



SHIRE OF HALLS CREEK



ANNUAL REPORT For Year Ended 30 June 2015



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1.0 REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

As Shire President, I am pleased to be able to write this report on behalf of both myself and the Chief Executive Officer for the 2015 year. This year has been one of change and challenges, but ultimately real progress, with the completion of a number of long outstanding projects.



1. Workforce

Firstly I would like to thank the employees at the Shire of Halls Creek for all their efforts throughout the year.

With employee retention the highest it has been in years, I am pleased to see so many of our Officers choosing to stay on in the Shire of Halls Creek and develop their careers, particularly those who were born and raised in the Shire of Halls Creek. I would like to personally acknowledge Mario Jazyk, Ivan Bridge and Gilbert McAdam who joined the Shire in 1984, 1981 and 1998 respectively. These men are irreplaceable assets and the work they do as leaders among our Town Crew is invaluable. Please take the time to look at the employee figures provided in section 2.0 of this report which demonstrates not only the improving retention rate in our Shire, but also the growing rate of Aboriginal employment.

I must acknowledge that as wonderful as the Shire employees are, they simply could not do it alone. I am grateful to all the contractors and consultants who have helped us out on projects throughout the year and appreciate all the effort and time you put in to helping us achieve the best outcomes possible for our Shire.

2. Councillors

In this election year, I would like to acknowledge my fellow Councillors. Along with myself, the four-year terms of Cr Trevor Bedford and Cr Robyn Long are coming to an end in November. Cr Long has made the decision not to nominate for a new term and I would like to take this opportunity to thank her for everything she has done for the Shire throughout her term.

Following on from the election on the 17th of October I am very pleased to have been returned to council with my fellow councillors Trevor Bedford and welcome Vince Skeen as our newest councillor for the coming term.

3. Cemetery Amenities

The cemetery amenities were a long time passion project for my fellow Councillor, Cr Trevor Bedford. Cr Bedford pushed to see the establishment of a toilet block to be available for funerals held at the cemetery, but lack of funds proved to be an obstacle year after year. In 2015 we were fortunate to secure funding from Lotterywest to allow this to come to fruition, along with the construction of a large gazebo in the new cemetery area.

4. Housing

Plans to build seven new houses in 2015 quickly changed to nine when the Shire was fortunate enough to receive an extra portion of Country Local Government Funds (CGLF) when the Shire of Kununurra/East Kimberley (SWEK) were unable to proceed with their planned projects. These nine new homes will be used to house Shire employees and help the Shire to recruit and retain high quality employees. I am grateful to Infrastructure Assets Manager, Phil Burgess, for seeing through the completion of the housing projects after the sudden departure of the previous Manager in September.

5. Roads

This year saw the completion of the town pre-seal project and a number of improvements around town including the kerbing along Welman Road and Roberta Avenue. It's very satisfying to see such wonderful results which have taken our town to a new level with the completion of the seal in all those streets at the end of October. The Garden area in particular is looking much smarter and I know the most important task of the Shire is to keep up with the infrastructure.

2015 also saw the release of the White Paper on Developing Northern Australia: *Our North, Our Future*. Upgrading the Tanami Road, which runs between Alice Spring in the Northern Territory and the town of Halls Creek in Western Australia. The Tanami bitumisation has long been a dream of the Shire of Halls Creek, which recognises the economic and social benefits for mining, businesses and communities along the road. This dream has recently taken a leap towards reality with a collaborative business case submitted to Infrastructure Australia by the Northern Territory and Western Australian State Government. The business case would see a partnership formed between the State, Territory and Federal Government, to provide the funding needed to have the Tanami Road sealed as a staged project over the next five years.

The White Paper, which provides a vision to unlock the great potential of Northern Australia, is the first of its kind. It demonstrates strong support for the Tanami project, indicating that the Tanami is one of just seven roads set to receive a share in funds set aside for priority road projects in northern Australia.

6. Tourism

It was fantastic to see the Halls Creek Art and Cultural Facility officially opened by the Hon. Terry Redman MLA in June this year. A lease was finalised between the Shire and Yarliyiil Art Centre Aboriginal Corporation so that the new Yarliyiil Art Centre could be established. The new Art Centre is beautiful and already proving to be a favourite destination among tourists



and locals alike with regular painting workshops and a tremendous standard of art work available for purchase.

Following a further successful grant application by Yarliylil to the Royalties for Regions funds, the landscaping, driveways and carparks at the facility look set to be finalised by the end of this year.

Continuing on with the theme of local art, an Outdoor Museum has been established along the main street. Currently there are five artworks displayed by local artists at local businesses with a further five to be displayed by the end of the year. The Outdoor Museum involves different elements of community, gives the main street some colour and helps build local pride.

7. Planning

With the addition of Strategic Planning Manager, Bronwyn Little, to the Senior Management team in early 2014, the Shire has continued its focus on establishing strong planning documents for the community to assist the Council on making the best decisions to reflect community wants and needs. In April 2015 the Strategic Community Plan was adopted by Council after extensive consultation and will serve as a guiding document for all other plans.

