

2009 / 2010 Annual Report



SHIRE OF THREE SPRINGS

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ANNUAL GENERAL MEETING OF ELECTORS
COUNCIL CHAMBERS, RAILWAY ROAD, THREE SPRINGS
TO BE HELD MONDAY 14th March, 2010 COMMENCING AT 7.00PM

Order of Business

1. Recording of Attendance
2. Apologies
3. Confirmation of Minutes of Annual Electors Meeting held 9th February, 2010
4. Business Arising
5. **2009 / 2010 Annual Report**
 - President's Report
 - Chief Executive Officer's Report (Includes Statutory Reports)
 - Annual Financial Statement
 - Auditor's Report
6. General Business
7. Closure

Copies of the Annual Report are available for collection from the Shire Office to interested Community Members.

Chris Jackson
ACTING CHIEF EXECUTIVE OFFICER

Annual Electors' Meeting

MINUTES OF THE ANNUAL MEETING OF ELECTORS HELD TUESDAY 9 FEBRUARY, 2010

**IN THE COUNCIL CHAMBERS, RAILWAY ROAD THREE SPRINGS
COMMENCING AT 8.00PM**

1. Present

Mrs AA Treloar
DR Ashcroft
GW Turley
RF Treloar
SS Boonstra

President
Deputy President
Councillor
Councillor
Councillor

IB Fitzgerald
KA M^cGree

Chief Executive Officer
Senior Finance Officer

Electors:

Robyn Sweetman, Chris Sweetman, Joy Ridley, Bruce Clampett, Jamie Pages,
Jenny Mutter, Barbara Hunter

8.02pm Wayne Jolly, Alysha Jolly

8.05pm Debbie Patterson, John Treloar

8.07pm Murray McKay, Zanda Stokes, Adrian Stokes, Justine Howell,
Robyn Hunt, Robert Hunt

2. Apologies

BJ Burnett
J Colley

Councillor
Councillor

Rosie Crabtree, Gordon Crabtree, Barry Sweetman, Marilyn Boonstra

3. Confirmation of Minutes

MOVED Barbara Hunter, SECONDED Ray Treloar that the minutes of the Annual Meeting of Electors held on the 10 February, 2009 is confirmed as a true and correct record.

CARRIED

4. Business Arising

- 4.1. Debbie Patterson asked about the high Health Expenditure. The Chief Executive Officer advised that this was due to Council taking over the management of the Medical Centre.
- 4.2. Murray McKay enquired how things were going with the Medical Centre – size of any shortfall, will it impact on rates. Other general comments were made on rates income and the Transport area.

The Chief Executive Officer advised there would be a shortfall in the costs of running the Medical Centre but these costs would be shared with the shires of Carnamah and Coorow. The expenditure in the transport area included road maintenance and construction and the purchase of plant and equipment. Rate income received had slightly exceeded the budget.

5. 2008/2009 Annual Report

5.1 President's Report

Cr Annie Treloar presented the President's Report for the Financial Year 2008/2009.

MOVED Chris Sweetman, SECONDED Cr Gary Turley that the President's Report as presented be accepted.

CARRIED

5.2 Chief Executive Officer's Report

The Chief Executive Officers report was presented.

MOVED Robyn Sweetman, SECONDED Cr Ray Treloar that the Chief Executive Officer's Report as presented be accepted.

CARRIED

a. Statutory Reports

Plan for the Future and National Competition Policy Statutory Reports were presented.

MOVED Jamie Pages, SECONDED Debbie Patterson that the Statutory Reports as presented be accepted.

CARRIED

b. Annual Financial Report

The Annual Financial Report for the year ended 30 June, 2009 was presented.

MOVED Jamie Pages, SECONDED Debbie Patterson that the Annual Financial Report for the year ended 30 June, 2009 is accepted as presented.

CARRIED

c. Auditor's Report

The Auditor's Report on the Annual Financial Statement for the year ended 30 June 2009 was presented.

MOVED Cr Ray Treloar, SECONDED Cr Sean Boonstra that the Auditor's Report for the year ended 30 June, 2009 is accepted as presented.

CARRIED

6. General Business

- 6.1. Chris Sweetman – what savings have been made by Resource Sharing with Mingenew. The CEO advised that there had been savings and he would provide a copy of the figures to her in the near future.
- 6.2. Joy Ridley – what possibility of full time Doctor. The CEO advised that Council was working with the Government and other agencies to try and recruit a permanent Doctor to Three Springs. There are similar issues in surrounding communities. Recruiting packages are to be sent to England and New Zealand. Certain government and Medical Board criteria need to be met to enable them to practice here. Justine Howell – can we see if we can keep Dr Costello. The CEO advised this avenue had already been investigated without luck.
- 6.3. Debbie Patterson – 'free blocks' - progress still hasn't happened. Could Council advertise the left over blocks and enquired as to which ones they were. Council is to follow this up.
- 6.4. Debbie Patterson – Caravan Park. Council to re-zone land, once this has been approved Council can move forward with it. Also asked about replacement EHO and was advised by the CEO that Council was in the process of recruiting a replacement.
- 6.5. Robyn Sweetman – is it true that we don't have to amalgamate, is it still happening? The President advised that Three Springs would still be going ahead with the amalgamation. She had spoken to Minister Castrilli and advised that he will be making further announcements on this matter in the near future.

Zanda Stokes asked why it is good, what will the Community gain from it. The Meeting was advised that amalgamation will have conditions – each Community to be maintained, two representatives from each current Shire. The Communities facilities and services will have to be maintained and where possible improved, not to go backwards.

Adrian Stokes wanted to know what effect or impact this would have on rates. The CEO advised that no detailed rate modeling had been investigated at this stage. The Valuer Generals may have to conduct an overall revaluation.

- 6.6. Jamie Pages – has Three Springs over committed with the Resource Sharing with Mingenew? We don't appear to have the resources to carry out Royalty for Regions Projects. Are we under resourced?
He advised that there are plenty of grants available. President and CEO acknowledged there had been some delays but Council had discussed this prior to the Electors Meeting and actions were to be implemented in the immediate future to try and address these matters. Jamie believes that someone needs to drive these projects and look at our sporting facilities, caravan park and something for the kids.
- 6.7. Justine Howell – the fence behind the Pavilion is not preventing children from getting down into the creek. Ms Howell believes this is a safety risk due to the water that pools here and questioned where does the responsibility lay? Council staff to investigate and provide a report to Council on recommended actions.
- 6.8. President took the time to advise the Meeting that Council is trying to get a Telecentre for the Community as funding has just become available.
- 6.9. Bruce Clampett commented on our industrial area. We need to make Three Springs stand up and say we are here and available, especially with the mining likely to happen in the near future.
- 6.10. Debbie Patterson – is the VROC still happening. The CEO advised that is now known as the Mid West Regional Council (MWRC). They deal with things such as contract with Main Roads to carry out maintenance work, Zero Waste Management and Recycling and Climate Change.
- 6.11. Debbie Patterson – street numbering for Three Springs still hasn't been done. What is happening with this? The CEO advised that the Three Springs Football Club has the contract to complete this.
- 6.12. Zanda Stokes – has the Shire tried to attract electricians, plumbers or various other tradesmen. Spoke on the insulation promotion but can't get anyone to do it! Wayne Jolly advised that both Warren and George Knapp had recently had contractors complete this work. Ray Treloar asked if the lack of industrial blocks was a problem. Jamie Pages commented on what Dalwallinu had done. The CEO advised that other Councils had tried similar things.
- 6.13. Barbara Hunter – Caravan Park – is the Shire going to do it properly? The President advised that yes, Council would definitely be doing it properly. There is a Caravan Park Act and certain requirements have to be met. Robyn Sweetman asked who will run it as someone should be there all the time. Adrian Stokes said why not put it near the pool and the Pool Manager control the caravan park too. Bruce Clampett and others made various comments on the proposed 150 man camp that is likely to happen later this year. Joy Ridley wanted to know where the funds would come from. President advised that it would most likely be Royalties for Regions Funding. Jamie Pages said that Council should tap into other grants for it as well. Various members at the meeting commented on proposed sites and a caretaker for such.
- 6.14. Debbie Patterson – made enquiries as to why the lawn on one side of the Pool hadn't been taken out for a mini golf set up. Council had looked at this in previous years with a minimal cost, but nothing had happened. The President advised that Council would look into this.

6.15. Adrian Stokes - Royalties for Regions – the CEO advised that the second round of funding direct to local government has been deferred to 2010/11. It has been indicated that may receive some funding in October 2010. The Mid West Development Commission also has grants available.

Adrian spoke on the Sporting Club for applying for funding. The CEO to provide him with guidelines after the meeting for the Mid West Development Commission funding which closes tomorrow. Zanda Stokes asked about the Pavilion kitchen which the CEO advised that money was allocated in 2009 / 2010 for the kitchen upgrade. Jamie Pages suggest that maybe a Sport and Recreation Group should be created to drive things into the future.

