171)	(25,264)
Law, Order, Public Safety		(253,498)	(244,272)	(244,063)
Health		(543,542)	(752,311)	(779,918)
Education and Welfare		(170,565)	(178,580)	(41,102)
Housing		(355,640)	(311,152)	(335,353)
Community Amenities		(188,804)	(388,353)	(295,663)
Recreation & Culture		(769,266)	(837,248)	(677,076)
Transport		(1,438,583)	(890,474)	(1,102,453)
Economic Services		(60,511)	(189,981)	(145,870)
Other Property and Services		(78,793)	(49,847)	(100,265)
	2(a)	(4,131,524)	(4,158,069)	(4,088,083)
Financial Costs				
Governance		(3,461)	0	0
General Purpose Funding		(150)	0	(142)
Recreation & Culture		(4,739)	(4,750)	(5,354)
Transport		(24,481)	(26,699)	(30,515)
	2(a)	(32,831)	(31,449)	(36,011)
Non-Operating Grants, Subsidies and Contributions				
Governance		312,839	0	0
Law, Order, Public Safety		114,128	140,000	0
Health		0	125,300	13,971
Education and Welfare		0	0	16,861
Housing		320,517	345,000	0
Community Amenities		0	75,500	23,487
Recreation & Culture		0	300,000	311,546
Transport		769,991	1,501,149	262,264
		1,517,475	2,486,949	628,129
Profit/(Loss) on Disposal of Assets				
Housing		6,405	0	105,242
Recreation & Culture		(126,971)	0	(5,328)
Transport		133	0	(13,675)
		(120,433)	0	86,239
Net Result		1,079,763	2,141,898	281,258
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	22,817,514
Total Other Comprehensive Income		0	0	22,817,514
Total Comprehensive Income		1,079,763	2,141,898	23,098,772

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

**SHIRE OF THREE SPRINGS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,200,031	779,270
Trade and Other Receivables	4	99,615	125,910
Inventories	5	9,315	16,590
TOTAL CURRENT ASSETS		<u>1,308,961</u>	<u>921,770</u>
NON-CURRENT ASSETS			
Other Receivables	4	14,479	14,404
Property, Plant and Equipment	6	14,528,335	14,619,524
Infrastructure	7	34,770,932	33,755,001
TOTAL NON-CURRENT ASSETS		<u>49,313,746</u>	<u>48,388,929</u>
TOTAL ASSETS		<u>50,622,707</u>	<u>49,310,699</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	302,589	124,819
Current Portion of Long Term Borrowings	9	149,917	126,757
Provisions	10	146,567	165,671
TOTAL CURRENT LIABILITIES		<u>599,073</u>	<u>417,247</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	560,963	510,880
Provisions	10	41,811	41,475
TOTAL NON-CURRENT LIABILITIES		<u>602,774</u>	<u>552,355</u>
TOTAL LIABILITIES		<u>1,201,847</u>	<u>969,602</u>
EQUITY			
Retained Surplus		24,759,172	23,693,319
Reserves - Cash Backed	11	497,223	483,313
Revaluation Surplus	12	24,164,465	24,164,465
TOTAL EQUITY		<u>49,420,860</u>	<u>48,341,097</u>

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

**SHIRE OF THREE SPRINGS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		23,433,639	461,735	1,346,951	25,242,325
Comprehensive Income					
Net Result		281,258	0	0	281,258
Changes on Revaluation of Non-Current Assets	12	0	0	22,817,514	22,817,514
Total Comprehensive Income		<u>281,258</u>	<u>0</u>	<u>22,817,514</u>	<u>23,098,772</u>
Transfers from/(to) Reserves		(21,578)	21,578	0	0
Balance as at 30 June 2013		23,693,319	483,313	24,164,465	48,341,097
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		<u>1,079,763</u>	<u>0</u>	<u>0</u>	<u>1,079,763</u>
Transfers from/(to) Reserves		(13,910)	13,910	0	0
Balance as at 30 June 2014		24,759,172	497,223	24,164,465	49,420,860