The Local Planning Strategy was adopted by the Shire with substantial support from all submitters and in doing so created a new zones in the Shire to recognise Cultural and natural resource areas and a new Pastoral zone.

Also reviewed in 2015 was the Town Planning Scheme, resulting in Amendment 21, as well as the Shire's local laws.

8. Youth Services

Youth Services have continued their focus on working with young people at risk throughout the year. I am pleased to say that one of the young men on their program, Bernard Stretch, was successful in winning the East Kimberley Aboriginal Achievement (EKAA) award for Young Person of the Year. Bernard had been a client of the program since 2013 and this award serves as recognition of the achievements of both the youth service team and Bernard himself.

Youth Services are also currently in partnership with the Kimberley Training Institute to deliver a Certificate II in Community Services. This is part of an initiative to train up the next generation of youth workers for our community and I look forward to witnessing it's undoubtedly positive outcomes.

9. Animal Health

In the past couple of years there has been a focus on promoting animal health with the introduction of a free dog desexing and microchipping program. This program has been largely successful, particularly in the remote communities,



and I am thankful to our Rangers and Environmental Health Officers who have done such a great job in this area.

In particular I would like to acknowledge our Senior Ranger, Craig Walker, and congratulate him on receiving the WA Ranger Association 2015 Ranger of the Year Award.

10. Federal Assistance Grants

Each year WA Local Government Grants Commission distribute federal funding in the form of Financial Assistance Grants (FAGs) to local authorities in Western Australia. This funding is crucial for the continued delivery of council's services and infrastructure.

In the 2013-2014 federal budget it was announced that a three-year freeze would be placed on the indexation of these grants, resulting in the Shire receiving less funding than originally promised. Earlier this year the Australia Local Government Association commenced a national campaign to highlight the importance of FAGs to Local Governments. The aim of the campaign is to reverse the decision to place a three year indexation freeze on FAGs payment. The Shire of Halls Creek is supportive of this campaign and will continue to work with ALGA to seek the overturning of this decision.

11. Future

Looking forward the Shire will continue to strive to fulfil the community wants and needs detailed in the 2015 Strategic Community Plan. Projects on the horizon include the revitalization of the Town Oval, continuing to improve local recruitment and training opportunities and ongoing lobbying on behalf of the community for the sealing of the Tanami Road.

I wish every member of the community well for the coming year and look forward to continuing to build a stronger and better Shire of Halls Creek together in 2016.



Cr Malcolm Edwards
Shire President

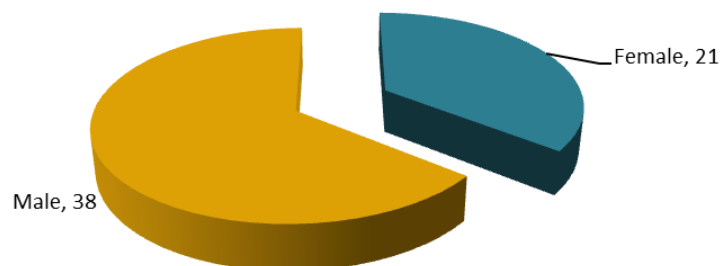


Rodger Kerr-Newell
Chief Executive Officer

2.0 WORKFORCE

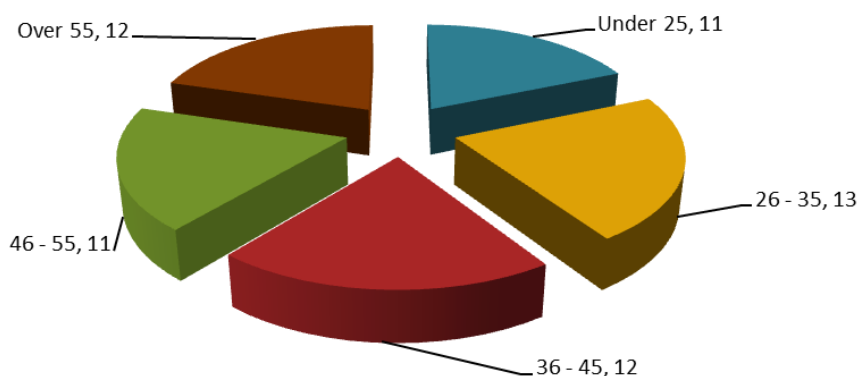
The majority of employees at the Shire of Halls Creek are employed on a full time basis. There are a number of gender imbalances with almost twice as many males (38) as females (21) at 31 March 2015. ABS estimates for 2009 for the Shire (as a district) indicate that 53% of wage and salary earner are male and 47% female. The gender percentage split for the Shire (as a local government) is different to the district proportion with 64.4% being male and 35.6% female.