6.16. Ray Treloar – Oval condition – he was advised that with the lack of rain, moisture and water was the reason for the way the oval was looking. Water is currently being carted in. Chris Sweetman asked if by reticulating the oval it had caused these issues. John Treloar asked what the water source was with Debbie Patterson advising that it came from their property. She believed that it was not running like it had in previous years and that it could be backed up as well as considering weather conditions. Adrian Stokes wanted to know why we couldn't access the water from the Artesian Basin out west. The CEO advised that a mine might be able to pipe some water into town for the Shire. Discussions have been taking place in relation to this issue and all options will be investigated.

6.17. Debbie Patterson enquired as to what was happening with the Basketball courts? Wayne Jolly reported on the progress of the upgrade of this facility.

7. Closure

There being no further business the Chairperson, Cr A.A. Treloar declared the meeting closed at 9.05pm.

These minutes were confirmed at the Annual meeting of Electors held on

Signed _____
Presiding Person at the meeting at which the minutes were confirmed
Date _____

President's Report

Ladies and Gentlemen, I welcome the opportunity as your President to provide my report on the activities of the Shire of Three Springs for the financial year 1st July, 2009 through to 30th June, 2010. My apologies for the late Annual Electors meeting which is due to the final Audit report not being received until December 2010.

Councillors

During the year we welcomed three new Councillors; Barry Burnett, Neil Hebiton and Richard Thorpe. Councillors who retired during the year included Frank Addison, Leonie de Haas, Julie Colley and Ray Treloar. I take this opportunity to thank them for their service to Council and the community.

Your Councillors

President

Cr Annie Treloar

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

Deputy President

Cr David Ashcroft

PO Box 177
Three Springs WA 6519
Ph: (08) 9954 1065
Fax: (08) 9954 1065

Councillors

Cr Barry Burnett

86 Touche St
Three Springs WA 6519
Ph: (08) 9954 1269

Cr Neil Hebiton

PO Box 158
Three Springs WA 6519
Ph: (08) 9954 5035
Fax: (08) 9954 5067
(From 9 June 2010)

Cr Gary Turley

PO Box 90
Three Springs WA 6519
Ph: (08) 9954 1107
Fax: (08) 9954 1447

Cr Richard Thorpe

PO Box 235
Three Springs WA 6519
Ph: (08) 9954 1116
Fax: (08) 9954 1116
(From 9 June 2010)

Cr Sean Boonstra

73 Slaughter Street
Three Springs WA 6519
Ph: (08) 9954 1513
Fax: (08) 9954 1513

Your elected members have represented Council and your community at numerous meetings throughout the year. These include the Structural Reform Working Group, Resource Sharing Committee, Midwest Regional Council, Mid West Regional Road Group, North Midlands Medical Practice Committee, Yarra Yarra Catchment Council, and separately they have attended a variety of local functions and events in their roles as Councillors.

On your behalf, I thank each of our Councillors past and present for their efforts and contributions during 2009/10. In addition, special thanks are also due to their respective spouses and families, for their continued support of both their partners and Council throughout the year.

Your Councillors put time into in serving their community and without their support and input Council would not function to provide the high level facilities and services to our community.

My thanks and the thanks of the community to our volunteers who continue to help and work with Council in so many ways. Without these people whether it be the bushfire brigade volunteers, the tourism and information centre members, or those who serve on the many sporting and community committees Three Springs would not be the strong community it is.

This year saw the continuation of our resource sharing arrangements with the Shire of Mingenew. This is working reasonably well but there have been some rocky patches along the way. My thanks go to the Councillors and staff for the support of the concept and their willingness to try something different.

Finally I would like to acknowledge and thank our senior staff for their dedication, commitment, leadership and advice to Council, the community and myself as Shire President.

Finances

At the year's end, Council finished with a surplus of \$72,993 plus restricted funds of \$1,099,146.

Major Projects

Tidy Towns

Council's administration played a part again this year ensuring that the burdensome administration requirements of the program were met and they were also instrumental in arranging the couple of busy bee's conducted throughout the year, to which a few dedicated volunteers continued to attend. Special thanks to Erin Greaves, our Community Development Officer, for all her work in this area. This year we were recognised for our efforts in making best use of our limited water resources including the new automated reticulation systems installed on the hockey and football ovals.

With a renewed community interest & involvement in this project we look forward to Three Springs continuing to be recognised.

Three Springs Swimming Pool

Council engaged contractors to replace the plant room and all the associated pumps and filters. Unfortunately we ran over time and budget with this project but we now have a state of the art filtration system which will help ensure water quality for many years to come.

Support for Medical Services

Council and its administration continued to provide support to both the doctor and dentist and also the childcare centre. We continued the practice of engaging locum doctors whilst we endeavoured to recruit a permanent doctor for our practice. The recruitment process has proved very challenging and even though not achieved in the year we are reporting on it is very pleasing to now be able to advise a permanent doctor has now been appointed.

Age Persons Units – Kadathinni Units

The six units are now complete and fully occupied.

Visitors Centre and Area Promotions

Computer and Internet services continue to be available at the Visitors Centre for modest fees and prove popular with the tourists and visitors to Three Springs. The dry season did see numbers drop off a little this year. A very successful wildflower show was held for the first time this year thanks to the efforts of our hard working volunteers and I am aware they are keen to build on this show in the years to come.

Council continues its involvement in tourism and area promotion on a regional level with participation on the Wildflower Country Tourism Steering Committee, which has seen the development of regional branding, and the second edition of the popular tourist brochure 'WA's Wildflower Country'. Tourism is seen as a very important industry for Council and will actively support our local tourist centre volunteers in their endeavours to attract visitors to our community and encourage them to stay awhile in our town.

Recognition of Volunteers

Council continues to be aware of the significant role the many volunteers and “volunteer organisations” play in supporting to our community.

These range from the Emergency Services, Service Clubs, and Sporting, Recreational and Community Clubs and numerous other interest groups.

Without these the amenity of the area would not be so friendly and community spirited. The Council appreciates the great contribution volunteers make to our community.

Roadworks

Sealed Roads

The Three Springs-Perenjori Road – final seal was applied to the section reconstructed last financial year.

The Arrino South Road - Major reconstruction / sealing project also continued on this road.

A section of Nebru Road was reconstructed and a primer seal applied. This is the continuation of a project that, subject to the availability of funding, will see the road sealed to the Three Springs – Eneabba Road. Council currently uses the Roads to Recovery funding for these works.

Unsealed Roads

The following roads had sections gravel sheeted throughout the year – Sheppard, Kangaroo, First North, Dookanooka, Blue Water and Wilton Well.

Roads to Recovery Funding

In 2009/10 Roads to Recovery funding was used to seal and gravel sheet Nebru Road.

Plant Purchases

The major purchases during the year were a new grader and skid-steer loader. A number of the light vehicle fleet was also updated during the year.

Debt Repayment

Council made debt repayments of \$50,779 Principal and \$26,070 Interest.

The total outstanding debt as at 30 June 2010 was \$581,560.

Annie Treloar
Shire President

Chief Executive Officer Report

President, Councillors and Electors and Community Members,

I have pleasure in presenting my report on activities for the for the 2009/10 financial year.

Finance

Rates

The 2009/10 Annual Budget was adopted by Council at the July Council Meeting with an increase in rate revenue of 9.5%. Minor changes were made to rubbish collection charges and the minimum rates charged by Council.

Reserve Funds

Council continues to maintain healthy reserve accounts to help with major projects and plant and equipment purchases. As at 30th June 2010 the balance in the Reserve Accounts was \$168,236 comprised as listed below:

Housing & Development	15,910
Plant	12,213
LSL	74,617
Joint Venture Housing	47,882
Swimming Pool	4,803
Gravel	12,812
TOTAL	\$168,236

Audit

The Annual Audit was conducted during November 2010 and a copy of the report is included within this Annual Report.

Grant Funding

Council was fortunate to receive a \$ 30,000 grant from the federal government to be spent on improving community infrastructure. Council has allocated this money to refurbishing

the facilities at the sports pavilion. It is anticipated that a similar grant will be provided in the next financial year.

In addition Council was the recipient of \$564,714 from the Royalties for Regions scheme. This money has now been fully expended on the following projects:

Golf Club	Refurbishment of club house	\$ 15,000
Hockey Ground	Construction of new shed and installation of flooring	\$ 15,000
Recreation Ground	Installation of auto reticulation	\$ 85,000
Sports Club	Improvements to facilities and refurbishment of building	\$ 35,000
Staff Housing	Upgrades to units on Christie St	\$ 154,714
Swimming Pool	Replacement of plant room building	\$ 260,000

Staff

There were two administration staff changes during the financial year with the appointment of Mitchell Reid as a Trainee Administration Officer and Rhonda Blackburn as a part-time Customer Services Officer. Trevor Brandy was appointed as our Health / Building Officer and Chris Jackson as our Manager of Corporate Services – two of the staff positions shared with the Shire of Mingenew. Manager of Works Wayne Jolly resigned during the financial year and has since commenced work with the Shire of Pingelly.

There were no changes to the outside staff during the year under review.

Building Control

Building works in the Shire of Three Springs

Building activity value had increased considerably from last year. For the 2009-2010 financial year, there were 17 building approvals, to the value \$9,152,333.00 compared with \$147,333.00 for the previous year. The Main contributor to the fees was the construction of the Karara Village and associated mining works. Planning fees also contributed to a sizable income.