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

**SHIRE OF THREE SPRINGS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,747,608	1,550,927	1,483,353
Operating Grants, Subsidies and Contributions		944,786	1,145,664	1,503,662
Fees and Charges		557,796	812,076	1,074,472
Interest Earnings		43,810	41,200	48,756
Goods and Services Tax		0	30,000	0
Other Revenue		579,296	44,600	87,235
		<u>3,873,296</u>	<u>3,624,467</u>	<u>4,197,478</u>
Payments				
Employee Costs		(1,135,490)	(1,230,514)	(1,377,382)
Materials and Contracts		(776,220)	(1,444,608)	(1,394,247)
Utility Charges		(169,918)	(119,220)	(122,417)
Interest Expenses		(35,060)	(154,334)	(133,257)
Insurance Expenses		(156,363)	(31,449)	(38,222)
Goods and Services Tax		0	(8,000)	0
Other Expenditure		(98,708)	(40,150)	(107,913)
		<u>(2,371,759)</u>	<u>(3,028,275)</u>	<u>(3,173,438)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,501,537</u>	<u>596,192</u>	<u>1,024,040</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(8,483)
Payments for Purchase of Property, Plant & Equipment		(836,569)	(1,264,710)	(1,376,659)
Payments for Construction of Infrastructure		(1,927,024)	(2,119,032)	(815,318)
Non-Operating Grants, Subsidies and Contributions		1,517,475	2,486,949	628,129
Proceeds from Sale of Fixed Assets		92,100	100,000	272,772
Net Cash Provided by (Used in) Investment Activities		<u>(1,154,018)</u>	<u>(796,793)</u>	<u>(1,299,559)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(126,757)	(126,756)	(120,612)
Proceeds from New Debentures		200,000	200,000	0
Net Cash Provided By (Used In) Financing Activities		<u>73,243</u>	<u>73,244</u>	<u>(120,612)</u>
Net Increase (Decrease) in Cash Held		420,762	(127,357)	(396,131)
Cash at Beginning of Year		779,269	779,269	1,175,401
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,200,031</u>	<u>651,912</u>	<u>779,270</u>

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

**SHIRE OF THREE SPRINGS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		349,792	24,500	56,641
General Purpose Funding		471,411	527,953	811,777
Law, Order, Public Safety		289,004	293,600	143,054
Health		302,038	637,620	533,647
Education and Welfare		171,461	153,025	17,661
Housing		415,436	540,432	231,194
Community Amenities		63,139	253,650	87,614
Recreation and Culture		16,786	410,355	330,381
Transport		1,416,904	1,690,574	474,417
Economic Services		17,553	10,130	25,560
Other Property and Services		145,922	82,050	224,069
		<u>3,659,446</u>	<u>4,623,889</u>	<u>2,936,015</u>
Expenses				
Governance		(248,306)	(28,680)	(341,056)
General Purpose Funding		(27,627)	(287,171)	(25,406)
Law, Order, Public Safety		(253,498)	(244,272)	(244,063)
Health		(543,542)	(752,311)	(779,918)
Education and Welfare		(170,565)	(178,580)	(41,102)
Housing		(355,640)	(311,152)	(335,353)
Community Amenities		(188,804)	(388,353)	(295,663)
Recreation and Culture		(900,976)	(841,998)	(687,758)
Transport		(1,463,064)	(917,173)	(1,151,603)
Economic Services		(60,511)	(189,981)	(145,870)
Other Property and Services		(78,794)	(49,847)	(100,351)
		<u>(4,291,327)</u>	<u>(4,189,518)</u>	<u>(4,148,143)</u>
Net Result Excluding Rates		(631,881)	434,371	(1,212,128)
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	37,889
(Profit)/Loss on Asset Disposals	20	120,433	0	(86,239)
Movement in Deferred Pensioner Rates (Non-Current)		(75)	0	(4,323)
Movement in Leave Reserve (Added Back)		3,248	0	0
Movement in Employee Benefit Provisions (Non-current)		336	0	18,316
Depreciation and Amortisation on Assets	2(a)	1,626,318	723,300	1,065,747
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	(8,483)
Purchase Land and Buildings	6(a)	(690,654)	(1,231,710)	(1,225,516)
Purchase Furniture and Equipment	6(a)	(17,893)	(18,000)	(26,876)
Purchase Plant and Equipment	6(a)	(128,022)	(15,000)	(99,765)
Purchase Motor Vehicles	6(a)	0	0	(24,502)
Purchase Roads	7(a)	(1,927,024)	(2,080,232)	(799,610)
Purchase Footpaths	7(a)	0	(20,000)	0
Purchase Drainage	7(a)	0	0	0
Purchase Parks & Ovals	7(a)	0	(18,800)	(15,708)
Purchase Other Infrastructure	7(a)	0	0	0
Purchase Airfield	7(a)	0	0	0
Proceeds from Disposal of Fixed Assets	20	92,100	100,000	272,772
Repayment of Debentures	21(a)	(126,757)	(126,756)	(120,612)
Proceeds from New Debentures	21(a)	200,000	200,000	0
Proceeds from Self Supporting Loans		0	0	0
Transfers to Reserves (Restricted Assets)	11	(13,910)	(18,600)	(21,578)
Transfers from Reserves (Restricted Assets)	11	0	0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	260,829	370,500	1,018,060
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	478,691	0	260,829
Total Amount Raised from General Rate	22(a)	<u>(1,711,643)</u>	<u>(1,700,927)</u>	<u>(1,493,386)</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
FOR THE YEAR ENDED 30TH JUNE 2014

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

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

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 (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Water supply piping and 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.