Employees by Gender as at 31 March 2015



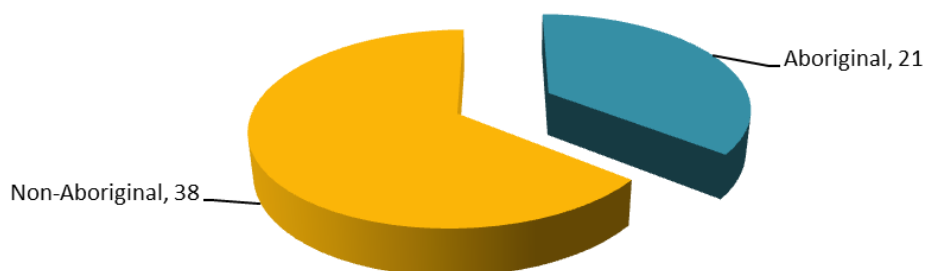
The graph below shows that the majority of employees are aged between 25 and 35 (25.4%) and 20.3% of the workforce are over 55 years-old. This is inclusive of casual employees.

Employees by Age as at 31 March 2015



Of the 59 employees working at the Shire, a total of 21 (45.7%) identify as Aboriginal Australians. This represents 35.6% of the total workforce.

Aboriginal Employees as at 31 March 2015



3.0 STATUTORY REPORTS

3.1 National Competition Policy

The National Competition Policy is a set of competition enhancing principles agreed to by the State and Federal Governments in 1995.

The intention of the policy is to promote competition for the benefit of businesses, consumers and the economy by eliminating any advantage received by government as a result of public sector ownership. The result should be a more 'level playing field' between the public and private sectors.

All governments with business activities that generate in excess of \$200,000 per annum of user-pays income must assess these activities and, if necessary, introduce measures to eliminate any net advantages that may have arisen because of the public ownership of the activities.

During 2014-2015 financial year, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment.

The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

3.2 Disability Services Act

It is a requirement of the WA Disability Services Act that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP) that outlines the ways in which the authority will ensure that people with disabilities have equal access to its facilities and services.

The Shire adopted its first Disability Service Plan (DSP) in December 1995 to address the barriers within the community for people with disabilities and to address its statutory requirements under the WA Disability Services Act (1993).

An updated DSP was developed in 2004 following consultation with the community. In 2008, the Shire undertook to review its DSP, consult with stakeholders and draft a new Disability Access and Inclusion Plan to guide further improvements to access and inclusion and meet the requirements of the amended WA Disability Services Act.

The Shire contracted an independent disability consultancy firm, E-QUAL, to review existing documentation, conduct the consultation and draft a DAIP for the Shire. The Disability Access and Inclusion Draft Plan received input from individuals and groups in the community.

As required by the WA Disability Services Act, the Shire is required to review the progress of the DAIP, to compare proposed outcomes to achievements. This review was completed and submitted to the Disability Services Commission before being endorsed by Council at the Ordinary Council Meeting in November

2013. The next formal review is scheduled for 2017, although reporting on progress is completed annually.

3.3 Records Management and the State Records Act 2000

The Shire of Halls Creek maintains a Record Keeping Plan approved by the State Records Commission, as per requirements of the State Records Act. It is also a requirement of the Commission that the Shire includes information about the Shire's Records Management in its Annual Report each year.

The State Records Commission approved the Shire's new Record Keeping Plan on 22 December 2008, following a complete re-work on the original 2004 Plan.

State Records Commission Standard 2 (Recordkeeping Plans), Principle 6 (Compliance), states that 'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'. The Shire has ensured that its new RKP includes the necessary strategies to ensure full and meaningful compliance with this particular standard.

A review of the current RKP was submitted to and approved by the State Records Commission in March 2014. The next formal review is scheduled for 2018.

3.4 Plans for the Future

Section 5.56 of the Local Government Act 1995 requires the Shire of Halls Creek to make a plan for the future of its district for at least the next two financial years. This plan must outline the broad objectives for the Shire for the given period, and it is a requirement of the Act that the community at large is consulted.

It is also a requirement of the Act that the Annual Report must include an overview of the Plan for the Future.

The 'Halls Creek Community Strategy 2008-2018' was adopted by Council on 17 December 2008. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report.

In October 2011, the Council adopted the "Shire of Halls Creek Forward Capital Works Plan 2010-2015". This plan detailed the proposed capital works to be carried out by the Shire for the years 2010-2015. This plan is linked back to certain key strategy areas of the existing "Halls Creek Community Strategy 2008-2018".

A new legislative requirement in relation to the Integrated Planning Framework established by the Department of Local Government has since been introduced. In 2013 Council completed a mandatory Strategic Community Plan, Draft Corporate Business Plan, Workforce Plan, Long Term Financial Plan and Asset

Management Plan. The Strategic Community was thoroughly reviewed throughout 2014 and early 2015 with a final version adopted in April 2015.

In 2016 the Shire of Halls Creek will focus on a formal review of its Asset Management Plans.

3.5 Employee Remuneration Information

It is a requirement of the Local Government Act 1995, and related Administration Regulations, that the number of employees entitled to an annual salary of \$100,000 or more per annum, are disclosed in the Annual Report in bands of \$10,000. This information is set out below.