A breakdown of the various types of projects approved is as follows:

TYPE	NUMBER	VALUE
New dwellings	3	\$605,000.00
Additions to dwellings	1	\$ 70,000.00
Garages / Patios / Fences etc	5	\$ 77,333.00
Commercial / Industrial	2	\$ 8,400,000.00
TOTAL	6	\$9,152,333.00

Demolition licences

Nil

Building maintenance Programme

Councils building maintenance programme has been ongoing to ensure that buildings in control of the Shire of Three Springs have been maintained to a satisfactory standard.

Building-Energy Efficiency 5 Star plus

Building Code 2011 proposed further increases to Energy Efficiency measures for commercial buildings, new houses and swimming pools. There will be a new Building Act introduced to the autumn session of parliament, the Act will affect the administration of the Shire.

Environmental Health

Food premises

Food premises have been assessed and have been found to be in a satisfactory condition with items requiring attention being attended to. It is envisaged to introduce a Training session for food handlers to help them comply with the new Food Act.

Food recalls

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

Public buildings

The public buildings controlled by Council were assessed in conjunction with the building maintenance programme.

Mosquito Control

The Shire is evaluated upon rain events, apart from some consistent sites the Shire appears to be lucky with breeding areas.

Three Springs Effluent Reuse Scheme

The Shire is in the final stages of applying to the Health Department of Western Australia for a licence to reuse its waste water effluent on the Towns ovals. This will lessen the overall cost of water for the oval.

Shire of Three Springs Town Planning Scheme No1 Amendment No4

The amendment was gazetted on the 4th of February 2011. The amendment gives Council greater control over the zoning within the Shire.

Three Springs ECO Tourism Park

Council is currently working on the feasibility of having an ECO Tourism Park on Lot 232 Waters Road to take advantage of the Tourist trade.

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 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 needed to apply the competitive neutrality principals of NCP during this financial year or intends to do so in the forthcoming years unless warranted to do so.

Strategic Plan

Council did not review their Strategic Plan during the year nor reviewed Plan for The Future.

Freedom of Information

The Shire of Three Springs has a requirement to comply with the Freedom of Information Act.

During the 2009/10 no applications were received for information under the terms of this legislation.

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.

Record Keeping

In accordance with the State Records Act 2000, Standard 2, Principal 6 it is hereby reported on how the Shire of Three Springs employees are complying with Councils Record Keeping Plan.

Staff Training

The following activities are carried out to ensure staff awareness and compliance with Councils record keeping plan, policy and procedures;

- In-house recordkeeping training sessions for staff are conducted.
- Staff information sessions are conducted on a regular basis for staff as required.
- The Local Government's Induction Program for new employees includes an introduction to the Local Government's recordkeeping system and program, and information on their recordkeeping responsibilities.

Performance Indicators in Place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Three Springs record keeping system;

- Register of unsuccessful retrievals
- Register of missing files

With the administration centre being relatively small the issue of missing files has not been encountered.

Agency Evaluation

The Shire of Three Springs record keeping system will be continually reviewed and improved where possible in order to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation. Council is presently investigating an electronic based record keeping system.

Council is currently working with the other members of the Mid West Regional Council to introduce a new electronic filing system that will have a common base filing index.

Disability Access and Inclusion Plan Outcomes

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

Council adopted and implemented a DAIP in November 2007. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.

2. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
3. Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to large front size.
4. The Staff are always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive. We are also working with our contractors to ensure they are aware of their responsibilities.
5. People with disabilities have the same opportunities as other people to make complaints to the staff, this can be via written letters, email, SMS or verbally.
6. Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

Resource Sharing & Local Government Structural Reform

The formal staff resource sharing arrangement with the Shire of Mingenew commenced in 2008 continued throughout the year.

Any change of this magnitude is going to work if it has the support of the staff. The staff employed by both organisations have embraced the changes and the challenges that they have brought and it is with their support and commitment the arrangements are working.

To all my staff, thank you for your dedication and support and willingness to work “outside the square”. In particular to the staff in the dual roles for the full year – Kylie McGree and Erin Greaves - I know and understand the special challenges you have had to overcome to make this arrangement a success.

The Minister for Local Government announced in February 2009 that all local governments were to investigate structural reform options and established a set of guidelines that needed to be followed. The Shire of Three Springs has embraced the Minister’s announcement and is working actively with the Shires of Mingenew, Morawa and Perenjori to see what opportunities may be available. This project has taken up considerable staff time and placed pressures on ensuring the day to day activities are maintained at the required standard. We have received considerable state funding to assist with this project and this has enabled asset management plans and forward capital works plans to be prepared with the aid of external consultants which will help guide the shire forward even if amalgamation does not proceed.

Conclusion

Yet again 2009/10 was not the best of seasons for our agricultural community but we fared better than some parts of the state. To the credit of the community they remained positive which typifies the strong district spirit.

There however will be other matters that Council will need to meet including the growth of mining related activity, the proposed shire amalgamations and the long term sustainability of the Shire of Three Springs. I hope Council and the community will be able to meet and rise above these challenges and provide for a more positive and rewarding future.

As a Council we will continue to work on improving roads, parks and gardens, the swimming pool, other community infrastructure and our services and facilities within the community.

I would like to acknowledge the efforts of all my administration and works staff that have supported me and Council during the year and accepted the changes implemented as we endeavour to always be improving our level of service.

I would also like to publicly acknowledge the support of my partner Jan as without her support I would not be able to achieve what I have done over the past 12 months.

Ian Fitzgerald
Chief Executive Officer

Staff

(as at December 2010)

Chief Executive Officer	Ian Fitzgerald
Manager of Corporate Services	Chris Jackson
Environmental Health Officer	Trevor Brandy
Manager, Works & Services	Vacant
Senior Finance Officer	Kylie McGree
Customer Service Officer	Rhonda Blackburn
Customer Service Officer	Jessica Parker
Customer Service Officer (Trainee)	Mitchell Reid
Swimming Pool Manager	Cathie Holder
Leading Hand	Warren Knapp
Plant Mechanic	Steven Blackburn
Building Maintenance Officer	Peter Every
Plant Operator	Dennis Johnston
Plant Operator	Roderick Ennor
Plant Operator	Ian Sweetman
Gardener	Charles Strahan
Gardener	Darryl Dalgetty
Cleaner	Margariet Metsemakers
Cleaner	Amanda Humphries

Community Profile

Shire Address

132 Railway Road, Three Springs WA 6519
PO Box 117 Three Springs WA 6519

Population

690 est (Shire) roughly 400 in town and 290 rural

Distance from Perth

313km (approx. 3hrs from Midland)

Distance from Geraldton

175km (approx. 2hrs)

Closest Towns

Three Springs is centrally located to the following;

Carnamah	22km South
Coorow	50km South
Eneabba	60km West
Perenjori	50km East
Morawa	60km North-East
Mingenew	50km North

Climate

Average annual rainfall 350mm

Winters are generally temperate to mild.

Summers generally very hot in January, February and March

Regional Economy

Agriculture – Mainly comprising wheat and sheep farming. There are also a number of farmers grazing cattle, two sizeable cattle feedlots; a number of piggeries as well as some of the more diverse activities such as aquaculture and wildflower farming are now being practised.

Mining – Rio Tinto Group's Three Springs Talc Mine is located 11km east of town and currently employs some 35 persons from the district.

Retail/Commercial/industrial – The town offers a supermarket / general store, newsagent / lotto, two petrol stations, hotel, roadhouse, rural and agricultural hardware /

agencies, butcher, bank, boutique / drapery, post office incl. passport facilities, machinery dealer, electrician, fuel depot, shearing teams and mechanical engineering services.

The town also has many smaller services such as a Hairdresser, Massage & Bowen Therapist, Reiki, Gardening Contractor, Rural contractors etc.

The town also hosts depot offices of AG W.A., Landcare, W.A. Water Authority and Western Power as well as a 3 man contingency of Police.

Employment Opportunities

Seasonal work at seeding and harvest times is available through the Farming industry and Co-operative Bulk Handling.

Opportunities come available at the Talc mine and business houses from time to time but could not be relied upon.

The hospital provides a ready source of employment for those with appropriate medical training.

Shopping

The Three Springs IGA Supermarket provides all essential food lines and family shopping is well provided for within the town. The roadhouse also carries variety items, in addition to expected services.

Closest Regional Shopping Centre

Geraldton - 175 km north-west (approx. 2 hrs)

Housing

Rentals

Limited housing opportunities are available in Three Springs.

Two bedroom units are available for rent from the Shire (basically furnished at \$65 per week)

Older style Fibro / timber homes are available for rent from time to time. Some houses on farms are available for rental from time to time.

Limited HomesWest housing/units rentals are available and are becoming scarcer each year as they sell off their stock.

Community Facilities

Doctor/General Practitioner - A resident Doctor services Three Springs and surrounding districts.

Dentist - A resident Dentist services Three Springs and surrounding districts.

Community Nurse - A resident Sister services Three Springs and surrounding districts.

Hospital - The North Midlands District Hospital is situated in Three Springs and appropriately services the North Midlands District.