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

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 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
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Borrowing Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[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]			

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]</p> <p>[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</p>	December 2012	1 January 2014	<p>Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.</p> <p>It is not expected to have a significant impact on Council.</p>
<p>(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</p> <p>[AASB 132]</p>	June 2012	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact the Council's financial statements.</p>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on Council.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. 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 related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	37,155	16,462
- Other Services	2,550	2,650
Depreciation		
Buildings	492,599	375,257
Furniture and Equipment	50,044	50,395
Plant and Equipment	141,267	205,275
Motor Vehicles	31,315	39,863
Roads	874,593	373,931
Footpaths	1,950	3,340
Parks & Ovals	31,532	16,575
Airfield	3,018	1,111
	<u>1,626,318</u>	<u>1,065,747</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21.(a)</i>)	31,449	35,869
Overdraft Interest	1,382	142
	<u>32,831</u>	<u>36,011</u>
Rental Charges		
- Operating Leases	18,987	29,692
	<u>18,987</u>	<u>29,692</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Transport	549,283	0
	<u>549,283</u>	<u>0</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	30,014	40,301
Other Revenue	0	46,933
	<u>30,014</u>	<u>87,234</u>

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Interest Earnings			
- Reserve Funds	13,910	18,600	21,578
- Other Funds	21,588	10,000	15,223
Other Interest Revenue (<i>refer note 26</i>)	8,312	12,600	11,955
	<u>43,810</u>	<u>41,200</u>	<u>48,756</u>

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

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 the efficient allocation of scarce resources.

Activities: Administration and operation of facilities and services to members of council; other costs that relate to the task of assisting elected members and 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 and efficiently manage infrastructure and resources which will help the social wellbeing of the community.

Activities: Maintenance of swimming pool, recreation centre, library, parks, gardens and 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
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Grant/Contribution	Function/ Activity							
Roads to Recovery	Transport	72,962	0	(205)	72,757	582,668	(655,425)	0
Office of Crime Prevention	Law & Order	10,000	0	(10,000)	0	0	0	0
Office of Crime Prevention	Recreation	10,000	0	(10,000)	0	0	0	0
Royalties For Regions (S/Pool)	Recreation	279,939	0	(279,939)	0	0	0	0
MWDC - Childcare Centre	Welfare	18,000	1,999	(19,999)	0	0	0	0
CLGF - Staff Housing	Housing	209,362	0	(209,362)	0	313,386	(204,650)	108,736
MW Regional Grant ADSL2	Community Amenities	45,000	34,986	(79,986)	0	0	0	0
Dept of Planning - Townsite Expansion	Community Amenities	31,772	0	(28,653)	3,119	0	(3,119)	0
Office of Crime Prevention	Law & Order	17,245	0	(17,245)	0	10,210	0	10,210
FESA - Emergency Services	Law & Order	0	18,470	(18,470)	0	32,952	(32,952)	0
Local Govt Energy Efficiency	Housing	0	12,869	(12,869)	12,869	7,131	(20,000)	0
CSRFF - Swimming Pool	Recreation	0	272,546	(272,546)	0	0	0	0
FESA - Emergency Services	Law & Order	0	0	0	0	0	0	0
Tidy Towns - Tourism	Economic Services	0	750	0	750	0	(750)	0
Workforce Development	Governance	0	25,000	(25,000)	0	0	0	0
Dept of Health & Ageing	Welfare	0	13,971	(13,971)	0	0	0	0
Lotterywest - Playground	Recreation	0	30,000	(30,000)	0	0	0	0
MWDC - Main St Master Plan	Community Amenities	0	6,750	0	6,750	0	(6,750)	0
Planning WA - Revitalisation Plan	Community Amenities	0	16,000	(4,400)	11,600	0	(11,600)	0
Main Roads - Regional Road Group	Transport	0	262,264	(262,264)	0	187,322	(187,322)	0
CLGF - Admin Upgrade	Governance	0	0	0	0	312,939	0	312,939
Three Springs Childcare Centre	Welfare	0	0	0	0	10,000	(10,000)	0
DFES - Fire Fighting Unit	Law & Order	0	0	0	0	114,128	(114,128)	0
Main Roads - RRG Direct Grant	Transport	0	0	0	0	76,836	(76,836)	0
Main Roads - Midwest Street Lighting	Transport	0	0	0	0	2,225	(2,225)	0
FAG - Local Roads Grant	General PF	0	0	0	0	191,729	(191,729)	0
FAG - General Purpose Grant	General PF	0	0	0	0	244,362	(244,362)	0
		694,280	695,605	(1,282,040)	107,845	2,085,888	(1,761,848)	431,885