Salary Range \$	2014/15	2013/14
100,000 - 110,000	2	2
110,000 - 120,000	4	1
120,000 - 130,000	2	1
140,000 - 150,000	0	0
190,000 - 200,000	1	0
220,000 - 230,000	0	1

3.6 Freedom of Information Statement

In accordance with Section 96 of the Freedom of Information Act 1992 (FOI Act), local governments are required to publish an annual Freedom of Information Statement.

How to make a Freedom of Information Application to the Shire of Halls Creek:

- Apply in writing to the Chief Executive Officer, who acts as the FOI Coordinator.
- The FOI Coordinator will assist you if necessary. No special forms are required - a letter will do.
- Identify or describe the documents concerned, or if you apply for amendment of personal information about yourself you must provide details to show how or why the agency's records are inaccurate, incomplete, out of date or misleading. If you ask for 'everything' on a particular subject, the Shire may help you narrow the scope of your application to ensure that the work involved is reasonable. Otherwise the Shire may refuse to deal with your application.
- Give an address in Australia where notices can be sent. If possible, include your telephone number/fax number/email address as this will help Shire staff to contact you if necessary, to assist in your application being dealt with efficiently.
- Pay an application fee of A\$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

Costs

No fees or charges apply for personal information or amendment of personal information about yourself (eg your medical records; details of employment etc). Applications for other documents (i.e. which are non-personal in nature) require a \$30 application fee to be paid when the application is lodged, and there may be other charges imposed by the agency as follows:

- \$30 per hour of staff time or pro rata for part of an hour for dealing with an application.
- \$30 per hour (or pro rata for part of an hour) for supervision by staff when access is given to view documents; or the time taken by staff to prepare a transcript from a tape or make photocopies.
- 20 cents per photocopy.
- Actual cost incurred by the agency for preparing a copy of a tape, film or computerised information, or arranging delivery, packaging and postage of documents.
- There are no application fees or charges for internal or external reviews.

You can ask the Shire for an estimate of charges when lodging an application. If the charges are likely to exceed \$25 the agency must give you an estimate of charges and ask whether you want to proceed with the application. You must notify the Shire (within 30 days) of your intention to proceed. In some instances the Shire may request an advance deposit. If you are financially disadvantaged advise the Shire as a 25% reduction of charges may apply.

Reviews

If you disagree with a decision made on your FOI application, you can ask for that decision to be reviewed by someone else in the Shire. You must apply within 30 days of receiving the notice of decision from the Shire.

Within 15 days the Shire will advise you in writing of the outcome of the review, as well as your right to lodge a complaint with the Information Commissioner for an external review of the Shire's decision.

After internal review, if you still disagree with the Shire's decision, you can lodge a complaint with the Information Commissioner. If you make a complaint to the Information Commissioner, the complaint must:

- Be in writing and include your address.
- Give particulars of the decision to be reviewed including details of the part, or parts, of the decision you want the Commissioner to review.

Include a copy of the notice of decision sent to you by the Shire - this is the written notice of decision provided to you following the Shire's internal review.

Summary of FOI Requests received in the Year Ended 30 June 2015

No FOI applications were received in the 2014-2015 reporting year.

3.7 Register of Complaints

Section 5.121 requires that a register of all complaints, made in relation to conduct of elected members, be disclosed in the Annual Report.

For the year ended 30 June 2015, the Shire of Halls Creek had no complaints of this nature to disclose.

4.0 Annual Financial Report

The following 49 pages constitute the Shire of Halls Creek Financial Reporting for the year ending 30 June 2015.

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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SHIRE OF HALLS CREEK

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 9 day of November 2015

A handwritten signature in black ink, appearing to read 'Rodger Kerr-Newell', with a horizontal line underneath it.

Rodger Kerr-Newell
CHIEF EXECUTIVE OFFICER

*The Shire of Halls Creek
Thomas Street
Halls Creek WA 6770*

SHIRE OF HALLS CREEK

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30 JUNE 2015

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Revenue				
Rates	22	2,138,612	2,229,127	1,774,194
Operating Grants, Subsidies and Contributions	27	9,005,463	8,247,184	3,547,847
Service Charges	24	18,700	19,000	18,750
Fees and Charges	28	1,231,942	1,305,484	1,087,233
Interest Earnings	2	267,700	286,500	364,790
Other Revenue	2	106,283	0	20,489
		<u>12,768,700</u>	<u>12,087,295</u>	<u>6,813,303</u>
Expenses				
Employee Costs		(4,357,711)	(4,684,489)	(4,105,240)
Materials and Contracts		(5,011,918)	(6,371,333)	(4,574,207)
Utility Charges		(419,634)	(526,527)	(397,675)
Depreciation on Non-current Assets	2	(3,352,410)	(3,173,787)	(3,156,030)
Insurance Expense		(483,720)	(504,432)	(400,185)
Interest Expense	21	(82,559)	(82,809)	(87,786)
Other Expenditure		(296,931)	0	(250,505)
		<u>(14,004,883)</u>	<u>(15,343,377)</u>	<u>(12,971,628)</u>
		(1,236,183)	(3,256,082)	(6,158,325)
Non Operating Grants, Subsidies and Contributions	27	5,684,797	7,919,778	3,166,285
Profit on Asset Disposals	34	0	3,526	15,878
Loss on Asset Disposals	34	(473,120)	(62,772)	(558)
Net Result		3,975,494	4,604,450	(2,976,720)
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	59,011,855	0	12,395,406
Total Other Comprehensive Income		59,011,855	0	12,395,406
Total Comprehensive Income		62,987,349	4,604,450	9,418,686