Ambulance Services - An Ambulance service is provided by a group of local professional volunteers

Royal Flying Doctor Services - Are available when deemed necessary by the Doctor or other appropriate medical personnel.

Pharmacy - Provided through the Doctor.

Meals on Wheels – This is available through the Hospital and a volunteer committee / drivers.

Tourism Promotion Centre - A volunteer group organise and operate such.

Education / Schooling

Playgroup - (ages 1-4) meets weekly at their building alongside the Hockey Grounds.

Pre-Primary - 4 year old and 5 year old schooling is offered through the Primary School.

Primary School - Years (1-7) available in Three Springs.

Junior High School - (YRS 8, 9 and 10) available at the Carnamah District High School. (22km south) A daily bus service is provided by the Department of Transport.

Senior High School - (Yrs 11 and 12) not currently available for Three Springs children. A Senior High School is situated at Morawa, however no daily bus service is provided.

TAFE / Other Tertiary - Limited TAFE courses are available through the Carnamah District High School. Otherwise Geraldton is the closest centre for higher studies.

Aged Care Services

Full aged facilities are incorporated in the Hospital.

Home and Community Care (H.A.C.C.) services are available and are provided through the Hospital. Excellent general support is provided by the Shire, community groups and individuals by way of cleaning of yards, transport, shopping requirements etc.

A daily meals-on-wheels service is provided by volunteers.

Council, in a joint venture project with the Ministry of Housing, has developed four well aged units to cater for elderly residents of the Three Springs area by providing rental accommodation specifically designed to meet the needs of more senior tenants. In 2008/2009 two more well aged units were erected.

Recreation and Culture

Library - Situated within the Shire Office and provides the services of the West Australian Library Services. Limited stock is on hand, however request services are available.

Craft Group

Meets every Wednesday.

Sporting Facilities - Many sports are provided for, each with varying amounts of Involvement /support;

Winter - Junior and Senior Australian Rules Football, Hockey and Netball are all played. All three sports are played on the same day at the same location and are played against the respective 5 other towns within the North Midlands Association.

Seniors', Ladies' and Men's Golf is played generally in separate competitions. Rifle shooting and Pistol shooting Clubs have small followings.

Squash courts are available; however no club or competition is currently played. Mixed social and pennant badminton is played.

A darts competition is run through the winter months.

Summer -Lawn bowls, tennis, a mixed seniors social and a structured junior basketball competition are all available through the Sporting Club.

An amateur junior swimming club meets locally as well as participating in regional meets.

A public 50 metre, 9 lane swimming pool is provided by the Shire and is open from late October to late March annually.

Religion

There is a Catholic Church and a Shared Ministry (Uniting/Anglican) within the town. A Christian Fellowship group also operates.

Bible study groups are also available within the community.

Special Features and Places of Interest

Three Springs Talc Mine - 11km east of town. Very limited public viewing opportunities available.

Dookanooka Nature Reserve - (Mica Mine Thicket) - Natural bushland with splendid orchid and wildflower displays in season. Popular picnic /outing spot with local families, 18km west of town.

Yarra Yarra Lakes - A salt lake system, with limited bird life. It is best viewed from Carnamah end of town.

Wildflowers in Season -Robinson Road / Arrowsmith River Crossing area has a diverse and colourful display of wildflowers, 35km west of town.

The Shire's floral emblem, the Eucalyptus Rose Mallee can be viewed at the rear of the hospital building, outside the Shire Office or Sweetman Road (near the Mica Mine thicket)

Historical Development

Mini Heritage Walk - A walk trail is situated in the Tourist Information Bay on the south end of town, which includes a number of plaques depicting the historical record of Three Springs.

Three Springs – The Shire's name is derived from three original water springs located to the north-east of the town which were used by the early settlers and drovers for stock watering purposes. One is situated on the side of the Morawa-Three Springs road some 3km from town. The other two are located on private property.
The town was founded around 1906.

The Three Springs Road Board was formed in 1929, becoming the Shire Council in 1961.

Plan for the Future

Introduction to the Plan:

Under the Local Government Act 1995, each year Council is required to prepare a plan For the Future for the next 4 or more years. The plan must be developed in conjunction with the community and, when finalised, will be the basis for the adoptions of the annual budget for the Shire. The Plan is scheduled for review in 2009/10.

What is a Future Plan?

It is an overview of the significant programs and activities proposed by the Council over the next 4 years. The plan objectives are:

- To provide the community with information related to the proposed future activities and
- To offer the community the opportunity to lodge submissions in relation to these proposals for consideration by the Council

What is in the Plan?

The plan contains:

- A description of all the major activities proposed to be commenced or continued during the next 4 years
- An explanation of why they are being carried out, the expected costs, how they are expected to be funded and how performance will be assessed
- An estimate of the total income and expenditure for each of the four years

When is the Plan Prepared?

The plan will be revised and made public annually, this affords the opportunity to:

- Update income and expenditure estimates
- Change priorities to reflect changing circumstances
- Add, modify or delete activities according to needs
- Respond appropriately to changes of community needs and perceptions, as expressed through the submissions lodged each year

Future Activities:

A future activity is:

- A major capital works project to be undertaken
- A major service to be provided
- A program for the replacement of major assets
- Major land transactions
- Major trading undertakings

Selection of Future Activities:

It is up to each local government to examine its existing and proposed activities to determine which are appropriate for inclusion in the plan. For the purpose of this plan, the council has decided that any activity satisfying the following criteria will be considered a principal activity.

- Programs or activities which are likely to involve 5% or more of the proposed total annual expenditure
- Services or projects considered to be of significant interest to the community

Additional Information:

Additional information (not required by the Act) is provided in relation to:

- Debt servicing
- Reserve accumulations

Basis for Financial Estimate:

Within this document, all income and expenditure figures are estimates based upon the information available to the council and its officers at the time of preparation. They are expressed in current dollar term plus 3% per annum. Consequently, some revision of estimates can be expected in response to inflation and other price variations beyond the control of the local government.

Terminology Used:

General Purpose Income means the sum total of the current years rates levied plus the grants received from the Western Australian Local Government Grants Commission.

Reserves means moneys set aside, mostly from general purpose income, in previous years for use on specific activities.

Pricing policy:

This policy describes the methods of principles used in raising revenue from the sources available to the Council.

Statutory Charges— these charges can only be imposed by the council in relation to matters prescribed by legislation and then must be imposed according to the scale of fees and charges invoked by that legislation. They include license fees for buildings, dogs, signs, eating houses, itinerant food vendors, lodging houses, hawkers, stall holders and traders plus fines imposed by infringement notices under the Dog, Parking and Litter Acts.

Contractual Charges – these are costs imposed under terms and conditions of leases, licenses, deeds and agreements. Some examples are leases to sporting and community organisations, agreements related to self supporting loans and development agreements.

User-Pays Charges – where the council is of the opinion that special benefits are derived by individuals from the use of council property or services, charges are set to ensure the user pays an appropriate amount for the service from which they benefit. Examples are ground hire charges, photocopying, planning fees and swimming pool inspections fees.

General Purpose Income – this consists generally of rates and general purpose government grants. Where the council is of the opinion that a general benefit is available to the entire community, the service is funded from general purpose income. Examples are parks, roads, administration and waste collection. (Government grants for specific projects are excluded from this area.)

Commercial Charges – council has a policy to recoup the full cost of a service, together with profit margin to cover future maintenance costs, from activities such as the reinstatement of roads after damage by government agencies, crossover contributions and works carried out on private property for the specific benefit of owners or occupiers.

Depreciation of Non-Current Asset – significant increases in asset depreciation arise as a direct consequence of the requirement by Australian Accounting Standards 27 for infrastructure assets such as roads, drains, footpaths and parks to be depreciated. The council accepts that true costs would be underrated if depreciation was excluded from principal and non-principal activity costing but has no desire to levy rates to meet this non-cash cost. Consequently a corresponding adjustment is made in various tables to deduct the depreciation or the purpose of assessing the adequacy of rating levels.

National Competition Policy

The Competition Principles Agreement (CPA) is a contractual agreement between the Federal Government and all State and Territory governments. National Competition Policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive. This requires that public enterprises review their operations to ensure they do not have a competitive advantage or disadvantage resulting from their status as public enterprises.

To ensure compliance with the CPA, local governments are required to include in their annual reports certain particulars in relation to CPA

Competitive Neutrality

The objective of competitive neutrality is to remove any net competitive advantages or disadvantages arising simply as a result of government ownership of a business entity.

At present no activities undertaken by the Shire of Three Springs have been classified as either a Public Trading Enterprise or a Public Financial Enterprise by the Australian Bureau of Statistics.

During the reporting period the Shire of Three Springs has not received any allegations of non-compliance with the principles of Competitive Neutrality.

Structural Reform of Public Monopolies

The objective of this principle is the separation of regulatory and commercial functions of public monopolies.

The Shire of Three Springs does not operate any Public Monopolies within the CPA definition and accordingly there is no reporting requirement.

Legislation Review

This requires that parties to the National Competition Policy agree that legislation should not restrict competition unless:

- The benefits to community outweigh costs
- The objectives of the legislation can only be achieved by restricting competition

During the year the Shire of Three Springs continued the process of reviewing all Local Laws in accordance with the requirements of the CPA and the Local Government Act.