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		270,923	295,957
Restricted		929,108	483,313
		<u>1,200,031</u>	<u>779,270</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	116,109	112,861
Plant Reserve	11	122,283	118,862
Housing and Development Reserve	11	72,860	70,822
Joint Venture Housing Reserve	11	111,074	107,966
Gravel Pit Reserve	11	42,235	41,054
Swimming Pool Equipment Reserve	11	32,662	31,748
Unspent Grants	2(c)	431,885	107,845
		<u>929,108</u>	<u>591,158</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		25,128	61,168
Sundry Debtors		105,367	92,174
Provision for Doubtful Debts		(30,880)	(27,432)
		<u>99,615</u>	<u>125,910</u>
Non-Current			
Rates Outstanding - Pensioners		14,479	14,404
		<u>14,479</u>	<u>14,404</u>
5. INVENTORIES			
Current			
Fuel and Materials		9,315	10,407
Medical Centre Consumables		0	6,183
		<u>9,315</u>	<u>16,590</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2013	877,000	902,000
- Additions after valuation at cost	4,408	0
	<u>881,408</u>	<u>902,000</u>
Total Land	<u>881,408</u>	<u>902,000</u>
Buildings at:		
- Independent Valuation 2013	12,016,543	12,223,543
- Additions after valuation at cost	140,856	0
Less: Accumulated Depreciation	<u>(824,448)</u>	<u>(351,784)</u>
	11,332,951	11,871,759
Works in Progress - Buildings	545,389	0
Total Buildings	<u>11,878,340</u>	<u>11,871,759</u>
Total Land and Buildings	<u>12,759,748</u>	<u>12,773,759</u>
Furniture and Equipment at:		
- Cost	833,157	815,264
Less Accumulated Depreciation	<u>(657,166)</u>	<u>(607,122)</u>
	175,991	208,142
Plant and Equipment at:		
- Management Valuation 2013	73,553	74,020
- Additions after Valuation - Cost	128,022	0
- Independent Valuation 2013	1,309,603	1,309,603
Less Accumulated Depreciation	<u>(141,267)</u>	<u>0</u>
	1,369,911	1,383,623
Motor Vehicles at:		
- Management Valuation 2013	254,000	32,000
- Additions after Valuation - Cost	0	0
- Independent Valuation 2013	0	222,000
Less Accumulated Depreciation	<u>(31,315)</u>	<u>0</u>
	222,685	254,000
	<u>14,528,335</u>	<u>14,619,524</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings, Plant and Equipment, Furniture and Equipment and Motor Vehicles:

All of the above mentioned assets were revalued in 2013 by independent valuers 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 madatory asset measurement framework detailed at Note 1(f).

Works in Progress - Buildings:

Swimming Pool Multi User Facility (Kiosk, Ablutions, Meeting Room): The Shire of Three Springs is building a new Multi User Facility at the Swimming Pool. As at 30 June 2014 this building is disclosed as work in progress as it is not yet complete. The building is expected to be completed during the 2014/15 financial year. Depreciation on the new building will commence when building construction is completed and the building is ready for use.

Units on Corner Murcott and Williamson Street: The Shire of Three Springs is building 2 new 2 bedroom units. As at 30 June 2014 these buildings are disclosed as work in progress as they are not yet complete. The buildings are expected to be completed during the 2014/15 financial year. Depreciation on the new buildings will commence when building construction is completed and the buildings are ready for use.

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

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2)	902,000	4,408	(25,000)	0	0	0	881,408
Total Land	902,000	4,408	(25,000)	0	0	0	881,408
Works in Progress - Buildings (Level 3)	0	545,389	0	0	0	0	545,389
Buildings	11,871,759	140,857	(187,066)	0	0	(492,599)	11,332,951
Total Buildings	11,871,759	686,246	(187,066)	0	0	(492,599)	11,878,340
Total Land and Buildings	12,773,759	690,654	(212,066)	0	0	(492,599)	12,759,748
Furniture and Equipment (Level 3)	208,142	17,893	0	0	0	(50,044)	175,991
Plant and Equipment (Level 2)	1,383,623	128,022	(467)	0	0	(141,267)	1,369,911
Motor Vehicles (Level 2)	254,000	0	0	0	0	(31,315)	222,685
Total Property, Plant and Equipment	14,619,524	836,569	(212,533)	0	0	(715,225)	14,528,335