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

SHIRE OF HALLS CREEK

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30 JUNE 2015

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Revenue				
General Purpose Funding		8,787,680	6,730,368	3,895,678
Law, Order, Public Safety		49,750	23,500	118,309
Health		435,674	218,957	385,937
Education and Welfare		1,061,093	1,077,106	389,287
Housing		163,609	177,888	142,389
Community Amenities		372,720	420,400	389,343
Recreation and Culture		272,625	247,694	233,690
Transport		637,937	2,073,051	162,509
Economic Services		407,171	498,374	403,077
Other Property and Services		580,441	619,957	693,084
		<u>12,768,700</u>	<u>12,087,295</u>	<u>6,813,303</u>
Expenses Excluding Finance Costs				
Governance		(723,348)	(822,195)	(776,226)
General Purpose Funding		(583,180)	(336,034)	(612,009)
Law, Order, Public Safety		(432,200)	(498,502)	(400,384)
Health		(703,200)	(665,529)	(621,547)
Education and Welfare		(1,095,698)	(1,082,273)	(1,095,632)
Housing		(83,976)	(96,536)	(69,456)
Community Amenities		(1,232,212)	(1,463,230)	(1,329,015)
Recreation and Culture		(2,283,284)	(2,243,888)	(2,078,806)
Transport		(4,536,553)	(5,592,200)	(3,574,887)
Economic Services		(1,050,437)	(1,247,082)	(1,131,286)
Other Property and Services		(1,198,236)	(1,213,100)	(1,194,594)
		<u>(13,922,324)</u>	<u>(15,260,570)</u>	<u>(12,883,842)</u>
Finance Costs				
Housing		(81,012)	(81,352)	(85,299)
Economic Services		0		
Other Property and Services		(1,547)	(1,457)	(2,487)
	21	<u>(82,559)</u>	<u>(82,809)</u>	<u>(87,786)</u>
Non-Operating Grants, Subsidies and Contributions				
Community Amenities		0	60,000	0
Education		0	70,000	0
Recreation and Culture		0	230,000	0
Housing		3,072,128	2,510,631	845,655
Transport		1,827,491	4,365,969	1,579,452
Other Property and Services		785,178	683,178	741,178
		<u>5,684,797</u>	<u>7,919,778</u>	<u>3,166,285</u>
Profit & (Loss) on Asset Disposals				
Health		0	0	12,022
Housing		(473,120)	0	0
Transport		0	(51,051)	0
Other Property and Services		0	(8,195)	3,298
	34	<u>(473,120)</u>	<u>(59,246)</u>	<u>15,320</u>
Net Result		<u>3,975,494</u>	<u>4,604,450</u>	<u>(2,976,720)</u>
Other Comprehensive Income				
Changes on revaluation of non current assets	12	59,011,855	0	12,395,406
Total Other Comprehensive Income		<u>59,011,855</u>	<u>0</u>	<u>12,395,406</u>
Total Comprehensive Income		<u>62,987,349</u>	<u>4,604,450</u>	<u>9,418,686</u>

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

SHIRE OF HALLS CREEK

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2015

		2014/15 Actual \$	2013/14 Actual \$
CURRENT ASSETS	Note		
Cash and Cash Equivalents	3	10,243,081	6,654,528
Trade and Other Receivables	4	1,010,927	1,212,616
Inventories	5	334,426	261,032
TOTAL CURRENT ASSETS		11,588,434	8,128,176
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	37,237,453	34,812,341
Infrastructure	7	68,710,340	9,944,912
TOTAL NON-CURRENT ASSETS		105,947,793	44,757,253
TOTAL ASSETS		117,536,227	52,885,429
CURRENT LIABILITIES			
Trade and Other Payables	8	2,296,440	732,074
Provisions	9	635,655	484,683
Current Portion of Long Term Borrowings	10	76,114	80,780
TOTAL CURRENT LIABILITIES		3,008,209	1,297,537
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	1,113,460	1,175,384
Provisions	9	89,855	75,154
TOTAL NON-CURRENT LIABILITIES		1,203,315	1,250,538
TOTAL LIABILITIES		4,211,524	2,548,075
NET ASSETS		113,324,703	50,337,354
EQUITY			
Retained Surplus		37,022,526	33,253,481
Reserves - Cash Backed	11	4,579,546	4,373,097
Revaluation Surplus	12	71,722,631	12,710,776
TOTAL EQUITY		113,324,703	50,337,354