17 December 2010

Mr Ian Fitzgerald
Chief Executive Officer
Shire of Three Springs
Po Box 117
THREE SPRINGS WA 6519

THREE SPRINGS SHIRE COUNCIL	
FILE: ADM0081 / CR10895..	
22 DEC 2010 989	
CEO:	<input type="checkbox"/> ADMIN: <input type="checkbox"/>
DCEO:	<input type="checkbox"/> W/S: <input type="checkbox"/>
EHO:	<input type="checkbox"/> MECH: <input type="checkbox"/>
Action:	

Dear Ian

**AUDIT OF SHIRE OF THREE SPRINGS
FOR THE YEAR ENDED 30 JUNE 2010**

We advise that we have completed the audit of your Shire for the year ended 30th June 2010 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely


GREG GODWIN
PARTNER

2010 Year End - Three Springs AO4 10 CEO Letter

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Three Springs, which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the Council, as well as evaluating the overall presentation of the financial reports.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

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 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS (continued)**

Other Matters

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 17 December 2010
Perth, WA

17 December 2010

The Shire President
Shire of Three Springs
Po Box 117
THREE SPRINGS WA 6519

Dear Cr Treloar

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2010

We advise that we have completed our audit procedures for the year ended 30th June 2010 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

We noted no matters we wish to draw to Council's attention.

Corrected Misstatements

We advise we have informed Shire management of certain misstatements which were corrected during the course of our audit and are reflected in the financial report. These corrected misstatements are attached at Appendix 1 to this letter.

Uncorrected Misstatements

We advise there were no uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



GREG GODWIN
PARTNER

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**SHIRE OF THREE SPRINGS
APPENDIX 1
FORMING PART OF THE MANAGEMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

Corrected Misstatements

	Dr (\$)	Cr (\$)
MC – Contribution from Three Springs Three Springs Contribution – Medical Centre <i>Reversal of Medical Centre contributions made and received by the Shire.</i>	58,055.06	58,055.06

SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Three Springs at 30th June 2010 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 on the 17th day of December, 2010.



Ian B Fitzgerald
Chief Executive Officer

SHIRE OF THREE SPRINGS
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	1,130,560	1,134,950	1,018,396
Operating Grants, Subsidies and Contributions	28	1,128,499	1,388,815	1,142,173
Fees and Charges	27	856,555	827,971	341,003
Interest Earnings	2(a)	63,333	42,225	51,775
Other Revenue		30,708	29,000	25,384
		<u>3,209,655</u>	<u>3,422,961</u>	<u>2,578,731</u>
EXPENSES				
Employee Costs		(1,185,924)	(1,226,180)	(824,858)
Materials and Contracts		(961,273)	(1,124,537)	(682,925)
Utility Charges		(88,671)	(115,470)	(103,615)
Depreciation on Non-Current Assets	2(a)	(679,010)	(623,500)	(640,753)
Interest Expenses	2(a)	(26,070)	(20,194)	(16,784)
Insurance Expenses		(101,143)	(95,965)	(81,729)
Other Expenditure		(29,311)	(56,010)	(57,659)
		<u>(3,071,402)</u>	<u>(3,261,856)</u>	<u>(2,408,323)</u>
		138,253	161,105	170,408
Non-Operating Grants, Subsidies and Contributions				
	28	626,350	627,197	2,172,168
Profit on Asset Disposals	20	100,000	85,000	28,126
Loss on Asset Disposal	20	<u>(11,622)</u>	<u>(17,520)</u>	<u>(43,326)</u>
NET RESULT		852,981	855,782	2,327,376
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>852,981</u></u>	<u><u>855,782</u></u>	<u><u>2,327,376</u></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 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		131,327	120,250	61,299
General Purpose Funding		1,954,839	1,766,649	2,006,375
Law, Order, Public Safety		20,195	19,850	25,204
Health		708,856	808,005	174,055
Education and Welfare		4,245	0	0
Housing		142,686	124,136	120,288
Community Amenities		65,335	54,690	52,574
Recreation and Culture		73,381	434,706	704,361
Transport		756,421	770,107	1,618,860
Economic Services		25,943	23,765	5,549
Other Property and Services		52,777	13,000	10,460
	2 (a)	<u>3,936,005</u>	<u>4,135,158</u>	<u>4,779,025</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(232,019)	(267,118)	(267,288)
General Purpose Funding		(23,375)	(28,140)	(26,122)
Law, Order, Public Safety		(77,455)	(106,208)	(75,053)
Health		(878,648)	(906,125)	(354,896)
Education and Welfare		(3,462)	0	(6,273)
Housing		(244,682)	(296,029)	(289,307)
Community Amenities		(141,893)	(172,693)	(141,992)
Recreation & Culture		(455,796)	(553,196)	(423,609)
Transport		(877,815)	(809,204)	(750,015)
Economic Services		(89,639)	(110,201)	(74,096)
Other Property and Services		(32,170)	(10,268)	(26,214)
	2 (a)	<u>(3,056,954)</u>	<u>(3,259,182)</u>	<u>(2,434,865)</u>
FINANCE COSTS				
Health		(5,665)	(5,680)	(6,649)
Housing		(6,797)	(7,130)	(8,284)
Recreation & Culture		(7,241)	(7,384)	(1,851)
Transport		(6,367)	0	0
	2 (a)	<u>(26,070)</u>	<u>(20,194)</u>	<u>(16,784)</u>
NET RESULT		<u>852,981</u>	<u>855,782</u>	<u>2,327,376</u>
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>852,981</u></u>	<u><u>855,782</u></u>	<u><u>2,327,376</u></u>

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

**SHIRE OF THREE SPRINGS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,508,411	1,705,786
Trade and Other Receivables	4	184,863	450,770
Inventories	5	<u>30,262</u>	<u>14,811</u>
TOTAL CURRENT ASSETS		<u>1,723,536</u>	<u>2,171,367</u>
NON-CURRENT ASSETS			
Other Receivables	4	4,926	0
Inventories	5	8,000	8,000
Property, Plant and Equipment	6	4,580,483	3,754,394
Infrastructure	7	<u>17,595,657</u>	<u>16,693,214</u>
TOTAL NON-CURRENT ASSETS		<u>22,189,066</u>	<u>20,455,608</u>
TOTAL ASSETS		<u>23,912,602</u>	<u>22,626,975</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	419,112	240,887
Long Term Borrowings	9	83,619	50,779
Provisions	10	<u>114,595</u>	<u>126,527</u>
TOTAL CURRENT LIABILITIES		<u>617,326</u>	<u>418,193</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	497,941	276,560
Provisions	10	<u>28,252</u>	<u>16,120</u>
TOTAL NON-CURRENT LIABILITIES		<u>526,193</u>	<u>292,680</u>
TOTAL LIABILITIES		<u>1,143,519</u>	<u>710,873</u>
NET ASSETS		<u>22,769,083</u>	<u>21,916,102</u>
EQUITY			
Retained Surplus		21,253,896	20,406,929
Reserves - Cash Backed	11	168,236	162,222
Reserves - Asset Revaluation	12	<u>1,346,951</u>	<u>1,346,951</u>
TOTAL EQUITY		<u>22,769,083</u>	<u>21,916,102</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 2010**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008		18,085,181	156,594	1,346,951	19,588,726
Net Result		2,327,376	0	0	2,327,376
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(5,628)	5,628	0	0
Balance as at 30 June 2009		20,406,929	162,222	1,346,951	21,916,102
Net Result		852,981	0	0	852,981
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(6,014)	6,014	0	0
Balance as at 30 June 2010		21,253,896	168,236	1,346,951	22,769,083