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Management Valuation 2013	33,177,598	33,177,598
- Additions after Valuation - Cost	1,927,024	0
Less Accumulated Depreciation	<u>(874,593)</u>	<u>0</u>
	34,230,029	33,177,598
Footpaths		
- Management Valuation 2013	78,006	78,006
- Additions after Valuation - Cost	0	0
Less Accumulated Depreciation	<u>(1,950)</u>	<u>0</u>
	76,056	78,006
Parks & Ovals		
- Cost	724,679	724,679
Less Accumulated Depreciation	<u>(309,284)</u>	<u>(277,752)</u>
	415,395	446,927
Airfield		
- Cost	93,691	93,691
Less Accumulated Depreciation	<u>(44,239)</u>	<u>(41,221)</u>
	49,452	52,470
	<u>34,770,932</u>	<u>33,755,001</u>

Roads and Footpaths:

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)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	33,177,598	1,927,024	0	0	0	(874,593)	34,230,029
Footpaths	78,006	0	0	0	0	(1,950)	76,056
Parks & Ovals	446,927	0	0	0	0	(31,532)	415,395
Airfield	52,470	0	0	0	0	(3,018)	49,452
Total	33,755,001	1,927,024	0	0	0	(911,093)	34,770,932

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014 \$	2013 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	129,151	76,099
Accrued Interest on Debentures	9,660	11,889
Accrued Salaries and Wages	27,472	36,634
Accrued Expenditure	123,607	0
PAYG Liability	0	197
Excess Rates	12,699	0
	<u>302,589</u>	<u>124,819</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	149,917	126,757
	<u>149,917</u>	<u>126,757</u>
Non-Current		
Secured by Floating Charge Debentures	560,963	510,880
	<u>560,963</u>	<u>510,880</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	146,567	165,671
Non-Current	41,811	41,475
	<u>188,378</u>	<u>207,146</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	114,379	92,767	207,146
Additional provision	(6,226)	(12,542)	(18,768)
Amounts used	0	0	0
Used amount reserved	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2014	<u>108,153</u>	<u>80,225</u>	<u>188,378</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	112,861	112,861	107,822
Amount Set Aside / Transfer to Reserve	3,248	5,000	5,039
Amount Used / Transfer from Reserve	0	0	0
	<u>116,109</u>	<u>117,861</u>	<u>112,861</u>
(b) Plant Reserve			
Opening Balance	118,862	118,862	113,555
Amount Set Aside / Transfer to Reserve	3,421	4,500	5,307
Amount Used / Transfer from Reserve	0	0	0
	<u>122,283</u>	<u>123,362</u>	<u>118,862</u>
(c) Housing and Development Reserve			
Opening Balance	70,822	70,821	67,660
Amount Set Aside / Transfer to Reserve	2,038	2,500	3,162
Amount Used / Transfer from Reserve	0	0	0
	<u>72,860</u>	<u>73,321</u>	<u>70,822</u>
(d) Joint Venture Housing Reserve			
Opening Balance	107,966	107,966	103,146
Amount Set Aside / Transfer to Reserve	3,108	4,000	4,820
Amount Used / Transfer from Reserve	0	0	0
	<u>111,074</u>	<u>111,966</u>	<u>107,966</u>
(e) Gravel Pit Reserve			
Opening Balance	41,054	41,054	39,221
Amount Set Aside / Transfer to Reserve	1,181	1,500	1,833
Amount Used / Transfer from Reserve	0	0	0
	<u>42,235</u>	<u>42,554</u>	<u>41,054</u>
(f) Swimming Pool Equipment Reserve			
Opening Balance	31,748	31,749	30,331
Amount Set Aside / Transfer to Reserve	914	1,100	1,417
Amount Used / Transfer from Reserve	0	0	0
	<u>32,662</u>	<u>32,849</u>	<u>31,748</u>
TOTAL RESERVES	<u>497,223</u>	<u>501,913</u>	<u>483,313</u>
 Total Opening Balance	483,313	483,313	461,735
Total Amount Set Aside / Transfer to Reserve	13,910	18,600	21,578
Total Amount Used / Transfer from Reserve	0	0	0
TOTAL RESERVES	<u>497,223</u>	<u>501,913</u>	<u>483,313</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, the 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.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS

	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	8,504,631	0
Revaluation Increment	0	8,504,631
Revaluation Decrement	0	0
	<u>8,504,631</u>	<u>8,504,631</u>
(b) Plant & Equipment		
Opening Balance	259,263	0
Revaluation Increment	0	259,263
Revaluation Decrement	0	0
	<u>259,263</u>	<u>259,263</u>
(c) Roads		
Opening Balance	15,400,571	1,346,951
Revaluation Increment	0	14,053,620
Revaluation Decrement	0	0
	<u>15,400,571</u>	<u>15,400,571</u>
 TOTAL ASSET REVALUATION SURPLUS	 <u><u>24,164,465</u></u>	 <u><u>24,164,465</u></u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>1,200,031</u>	<u>651,912</u>	<u>779,270</u>