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

SHIRE OF HALLS CREEK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		36,314,508	4,288,790	315,370	40,918,668
Comprehensive Income					
Net Result		(2,976,720)	0	0	(2,976,720)
Changes on Revaluation of Non-Current Assets	12	0	0	12,395,406	12,395,406
Total Comprehensive Income		<u>(2,976,720)</u>	<u>0</u>	<u>12,395,406</u>	<u>9,418,686</u>
Transfers from/(to) Reserves	11	<u>(84,307)</u>	<u>84,307</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2014		33,253,481	4,373,097	12,710,776	50,337,354
Comprehensive Income					
Net Result		3,975,494	0	0	3,975,494
Changes on Revaluation of Non-Current Assets		<u>0</u>	<u>0</u>	<u>59,011,855</u>	<u>59,011,855</u>
Total Comprehensive Income		<u>3,975,494</u>	<u>0</u>	<u>59,011,855</u>	<u>62,987,349</u>
Transfers from/(to) Reserves	11	<u>(206,449)</u>	<u>206,449</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2015		<u>37,022,526</u>	<u>4,579,546</u>	<u>71,722,631</u>	<u>113,324,703</u>

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

SHIRE OF HALLS CREEK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

		2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,320,934	2,520,058	1,523,367
Operating Grants, Subsidies and Contributions		9,114,283	8,247,184	3,078,687
Service Charges		15,579	19,000	21,951
Fees and Charges		1,231,942	1,706,140	1,209,263
Interest Earnings		280,040	0	359,653
Goods and Services Tax		698,492	286,500	1,486,485
Other Revenue		106,283	0	20,489
		<u>13,767,553</u>	<u>12,778,882</u>	<u>7,699,895</u>
Payments				
Employee Costs		(4,173,978)	(4,684,489)	(4,136,131)
Materials and Contracts		(3,510,036)	(4,991,387)	(4,603,181)
Utility Charges		(419,634)	(526,527)	(400,906)
Insurance Expenses		(483,720)	(504,432)	(399,851)
Interest Expenses		(69,033)	0	(133,449)
Goods and Services Tax		(839,664)	(82,809)	(823,204)
Other Expenses		(271,538)	0	(6,223,430)
		<u>(9,767,603)</u>	<u>(10,789,644)</u>	<u>(16,720,152)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>3,999,955</u>	<u>1,989,238</u>	<u>(9,020,257)</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,570,162)	(5,663,366)	(1,754,383)
Payments for Construction of Infrastructure		(2,137,544)	(5,931,030)	(2,167,533)
Payments for Construction of Work in Progress		(2,321,903)	0	220,038
Non-Operating Grants, Subsidies and Contributions for the Development of Assets		5,684,797	7,669,778	3,166,285
Proceeds from Sale of Property, Plant & Equipment		0	140,000	425,726
		<u>(344,812)</u>	<u>(3,784,618)</u>	<u>(109,868)</u>
Net Cash Provided by (Used in) Investing Activities		<u>(344,812)</u>	<u>(3,784,618)</u>	<u>(109,868)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(66,590)	(80,780)	(111,934)
		<u>(66,590)</u>	<u>(80,780)</u>	<u>(111,934)</u>
Net Cash Provided By (Used In) Financing Activities		<u>(66,590)</u>	<u>(80,780)</u>	<u>(111,934)</u>
Net Increase (Decrease) in Cash Held		3,588,553	(1,876,157)	(9,242,059)
Cash at Beginning of Year		6,654,528	6,178,968	15,896,587
Cash and Cash Equivalents at End of Year	14(a)	<u>10,243,081</u>	<u>4,302,811</u>	<u>6,654,528</u>

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

SHIRE OF HALLS CREEK

RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
OPERATING REVENUES				
General Purpose Funding		6,649,068	4,501,241	2,153,824
Law, Order and Public Safety		49,750	23,500	118,309
Health		435,674	218,957	397,959
Education and Welfare		1,061,093	1,147,106	389,287
Housing		3,235,737	2,688,519	988,044
Community Amenities		372,720	480,400	389,343
Recreation and Culture		272,625	477,694	233,690
Transport		2,465,428	6,387,969	1,741,960
Economic Services		407,171	498,374	403,076
Other Property and Services		1,365,619	1,294,940	1,437,560
		<u>16,314,885</u>	<u>17,718,700</u>	<u>8,253,052</u>
OPERATING EXPENSES				
Governance		(723,348)	(822,195)	(776,226)
General Purpose Funding		(583,180)	(336,034)	(612,009)
Law, Order and Public Safety		(432,200)	(498,502)	(400,384)
Health		(703,200)	(665,529)	(621,547)
Education and Welfare		(1,095,698)	(1,082,273)	(1,095,632)
Housing		(638,108)	(177,888)	(154,755)
Community Amenities		(1,232,212)	(1,463,230)	(1,329,015)
Recreation and Culture		(2,283,284)	(2,243,888)	(2,078,806)
Transport		(4,536,553)	(5,592,200)	(3,574,887)
Economic Services		(1,050,437)	(1,247,082)	(1,131,286)
Other Property and Services		(1,199,781)	(1,214,557)	(1,197,078)
		<u>(14,478,001)</u>	<u>(15,343,378)</u>	<u>(12,971,629)</u>
Net results Excluding Rates		1,836,884	2,375,322	(4,718,574)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals	34	473,120	59,246	(15,320)
Assets Written off		25,393	0	0
Depreciation and Amortisation on Assets	2(a)	3,352,410	3,173,787	3,156,030
Movement in Employee Benefits	9	165,672	0	(23,297)
Capital Expenditure and Revenue				
Works in Progress	6(b)	(2,321,903)	0	(198,250)
Purchase Land and Buildings	6(b)	(1,430,967)	(4,523,366)	(1,306,071)
Purchase Infrastructure Assets - Roads	7(b)	(1,898,894)	(4,121,880)	(1,874,942)
Purchase Plant and Equipment	6(b)	(139,195)	(1,090,000)	(235,827)
Purchase Furniture and Equipment	6(b)	0	(50,000)	(45,282)
Purchase Infrastructure - Other	7(b)	(238,650)	(1,809,150)	(34,273)
Proceeds from Disposal of Assets	34	0	140,000	425,725
Repayment of Debentures	21	(66,590)	(80,780)	(111,935)
Transfers to Reserves (Restricted Assets)	11	(397,281)	(557,926)	(162,099)
Transfers from Reserves (Restricted Assets)	11	190,832	1,116,575	77,792
ADD Surplus/(Deficit) July 1 B/Fwd	33	3,023,005	3,139,043	6,347,476
LESS Surplus/(Deficit) June 30 C/Fwd	33	4,712,448	0	3,023,005
Amount Required to be Raised from General Rates	22	<u>(2,138,612)</u>	<u>(2,229,127)</u>	<u>(1,741,854)</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