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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,140,933	1,140,201	1,006,545
Operating Grants, Subsidies and Contributions		1,227,554	1,767,323	1,142,173
Fees and Charges		1,393,910	846,505	320,776
Interest Earnings		63,333	42,225	51,775
Goods and Services Tax		239,423	167,000	288,027
Other Revenue		30,708	29,000	25,384
		<u>4,095,861</u>	<u>3,992,254</u>	<u>2,834,680</u>
Payments				
Employee Costs		(1,177,859)	(1,237,199)	(757,448)
Materials and Contracts		(865,639)	(1,143,945)	(726,426)
Utility Charges		(88,671)	(112,370)	(103,615)
Insurance Expenses		(101,143)	(95,965)	(81,729)
Interest expenses		(20,189)	(20,194)	(15,255)
Goods and Services Tax		(272,506)	(167,000)	(259,562)
Other Expenditure		(29,311)	(61,260)	(57,659)
		<u>(2,555,318)</u>	<u>(2,837,933)</u>	<u>(2,001,694)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,540,543</u>	<u>1,154,321</u>	<u>832,986</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,267,429)	(1,551,210)	(685,793)
Payments for Construction of Infrastructure		(1,245,801)	(2,157,357)	(1,511,513)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		327,025	627,197	1,861,575
Proceeds from Sale of Plant & Equipment		194,066	178,000	218,409
Net Cash Provided By (Used In) Investing Activities		<u>(1,992,139)</u>	<u>(2,903,370)</u>	<u>(117,322)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(50,779)	(50,780)	(37,400)
Proceeds from New Debentures		305,000	315,000	140,000
Net Cash Provided By (Used In) Financing Activities		<u>254,221</u>	<u>264,220</u>	<u>102,600</u>
Net Increase (Decrease) in Cash Held		<u>(197,375)</u>	<u>(1,484,829)</u>	<u>818,264</u>
Cash at Beginning of Year		<u>1,705,786</u>	<u>1,705,785</u>	<u>887,522</u>
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,508,411</u></u>	<u><u>220,956</u></u>	<u><u>1,705,786</u></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 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		131,327	120,250
General Purpose Funding		824,279	631,699
Law, Order, Public Safety		20,195	19,850
Health		708,856	808,005
Education and Welfare		4,245	0
Housing		142,686	124,136
Community Amenities		65,335	54,690
Recreation and Culture		73,381	434,706
Transport		756,421	770,107
Economic Services		25,943	23,765
Other Property and Services		52,777	13,000
		<u>2,805,445</u>	<u>3,000,208</u>
EXPENSES			
Governance		(232,019)	(267,118)
General Purpose Funding		(23,375)	(28,140)
Law, Order, Public Safety		(77,455)	(106,208)
Health		(884,313)	(917,755)
Education and Welfare		(3,462)	0
Housing		(251,479)	(297,209)
Community Amenities		(141,893)	(172,693)
Recreation & Culture		(463,037)	(560,580)
Transport		(884,182)	(809,204)
Economic Services		(89,639)	(110,201)
Other Property and Services		(32,170)	(10,268)
		<u>(3,083,024)</u>	<u>(3,279,376)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(88,378)	(67,480)
Movement in Accrued Interest		5,881	0
Movement in Deferred Pensioner Rates (Non-Current)		(4,926)	0
Movement in Accrued Salaries and Wages		5,546	0
Movement in Employee Benefit Provisions		200	0
Depreciation and Amortisation on Assets		679,010	623,500
Capital Expenditure and Revenue			
Purchase Land and Buildings		(555,397)	(886,210)
Purchase Plant and Equipment		(631,012)	(569,500)
Purchase Furniture and Equipment		(81,020)	(95,500)
Purchase Infrastructure Assets - Roads		(1,198,117)	(2,022,357)
Purchase Infrastructure Assets - Parks		(31,604)	(115,000)
Purchase Infrastructure Assets - Footpaths		(16,080)	(20,000)
Proceeds from Disposal of Assets		194,066	178,000
Repayment of Debentures		(50,779)	(50,780)
Proceeds from New Debentures		305,000	315,000
Transfers to Reserves (Restricted Assets)		(6,014)	(5,075)
Transfers from Reserves (Restricted Assets)		0	60,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,792,782	1,799,620
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,172,139	0
Amount Required to be Raised from Rates	22	<u>(1,130,560)</u>	<u>(1,134,950)</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 2010**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) 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, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade 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.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. 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 includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at balance date.

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 AASB1051 - 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 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 100 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	10 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years
Water supply piping and drainage systems	75 Years

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and statement of comprehensive income. Information about the joint venture is set out in Note 16.

(r) 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 operation for the current reporting period.

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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 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 resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9– Financial Instruments	December 2009	01 January 2013	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 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	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 (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

(*) 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 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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 became mandatory and which were applicable to its operations.

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Going concern

The Shires of Mingenew, Three Springs, Morawa and Perenjori agreed to investigate amalgamation of the four Shires.

A structural reform working Group comprising members from each Shire was formed and commissioned a report investigating the proposed amalgamation.

This report was finalised and submitted to the Local Government Advisory Board who is overseeing the proposal.

If decision to proceed with the amalgamation is made, the date proposed in the report is 1 July 2011.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES

2010
\$

2009
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	11,550	12,097
- Other Services	0	0

Depreciation

Buildings	86,368	77,312
Furniture and Equipment	52,982	45,955
Plant and Equipment	169,503	160,878
Motor Vehicles	26,799	25,294
Roads	334,744	323,123
Airfields	528	528
Parks and Ovals	5,425	5,336
Footpaths	2,661	2,327
	<u>679,010</u>	<u>640,753</u>

Interest Expenses (Finance Costs)

Debentures (<i>refer Note 21(a)</i>)	26,070	16,784
	<u>26,070</u>	<u>16,784</u>

Rental Charges

- Operating Leases	15,061	15,061
--------------------	--------	--------

(ii) Crediting as Revenue:

2010
\$

2010
Budget
\$

2009
\$

Interest Earnings

Investments			
- Reserve Funds	10,014	5,075	5,628
- Other Funds	47,852	33,000	39,869
Other Interest Revenue (<i>refer note 26</i>)	5,467	4,150	6,278
	<u>63,333</u>	<u>42,225</u>	<u>51,775</u>

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Three Springs is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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 matters 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 playgroup, administration of Youth Advisory Committee.

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 well being of the community.

Activities: Maintenance of swimming pool, recreation centre, library, parks, gardens and reserves.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

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

Activities: Construction and maintenance of streets, roads, bridges; cleaning and lighting of street, traffic signs; 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 & SERVICES

Activities: Private work operations, plant repair/operations and Arrino cropping.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Grant/Contribution	Function/ Activity							
Regional Road Group	Transport	14,206	0	(14,206)	0	0	0	0
Grants Commission Bridge Funding	Transport	206,668	0	0	206,668	0	0	206,668
Roads to Recovery - Supplementary	Transport	119,856	6,721	(126,577)	0	0	0	0
Dry Season Assistance Grant	Education & Welfare	3,440	0	(3,440)	0	0	0	0
Roads to Recovery - Bridge Funding	Transport	0	655,425	0	655,425	0	(57,187)	598,238
Roads to Recovery (Transport)	Transport	0	21,732	0	21,732	0	(21,732)	0
	Other Law, Order &							
Office of Crime Prevention	Public Safety	0	10,000	0	10,000	0	0	10,000
Office of Crime Prevention	Recreation & Culture	0	10,000	0	10,000	0	0	10,000
RLCIP Grant	Recreation & Culture	0	38,075	0	38,075	30,000	(38,075)	30,000
Royalties For Regions Grant	Recreation & Culture	0	567,714	0	567,714	0	(567,714)	0
CLGF - Forward Capital Works Plan	Governance	0	0	0	0	35,000	(8,996)	26,004
Total		344,170	1,309,667	(144,223)	1,509,614	65,000	(693,704)	880,910

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2009 \$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Unrestricted	650	650
Cash on Hand - Municipal	1,339,525	1,542,914
Restricted - Reserves	<u>168,236</u>	<u>162,222</u>
	<u><u>1,508,411</u></u>	<u><u>1,705,786</u></u>
 Cash on Hand - Municipal		
Unrestricted Cash	458,615	33,300
Restricted Cash	<u>880,910</u>	<u>1,509,614</u>
	<u><u>1,339,525</u></u>	<u><u>1,542,914</u></u>
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	74,617	71,950
Plant Reserve	12,213	11,776
Housing and Development Reserve	15,910	15,341
Joint Venture Housing Reserve	47,881	46,170
Gravel Pit Reserve	12,812	12,354
Swimming Pool Rec Equip Reserve	<u>4,803</u>	<u>4,631</u>
	<u><u>168,236</u></u>	<u><u>162,222</u></u>
 Other:		
Municipal Cash on Hand - Restricted		
Unspent Grants (refer note 2 (c))	<u>880,910</u>	<u>1,509,614</u>
	<u><u>880,910</u></u>	<u><u>1,509,614</u></u>
 4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	27,492	41,813
Sundry Debtors	137,831	416,861
Provision for doubtful debts	(8,882)	(7,904)
GST Receivable	<u>28,422</u>	<u>0</u>
	<u><u>184,863</u></u>	<u><u>450,770</u></u>
 Non-Current		
Rates Outstanding - Pensioners	<u>4,926</u>	<u>0</u>
	<u><u>4,926</u></u>	<u><u>0</u></u>

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2009 \$
5. INVENTORIES		
Current		
Fuel and Materials	7,794	14,811
Medical Centre Stock	22,468	0
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	8,000	8,000
	<u>8,000</u>	<u>8,000</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,315,654	3,760,256
Less Accumulated Depreciation	<u>(1,410,818)</u>	<u>(1,324,449)</u>
	2,904,836	2,435,807
Furniture and Equipment - Cost	725,882	644,862
Less Accumulated Depreciation	<u>(458,559)</u>	<u>(405,577)</u>
	267,323	239,285
Plant and Equipment - Cost	2,309,537	2,050,317
Less Accumulated Depreciation	<u>(1,131,570)</u>	<u>(1,202,067)</u>
	1,177,967	848,250
Motor Vehicles - Cost	267,205	253,296
Less Accumulated Amortisation	<u>(36,848)</u>	<u>(22,244)</u>
	230,357	231,052
	<u>4,580,483</u>	<u>3,754,394</u>

The above assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance as at 1 July 2009	2,435,807	239,285	848,250	231,052	3,754,394
Additions	555,397	81,020	499,220	131,792	1,267,429
(Disposals)	0	0	0	(105,688)	(105,688)
Depreciation (Expense)	(86,368)	(52,982)	(169,503)	(26,799)	(335,652)
Balance as at 30 June 2010	<u>2,904,836</u>	<u>267,323</u>	<u>1,177,967</u>	<u>230,357</u>	<u>4,580,483</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2009 \$
7. INFRASTRUCTURE		
Roads - management valuation 2005	29,291,210	29,291,210
Roads - Cost	5,218,523	4,020,406
Less Accumulated Depreciation	<u>(17,193,676)</u>	<u>(16,858,932)</u>
	17,316,057	16,452,684
 Footpaths - Cost	 109,169	 93,089
Less Accumulated Depreciation	<u>(8,900)</u>	<u>(6,239)</u>
	100,269	86,850
 Airfields - Cost	 26,400	 26,400
Less Accumulated Depreciation	<u>(13,024)</u>	<u>(12,496)</u>
	13,376	13,904
 Parks & Ovals - Cost	 298,406	 266,802
Less Accumulated Depreciation	<u>(132,451)</u>	<u>(127,026)</u>
	165,955	139,776
	<u>17,595,657</u>	<u>16,693,214</u>

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116.