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

Net Result	1,079,763	2,141,898	281,258
Depreciation	1,626,318	723,300	1,065,747
(Profit)/Loss on Sale of Asset	120,433	0	(86,239)
(Increase)/Decrease in Receivables	40,356	61,620	506,492
(Increase)/Decrease in Inventories	7,276	(3,146)	(962)
Increase/(Decrease) in Payables	172,796	134,469	(179,216)
Increase/(Decrease) in Employee Provisions	(27,930)	25,000	27,200
Grants Contributions for the Development of Assets	(1,517,475)	(2,486,949)	(628,129)
Loss on Revaluation of Fixed Assets	0	0	37,889
Net Cash from Operating Activities	<u>1,501,537</u>	<u>596,192</u>	<u>1,024,040</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	300,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	11,000	14,500
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>11,000</u>	<u>314,500</u>
Loan Facilities		
Loan Facilities - Current	149,917	126,757
Loan Facilities - Non-Current	560,963	510,880
Total Facilities in Use at Balance Date	<u>710,880</u>	<u>637,637</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

SHIRE OF THREE SPRINGS
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FOR THE YEAR ENDED 30TH JUNE 2014

14. CONTINGENT LIABILITIES

There are no known contingent liabilities.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	18,984	18,987
- later than one year but not later than five years	0	10,705
- later than five years	0	0
	<u>18,984</u>	<u>29,692</u>

(b) Capital Expenditure Commitments

Contracted for:		
Group Housing Project	312,000	400,000
Perenjori Road Bridge	0	728,182
Swimming Pool Project Stage 3	528,907	0
Payable:		
- not later than one year	<u>840,907</u>	<u>1,128,182</u>

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Swimming Pool Upgrade Stage 3 and completion of the Key Worker Housing Project funded through Royalties for Regions

SHIRE OF THREE SPRINGS
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FOR THE YEAR ENDED 30TH JUNE 2014

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Department of Housing and Works constructed 4 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 (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:-

	2014 \$	2013 \$
Non-Current Assets		
Kadathinni Units - Aged Residents	180,359	177,924
Less: Accumulated Depreciation	<u>(7,338)</u>	<u>(3,279)</u>
	<u>173,020</u>	<u>174,645</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:-

	2014 \$	2013 \$
Non-Current Assets		
Land & Buildings	81,420	71,648
Less: Accumulated Depreciation	<u>(2,538)</u>	<u>(1,151)</u>
	<u>78,882</u>	<u>70,497</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 \$	2013 \$
Governance	1,296,482	891,057
General Purpose Funding	12,607	236,545
Law, Order, Public Safety	522,337	361,079
Health	1,774,412	1,836,920
Education and Welfare	17,261	18,211
Housing	3,383,099	3,232,586
Community Amenities	341,731	326,630
Recreation and Culture	4,921,563	4,931,270
Transport	35,081,350	34,955,838
Economic Services	249,575	258,448
Other Property and Services	1,686,107	949,831
Unallocated	<u>1,336,183</u>	<u>1,312,284</u>
	<u>50,622,707</u>	<u>49,310,699</u>

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	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	0.79	1.09	1.43
Asset Sustainability Ratio	1.44	0.87	2.04
Debt Service Cover Ratio	7.72	4.82	5.65
Operating Surplus Ratio	(0.19)	(0.13)	0.09
Own Source Revenue Coverage Ratio	0.55	0.64	0.65

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

Three of the 2014 ratios disclosed above are distorted by an item of significant revenue totalling \$549,283 relating to a bridge contributed to the Shire (refer Note 2a). This item forms part of operating revenue and has been included in the calculations above.

One of the 2013 ratios disclosed is distorted by an item totalling \$37,889 relating to the loss on revaluation of Footpath Assets. This item forms part of operating expenditure and has been included in the calculations above.

These items of significant revenue and expenditure are considered to be "one-off" and are non-cash in nature and, if it were ignored, the calculations disclosed in 2013 and 2014 columns above would be as follows:

	2014	2013
Debt Service Cover Ratio	4.25	5.06
Operating Surplus Ratio	(0.55)	N/A
Own Source Revenue Coverage Ratio	0.42	N/A