Land Under Control

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Land under Roads

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

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

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Grids	20 years
Airfields and Runways	20 years

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

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

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

Capitalisation Threshold

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

(g) Fair Value of Assets and Liabilities

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (Continued)

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

Short-term employee benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee Benefits (Continued)

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Investment in Associates (Continued)

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vii)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	<i>January 2015</i>	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	<i>January 2015</i>	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUES AND EXPENSES

	Note	2014/15 Actual \$	2013/14 Actual \$
(a) Net Result from Ordinary Activities			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit of the financial report		34,488	41,079
- Acquittals Audits		11,385	10,340
- Other Services		5,855	1,628
Depreciation			
- Buildings		769,626	697,698
- Furniture and Equipment		26,415	16,624
- Plant		197,792	186,077
- Infrastructure - Roads		2,154,762	2,052,034
- Infrastructure - Other		203,815	203,597
		<u>3,352,410</u>	<u>3,156,030</u>
Interest Expenses			
- Debentures	21	<u>82,559</u>	<u>87,786</u>
(ii) Crediting as Revenues:			
		2014/15 Actual \$	2014/15 Budget \$
Other Revenue			
- Reimbursements & Recoveries		92,848	0
- Other		13,435	0
		<u>106,283</u>	<u>0</u>
Interest Earnings			
- Investments		133,072	159,500
- Reserve Funds		69,854	100,000
- Municipal Funds		64,774	27,000
- Other Interest Earnings	26	<u>267,700</u>	<u>286,500</u>
		<u>267,700</u>	<u>364,790</u>

SHIRE OF HALLS CREEK

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

2. REVENUES AND EXPENSES

(b) Statement of Objective

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

COMMUNITY VISION

The Vision for the Shire of Halls Creek is that the town and remote communities are economically diverse, caring and proactive with a strong sense of responsibility and pride.

PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:

The Shire of Halls Creek

Thomas Street, Halls Creek, WA 6770

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 tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

Objective: to provide adequate funding for the Shire's operation by maximising income from Rates, general purpose government grants, interest and other sources of revenue.

Activities:

Raising of rates, collection of debts, general purpose funding and other funding activities.

LAW, ORDER, PUBLIC SAFETY

Objective:

Objective. To provide a safe environment and ensure compliance with Council by-laws.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To achieve optimal health outcomes for all residents of the Shire.

Activities:

Provision of an operational framework for good community health, including food quality and pest control, general health administration and special Aboriginal environmental health programmes.

EDUCATION AND WELFARE

Objective:

To provide support and activities for the benefit of Halls Creek Youth.

Activities:

The Shire Youth Service Diversionary Program (YSDP) is a collaborative partnership with the Department of Prime Minister and Cabinet Indigenous Justice Program, Department of Child Protection and the Department of Corrective Services that focuses on "breaking the cycle" for at-risk Aboriginal young people - ensuring they have a safe environment in which to make positive life choices.

HOUSING

Objective:

To provide safe and comfortable housing for Shire employees and other users of shire accommodation.

Activities:

Construction and Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Objective:

Provide ancillary services required by the community.

Activities:

Refuse collection services and refuse site maintenance, administration of the Shire's Town Planning function, maintenance and management of the Shire's Cemetery, and certain community development projects.

RECREATION AND CULTURE

Objective:

To establish and manage efficiently, infrastructure and resources which will help the social development and well being of the community.