The above assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Footpaths	Airfields	Parks and Ovals	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2009	16,452,684	86,850	13,904	139,776	16,693,214
Additions	1,198,117	16,080	0	31,604	1,245,801
Depreciation (Expense)	(334,744)	(2,661)	(528)	(5,425)	(343,358)
Balance as at 30 June 2010	17,316,057	100,269	13,376	165,955	17,595,657

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2009 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	358,081	188,941
PAYG Liability	17,440	19,456
GST Payable	0	4,661
Accrued Expenditure	7,641	3,306
Accrued Interest on Debentures	9,212	3,331
Accrued Salaries and Wages	26,738	21,192
	<u>419,112</u>	<u>240,887</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	83,619	50,779
	<u>83,619</u>	<u>50,779</u>
Non-Current		
Secured by Floating Charge		
Debentures	497,941	276,560
	<u>497,941</u>	<u>276,560</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	65,130	72,591
Provision for Long Service Leave	49,465	53,936
	<u>114,595</u>	<u>126,527</u>
Non-Current		
Provision for Long Service Leave	28,252	16,120
	<u>28,252</u>	<u>16,120</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	71,950	71,950	69,449
Amount Set Aside / Transfer to Reserve	2,667	2,300	2,501
Amount Used / Transfer from Reserve	0	0	0
	<u>74,617</u>	<u>74,250</u>	<u>71,950</u>
(b) Plant Reserve			
Opening Balance	11,776	11,776	11,368
Amount Set Aside / Transfer to Reserve	437	350	408
Amount Used / Transfer from Reserve	0	(10,000)	0
	<u>12,213</u>	<u>2,126</u>	<u>11,776</u>
(c) Housing and Development Reserve			
Opening Balance	15,341	15,341	14,810
Amount Set Aside / Transfer to Reserve	569	500	531
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>15,910</u>	<u>841</u>	<u>15,341</u>
(d) Joint Venture Housing Reserve			
Opening Balance	46,170	46,169	44,570
Amount Set Aside / Transfer to Reserve	1,711	1,400	1,600
Amount Used / Transfer from Reserve	0	(35,000)	0
	<u>47,881</u>	<u>12,569</u>	<u>46,170</u>
(e) Gravel Pit Reserve			
Opening Balance	12,354	12,354	11,926
Amount Set Aside / Transfer to Reserve	458	375	428
Amount Used / Transfer from Reserve	0	0	0
	<u>12,812</u>	<u>12,729</u>	<u>12,354</u>
(f) Swimming Pool Rec Eq Reserve			
Opening Balance	4,631	4,631	4,471
Amount Set Aside / Transfer to Reserve	172	150	160
Amount Used / Transfer from Reserve	0	0	0
	<u>4,803</u>	<u>4,781</u>	<u>4,631</u>
TOTAL CASH BACKED RESERVES	<u>168,236</u>	<u>107,296</u>	<u>162,222</u>

All of the cash backed 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
FOR THE YEAR ENDED 30TH JUNE 2010**

11. RESERVES - CASH BACKED (Continued)

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

Long Service Leave Reserve

- to be used to fund long service leave requirements

Plant Reserve

- to be used for the plant replacement, upgrade or purchase.

Housing and Development Reserve

- to be used to fund development projects

Joint Venture Housing Reserve

- to be used to maintain the joint Ministry of Housing/Local Government Properties

Gravel Pit Reserve

- to be used for rehabilitation of disused gravel pits

Swimming Pool Rec Eq Reserve

- to be used to purchase recreational equipment for the swimming pool

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

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

12. RESERVES - ASSET REVALUATION

**2010
\$**

**2009
\$**

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) Roads

Balance as at 1 July 2009

1,346,951

1,346,951

Revaluation Increment

0

0

Revaluation Decrement

0

0

Balance as at 30 June 2010

1,346,951

1,346,951

TOTAL ASSET REVALUATION RESERVES

1,346,951

1,346,951

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand 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:

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>1,508,411</u>	<u>220,956</u>	<u>1,705,786</u>

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

Net Result	852,981	855,782	2,327,376
Depreciation	679,010	623,500	640,753
(Profit)/Loss on Sale of Asset	(88,378)	(67,480)	15,200
(Increase)/Decrease in Receivables	260,981	402,293	(318,867)
(Increase)/Decrease in Inventories	(15,451)	3,092	(1,592)
Increase/(Decrease) in Payables	178,225	(46,169)	(8,741)
Increase/(Decrease) in Employee Provisions	200	10,500	40,432
Grants/Contributions for the Development of Assets	<u>(327,025)</u>	<u>(627,197)</u>	<u>(1,861,575)</u>
Net Cash from Operating Activities	<u>1,540,543</u>	<u>1,154,321</u>	<u>832,986</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	14,500	14,500
Credit Card Balance at Balance Date	<u>(186)</u>	<u>(586)</u>
Total Amount of Credit Unused	<u>14,314</u>	<u>13,914</u>

Loan Facilities

Loan Facilities - Current	83,619	50,779
Loan Facilities - Non-Current	<u>497,941</u>	<u>276,560</u>
Total Facilities in Use at Balance Date	<u>581,560</u>	<u>327,339</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

14. CONTINGENT LIABILITIES

Council has no known contingent liabilities as at the date of this report.

	2010	2009
	\$	\$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
There are no outstanding finance commitments at 30 June 2010.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
<u>Leased Assets/Commitments</u>		
Ricoh - Photocopier		
Custom Fleet - Doctors Car		
Payable:		
- not later than one year	5,513	15,061
- later than one year but not later than five years	387	5,900
	<u>5,900</u>	<u>20,961</u>

(c) Capital Expenditure Commitments

There were no outstanding capital expenditure commitments at 30 June 2010.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

16. JOINT VENTURE

The Shire in conjunction with the Department of Housing and Works constructed 4 well aged units in 02/03, known as Kadathinni Units, Carter Street, Three Springs. Council's 22.34% equity in this development included in Property, Plant and Equipment as follows:

Non-Current Assets

Land and Buildings	168,239	165,353
Less: Accumulated Depreciation	<u>(25,387)</u>	<u>(21,206)</u>
	<u>142,852</u>	<u>144,147</u>

The Shire in conjunction with the Department of Housing and Works constructed 2 houses for community housing purposes in 85/86 and 86/87 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 Property, Plant and Equipment is as follows:

Non-Current Assets

Land and Buildings	20,292	20,292
Less: Accumulated Depreciation	<u>(8,386)</u>	<u>(7,981)</u>
	<u>11,906</u>	<u>12,311</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	651,402	41,813
General Purpose Funding	32,418	187,190
Law, Order, Public Safety	160,701	179,922
Health	507,860	494,994
Housing	1,228,194	1,120,866
Community Amenities	112,420	107,621
Recreation and Culture	1,487,921	1,556,801
Transport	18,990,665	17,853,596
Economic Services	12,800	13,174
Other Property and Services	482,189	576,047
Unallocated	<u>246,032</u>	<u>494,951</u>
	<u>23,912,602</u>	<u>22,626,975</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009	2008
18. FINANCIAL RATIOS			
Current Ratio	1.24	1.37	1.52
Untied Cash to Unpaid Trade Creditors Ratio	1.22	0.16	1.62
Debt Ratio	0.05	0.03	0.03
Debt Service Ratio	0.02	0.02	0.08
Gross Debt to Revenue Ratio	0.17	0.13	0.11
Gross Debt to Economically Realisable Assets Ratio	0.09	0.06	0.05
Rate Coverage Ratio	0.29	0.22	0.35
Outstanding Rates Ratio	0.02	0.04	0.02

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Police Licensing	0	383,821	(383,821)	0
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	0	160	(160)	0
East Three Springs Catchment	2,014	0	0	2,014
BCITF Levy	0	766	(766)	0
BRB Levy	0	310	(310)	0
RSL Thailand Fund	0	50	0	50
Deposits on Free Blocks	3,500	0	0	3,500
Housing Bonds	0	3,940	(3,940)	0
Pottery Group	2,121	0	0	2,121
Hall Hire Bond	0	250	(250)	0
Cat Trap Bond	0	0	0	0
Swimming Pool Inflatable	1,874	0	(1,874)	0
	<u>102,791</u>			<u>100,967</u>