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FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Police Licencing	748	336,940	(335,142)	2,546
Three Springs LCDC	4,334	0	0	4,334
Arrowsmith Catchment	87,459	0	0	87,459
Arrowsmith Rates	1,489	0	0	1,489
Nomination Fees	240	240	(480)	0
East Three Springs Catchment	2,014	0	0	2,014
BCITF Levy	0	415	(415)	0
BRB Levy	0	785	(785)	0
Housing Bonds	280	1,600	(1,600)	280
	<u>96,564</u>			<u>98,122</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings						
<u>Housing</u>						
Touche Street	85,095	111,284	91,500	100,000	6,405	(11,284)
<u>Community Amenities</u>						
Swimming Pool First Aid	15,756	0	0	0	(15,756)	0
Swimming Pool Kiosk & Ablu	111,215	0	0	0	(111,215)	0
Plant and Equipment						
<u>Transport</u>						
Traffic Counter	467	0	600	0	133	0
	<u>212,533</u>	<u>111,284</u>	<u>92,100</u>	<u>100,000</u>	<u>(120,433)</u>	<u>(11,284)</u>

Profit	6,538	0
Loss	(126,971)	(11,284)
	<u>(120,433)</u>	<u>(11,284)</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars
Recreation and Culture
 Loan 156 - Swimming Pool Upgrade
 Loan 160 - Pool Upgrade Stage 3
Transport
 Loan 157 - Grader
 Loan 158 - Bobcat
 Loan 159 - Prime Mover, Tipper & Loader

Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
92,619	0	13,483	13,483	79,136	79,136	4,750	4,750
0	200,000	0	0	200,000	200,000	0	0
182,513	0	21,596	21,596	160,917	160,917	10,862	10,862
28,151	0	13,691	13,690	14,460	14,461	1,375	1,375
334,354	0	77,987	77,987	256,367	256,367	14,462	14,462
637,637	200,000	126,757	126,756	710,880	710,881	31,449	31,449

All loan repayments were financed by general purpose revenue.

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21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Swimming Pool Upgrade Stage 3	200,000	200,000	WA Treasury	Debenture	10	44,680	3.91	200,000	20,000	0
	200,000	200,000				44,680		200,000	20,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council established an overdraft facility of \$300,000 in 2013 to assist with short term liquidity requirements. The overdraft facility was cancelled in September 2013.

SHIRE OF THREE SPRINGS
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FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 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 \$
RATE TYPE												
Differential General Rate / General Rate												
GRV - Residential		0.10434	203	1,957,728	204,267	(1,130)	(1,186)	201,951	204,267	0	0	204,267
GRV - Mining		0.34852	2	255,500	89,048	0	0	89,048	89,048	0	0	89,048
UV - Rural		0.01459	182	96,428,504	1,406,410	(5,671)	0	1,400,739	1,406,410	0	0	1,406,410
UV - Mining		0.10706	23	444,799	47,618	(1,596)	0	46,023	48,134	0	0	48,134
UV - Arrino Town		0.01459	0	0	0	0	0	0	0	0	0	0
Sub-Totals			410	99,086,531	1,747,343	(8,397)	(1,186)	1,737,761	1,747,859	0	0	1,747,859
Minimum Payment												
GRV - Residential		420	25	10,189	10,500	0	0	10,500	10,500	0	0	10,500
UV - Rural		420	18	277,100	7,560	0	0	7,560	7,560	0	0	7,560
UV - Mining		420	10	32,830	4,200	0	0	4,200	3,780	0	0	3,780
UV - Arrino Town		420	5	4,200	2,100	0	0	2,100	2,100	0	0	2,100
Sub-Totals			58	324,319	24,360	0	0	24,360	23,940	0	0	23,940
Ex-Gratia Rates												
Discounts (refer note 25.)								1,762,121				1,771,799
Total Amount Raised From General Rate								6898				0
								(57,376)				(70,872)
								1,711,643				1,700,927

SHIRE OF THREE SPRINGS
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22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>478,691</u>	<u>260,829</u>	<u>260,829</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	270,923	295,957	295,957
Restricted	929,108	483,313	483,313
Receivables			
Rates Outstanding	25,128	61,168	61,168
Sundry Debtors	105,367	92,174	92,174
Provision for Doubtful Debts	(30,880)	(27,432)	(27,432)
Inventories			
Fuel and Materials	9,315	10,408	10,408
Medical Centre Consumables	0	6,183	6,183
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(129,151)	(76,099)	(76,099)
Accrued Interest on Debentures	(9,660)	(11,889)	(11,889)
Accrued Salaries and Wages	(27,472)	(36,634)	(36,634)
Accrued Expenditure	(123,607)	0	0
PAYG Liability	0	(197)	(197)
Excess Rates	(12,699)	0	0
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(149,917)	(126,757)	(126,757)
Provisions			
Provision for Annual Leave	(108,153)	(114,379)	(114,379)
Provision for Long Service Leave	(38,414)	(51,292)	(51,292)
<u>Net Current Assets</u>	<u>709,888</u>	<u>504,524</u>	<u>504,524</u>
Less:			
Reserves - Restricted Cash	(497,223)	(483,313)	(483,313)
Add Back: Component of Leave Liability not Required to be Funded	116,109	112,861	112,861
Add Back: Current Loan Liability	149,917	126,757	126,757
Surplus/(Deficit)	<u>478,691</u>	<u>260,829</u>	<u>260,829</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	4.00%	57,376	70,872

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		5,739	11,200
Interest on Instalments Plan	5.50%		2,573	1,400
Charges on Instalment Plan		10	1,420	1,100
Pensioner Deferred Rate Interest	0	0	0	0
			9,732	13,700

Ratepayers had the option of paying rates either by two equal instalments, due on 26th September 2013 and 11th March 2014 or four equal instalments, due on 26th September 2013, 18th December 2013, 11th March 2014 and 2nd May 2014. An administration fee of \$10 applied for final instalment on two instalments and applied for the final three instalments on four instalments. Interest of 5.5% was applied on instalments not made on or before the instalment due date.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	5,420	7,413
General Purpose Funding	11,744	4,930
Law, Order, Public Safety	4,251	8,700
Health	266,566	561,238
Housing	80,401	0
Community Amenities	62,457	62,276
Recreation and Culture	13,712	13,565
Transport	2,086	114,230
Economic Services	9,814	5,874
Other Property and Services	101,345	144,721
	<u>557,796</u>	<u>922,947</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
FOR THE YEAR ENDED 30TH JUNE 2014

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,503,813	1,138,662
Non-Operating Grants, Subsidies and Contributions	1,517,475	628,129
	<u>3,021,288</u>	<u>1,766,791</u>
By Program:		
Governance	334,800	39,741
General Purpose Funding	436,091	779,668
Law, Order, Public Safety	284,753	134,354
Health	35,473	63,296
Education and Welfare	171,461	17,661
Housing	323,485	25,069
Community Amenities	364	23,487
Recreation and Culture	2,160	315,398
Transport	1,398,334	336,067
Economic Services	6,557	17,853
Other Property and Services	27,810	14,197
	<u>3,021,288</u>	<u>1,766,791</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>18</u>	<u>23</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	13,320	10,250	13,046
President's Allowance	5,000	5,000	5,000
Deputy President's Allowance	1,250	1,250	1,250
Travelling Expenses	0	500	293
Telecommunications Allowance	0	0	0
	<u>19,570</u>	<u>17,000</u>	<u>19,589</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,200,031	779,270	1,200,031	779,270
Receivables	114,094	140,314	114,094	140,314
	<u>1,314,125</u>	<u>919,584</u>	<u>1,314,125</u>	<u>919,584</u>
Financial Liabilities				
Payables	302,589	124,819	302,589	124,819
Borrowings	710,880	637,637	692,074	635,320
	<u>1,013,469</u>	<u>762,456</u>	<u>994,663</u>	<u>760,139</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	13,577	7,793
- Statement of Comprehensive Income	13,577 ⁽²⁾	7,793 ^(*)

Notes:

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

⁽²⁾ Maximum impact.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	95.6%	84.0%
- Overdue	4.4%	15.96%

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	<u>2014</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
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>
	<u>2013</u>				
Payables	124,819	0	0	124,819	124,819
Borrowings	158,694	496,785	83,505	738,984	637,637
	<u>283,513</u>	<u>496,785</u>	<u>83,505</u>	<u>863,803</u>	<u>762,456</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

						Weighted Average Effective Interest Rate %	
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$
Year Ended 30 June 2014							
Borrowings							
Fixed Rate							
Debentures	14,461	0	256,366	0	79,136	360,917	710,880
Weighted Average Effective Interest Rate	5.55%	0.00%	4.59%	0.00%	5.32%	4.90%	4.85%
Year Ended 30 June 2013							
Borrowings							
Fixed Rate							
Debentures	0	28,151	0	334,354	0	275,132	637,637
Weighted Average Effective Interest Rate	0.00%	5.55%	0.00%	4.59%	0.00%	5.86%	5.16%

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS**

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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 2014, 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 Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 entity's preparation 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 entity'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.

AUDITOR'S 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 2014 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 THREE SPRINGS (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Annual Budget

A copy of the Annual Budget for the year ended 30 June 2014 was not submitted to the Department of Local Government within 30 days of its adoption as required by Financial Management Regulation 33.

Investment Policy

Council's Investment policy regarding restrictions on investment of money does not comply with Local Government (Financial Management) Regulation 19C.

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) 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 58 of this report, we have reviewed the calculation for the Asset Consumption ratio 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 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.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 19 December 2014
Perth, WA

**SHIRE OF THREE SPRINGS
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

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

	2014	2013	2012
Asset Consumption Ratio	0.52*	0.73	N/A
Asset Renewal Funding Ratio	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2013 and 2012) have not been reported as financial information is not available.

*** The Asset Consumption Ratio has 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.**