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
0.TS - Holden SV6 Sportswagon	31,420	33,476	29,637	31,000	(1,783)	(2,476)
TS.95 - Holden Epica	18,961	19,664	16,582	17,000	(2,379)	(2,664)
Health						
TS.272 - Holden Commodore V6 Omega	18,588	18,950	15,120	13,000	(3,468)	(5,950)
Transport						
TS.5005 CAT 12H Grader	0	0	100,000	85,000	100,000	85,000
TS.5001 MWS Nissan Patrol	36,719	38,430	32,727	32,000	(3,992)	(6,430)
	<u>105,688</u>	<u>110,520</u>	<u>194,066</u>	<u>178,000</u>	<u>88,378</u>	<u>67,480</u>

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$		New Loans		Principal Repayments		Principal 30-Jun-10		Interest Repayments	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health										
Loan 154 - Doctor's Surgery	87,401	0	0	15,228	15,228	15,228	72,173	72,174	5,665	5,680
Housing										
Loan 148 - 217 Williamson St	60,619	0	0	5,498	5,498	5,498	55,121	55,121	5,135	5,218
Loan 152 - Doctors House	39,319	0	0	19,124	19,125	19,125	20,195	20,193	1,662	1,912
Recreation & Culture										
Loan 156 - Swimming Pool Upgrade	140,000	0	0	10,929	10,929	10,929	129,071	129,071	7,241	7,384
Transport										
Loan 157 - Grader	0	240,000	240,000	0	0	0	240,000	250,000	5,112	0
Loan 158 - Bobcat	0	65,000	65,000	0	0	0	65,000	65,000	1,255	0
	327,339	305,000	315,000	50,779	50,780	50,780	581,560	591,559	26,070	20,194

Loan 148 repayments are funded by lease income from 217 Williamson Street property.
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 157 - Grader	240,000	250,000	WATC	Debenture	10	85,957	6.13	240,000	250,000	0
Loan 158 - Bobcat	65,000	65,000	WATC	Debenture	5	10,514	5.55	65,000	65,000	0

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent loan funds as at 30th June 2010 nor did it have any unspent loan funds as at 30th June 2009.

(d) Overdraft

No overdraft was utilised during the 2009/10 financial year.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Residential	10.6290	205	1,317,713	140,060	(30)	0	140,030	140,060	0	0	140,060
GRV - Mining	10.6290	1	110,000	11,692	0	0	11,692	11,692	0	0	11,692
UV - Rural	1.0310	185	100,803,000	1,039,279	(1,464)	0	1,037,815	1,039,279	0	0	1,039,279
UV - Mining	1.0310	7	252,125	2,599	72	0	2,671	2,599	0	0	2,599
UV - Arrino Town	1.0310	0	0	0	0	0	0	0	0	0	0
Sub-Totals		398	102,482,838	1,193,630	(1,422)	0	1,192,208	1,193,630	0	0	1,193,630
Minimum Rates	Minimum \$										
GRV - Residential	310	22	8,860	6,820	0	0	6,820	6,820	0	0	6,820
UV - Rural	250	15	218,500	3,750	0	0	3,750	3,750	0	0	3,750
UV - Mining	250	18	143,711	4,500	0	0	4,500	4,500	0	0	4,500
UV - Arrino Town	250	5	4,200	1,250	0	0	1,250	1,250	0	0	1,250
Sub-Totals		60	375,271	16,320	0	0	16,320	16,320	0	0	16,320
Specified Area Rate (refer note 23)							1,208,528				1,209,950
							0				0
Discounts (refer note 25)							1,208,528				1,209,950
Movement in Excess Rates							(79,518)				(75,000)
							1,550				0
Totals							1,130,560				1,134,950

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

No specified area rates were levied during 2009/10.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No service charges were imposed during 2009/10.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	7.50%	79,518	75,000
			79,518	75,000

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 - 2009/10 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%		5,364	4,000
Interest on Instalments Plan	5.50%		0	100
Interest on ESL	10.00%		103	50
Charges on Instalment Plan		10	1,150	1,200
			6,617	5,350

Ratepayers had the option of paying rates in four equal instalments, due on 2nd October 2009, 4th December 2009, 5th February 2010 and 30th April 2010. Administration charges and interest applied for the final three instalments.

	2010 \$	2009 \$
27. FEES & CHARGES		
Governance	11,425	11,090
General Purpose Funding	5,150	5,590
Law, Order, Public Safety	829	962
Health	600,817	139,548
Education and Welfare	0	0
Housing	136,164	114,933
Community Amenities	63,740	49,416
Recreation and Culture	4,545	11,910
Transport	0	0
Economic Services	3,230	5,121
Other Property and Services	30,655	2,433
	<u>856,555</u>	<u>341,003</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 2010

28. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,128,499	1,142,173
Non-Operating Grants, Subsidies and Contributions	626,350	2,172,168
	<u>1,754,849</u>	<u>3,314,341</u>
By Program:		
Governance	117,235	47,709
General Purpose Funding	765,809	942,962
Law, Order, Public Safety	19,338	24,241
Health	108,039	34,508
Education and Welfare	4,245	0
Housing	4,241	3,225
Community Amenities	0	1,054
Recreation and Culture	68,665	692,290
Transport	633,009	1,566,521
Economic Services	22,256	1,831
Other Property and Services	12,012	0
	<u>1,754,849</u>	<u>3,314,341</u>

29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	10,004	10,560	11,040
President's Allowance	5,000	5,000	5,000
Deputy President's Allowance	1,250	1,250	1,250
Travelling Expenses	0	500	0
	<u>16,254</u>	<u>17,310</u>	<u>17,290</u>

30. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date	<u>21</u>	<u>21</u>

31. EMPLOYEES' REMUNERATION

There are no employees entitled to an annual salary of \$100,000 or more in the year 2009/10.

32. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2009/10 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

34. 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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,508,411	1,705,786	1,508,411	1,705,786
Receivables	189,789	450,770	189,789	450,770
	<u>1,698,200</u>	<u>2,156,556</u>	<u>1,698,200</u>	<u>2,156,556</u>
Financial Liabilities				
Payables	419,112	240,887	419,112	240,887
Borrowings	581,560	327,339	580,949	329,866
	<u>1,000,672</u>	<u>568,226</u>	<u>1,000,061</u>	<u>570,753</u>

Fair value is determined as follows:

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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 and investments 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 purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-10 \$	30-Jun-09 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	18,867	12,802
- Income Statement	18,867	12,802

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

34. 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:

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	83.75%	96.64%
- Overdue	16.25%	3.36%

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

34. 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>2010</u>				
Payables	419,112	0	0	419,112	419,112
Borrowings	118,667	369,622	257,660	745,949	581,560
	<u>537,779</u>	<u>369,622</u>	<u>257,660</u>	<u>1,165,061</u>	<u>1,000,672</u>
			</		

**SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) 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 2010							
Borrowings							
Fixed Rate							
Debentures	20,195	0	0	72,173	65,000	424,192	581,560
Weighted Average							
Effective Interest Rate	5.52%			6.79%	5.55%	6.23%	6.20%
Year Ended 30 June 2009							
Borrowings							
Fixed Rate							
Debentures	0	39,319	0	0	87,401	200,619	327,339
Weighted Average							
Effective Interest Rate		5.52%			6.79%	6.37%	6.38%

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Three Springs, which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the Council, as well as evaluating the overall presentation of the financial reports.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

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 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF THREE SPRINGS (continued)

Other Matters

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 17 December 2010
Perth, WA

17 December 2010

Mr Ian Fitzgerald
Chief Executive Officer
Shire of Three Springs
Po Box 117
THREE SPRINGS WA 6519

Dear Ian

**AUDIT OF SHIRE OF THREE SPRINGS
FOR THE YEAR ENDED 30 JUNE 2010**

We advise that we have completed the audit of your Shire for the year ended 30th June 2010 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



GREG GODWIN
PARTNER

2010 Year End - Three Springs AO4 10 CEO Letter

17 December 2010

The Shire President
Shire of Three Springs
Po Box 117
THREE SPRINGS WA 6519

Dear Cr Treloar

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2010

We advise that we have completed our audit procedures for the year ended 30th June 2010 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

We noted no matters we wish to draw to Council's attention.

Corrected Misstatements

We advise we have informed Shire management of certain misstatements which were corrected during the course of our audit and are reflected in the financial report. These corrected misstatements are attached at Appendix 1 to this letter.

Uncorrected Misstatements

We advise there were no uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



GREG GODWIN
PARTNER

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SHIRE OF THREE SPRINGS
APPENDIX 1
FORMING PART OF THE MANAGEMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2010

Corrected Misstatements

	Dr (\$)	Cr (\$)
MC – Contribution from Three Springs Three Springs Contribution – Medical Centre	58,055.06	58,055.06
<i>Reversal of Medical Centre contributions made and received by the Shire.</i>		