Activities:

Includes Maintenance and operation of Civic Halls, Sports Courts, Oval, Aquatic & Recreation Centre, Library, an internet access point, Rebroadcasting services and the culture background of Halls Creek such as the Trackers Hut.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUES AND EXPENSES (CONTINUED)

(b) Statement of Objective (Continued)

TRANSPORT

Objective:

To provide for safe and efficient transport infrastructure throughout the Shire.

Activities:

Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting and the operation of the Shire's airports.

ECONOMIC SERVICES

Objective:

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

Activities:

The regulation and provision of tourism and area promotion, Economic Development and Building Control.

OTHER PROPERTY & SERVICES

Objective:

To undertaken such other activities as required of the Shire by the local community.

Activities:

Administration:

All costs associated with the employment of the Shire's Administration Section staff are assigned to this programme, and are then re-allocated to the relevant programmes to represent the administrative cost of that programme/sub programme.

Private Works

Private works are undertaken on a small and large scale and through the year it cannot be forecasted as to the amount of works that will be undertaken.

Public Works Overheads

All costs associated with the employment of Council's Technical Services section are assigned to this sub Programme, and then throughout the course of the year the costs are reallocated to the relevant programmes.

Plant Operation Costs

All costs associated with the operation of Council's plant fleet are assigned to this sub programme, and throughout the year are reallocated to relevant work jobs on which the plant worked, to obtain accurate costs of that job. Costs include fuels, oils, repairs and deprecation.

Misc/Unclassified

This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or programme. It includes expenses incurred by the Shire that are later recouped from third parties, such as the COAG trial and Muns project as part of special auspice funding.

Other Community Project

This sub Programme identifies both income and expenditure of other community projects undertaken by Shire like the Art Centre.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

		2014/15 Actual \$	2013/14 Actual \$
3. CASH AND CASH EQUIVALENTS	Note		
Cash on Hand		985	985
Cash at Bank		10,242,096	6,653,543
		<u>10,243,081</u>	<u>6,654,528</u>
Represented by:			
Unrestricted		4,140,059	821,750
Restricted		6,103,022	5,832,779
		<u>10,243,081</u>	<u>6,654,528</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Leave Reserve	11	306,602	296,866
Computer Upgrade	11	15,072	14,593
Office Redevelopment	11	601,762	582,654
Airport Operating	11	537,547	394,199
Road Making Plant Reserve	11	1,634,523	1,582,621
Staff Housing Reserve	11	1,081,014	1,046,688
Swimming Pool Reserve	11	266,434	257,974
TV Rebroadcasting	11	52,032	43,728
EDL Community Grant	11	84,560	153,774
sub total		<u>4,579,546</u>	<u>4,373,096</u>
Unspent Grants	13	1,523,476	1,459,683
		<u>6,103,022</u>	<u>5,832,779</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		452,579	595,572
Sundry Debtors		464,050	501,821
GST Receivable		202,559	164,833
Accrued Interest		5,364	17,704
Less Provision for Doubtful Debts		(113,625)	(67,313)
		<u>1,010,927</u>	<u>1,212,616</u>
5. INVENTORIES			
Current			
Stores and Materials - at cost		334,426	261,032
		<u>334,426</u>	<u>261,032</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

	2014/15 Actual \$	2013/14 Actual \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Freehold Land		
- Independent Valuation 2014 - Level 2	5,142,000	5,142,000
- Additions after Valuation - Cost	10,372	0
	<u>5,152,372</u>	<u>5,142,000</u>
Non-specialised Buildings		
- Independent Valuation 2014 - Level 2	11,986,680	11,986,680
- Independent Valuation 2014 - Level 3	5,567,323	6,040,443
- Additions after Valuation - Cost	1,597,313	0
Less Accumulated Depreciation	(532,666)	0
	<u>18,618,650</u>	<u>18,027,123</u>
Specialised Buildings		
- Independent Valuation 2014 - Level 3	9,673,131	9,673,131
Less Accumulated Depreciation	(236,960)	0
	<u>9,436,171</u>	<u>9,673,131</u>
	<u>28,054,821</u>	<u>27,700,254</u>
Total Land and Buildings	<u>33,207,193</u>	<u>32,842,254</u>
Furniture and Equipment		
- Management Valuation 2013 - Level 3	95,819	95,819
- Additions after Valuation - Cost	45,282	45,282
Less Accumulated Depreciation	(43,039)	(16,624)
	<u>98,062</u>	<u>124,477</u>
Plant & Equipment		
- Management Valuation 2013 Level 2	1,322,141	1,322,141
- Management Valuation 2013 Level 3	285,663	285,663
- Additions after Valuation - Cost	375,023	235,827
Less Accumulated Depreciation	(382,800)	(185,008)
	<u>1,600,027</u>	<u>1,658,623</u>
Work in Progress	<u>2,332,171</u>	<u>186,986</u>
	<u>37,237,453</u>	<u>34,812,340</u>

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

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Transfers \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	5,142,000	10,372	0	0	0	0	5,152,372
Total Land	5,142,000	10,372	0	0	0	0	5,152,372
Non-Specialised Buildings	18,027,123	1,420,595	(473,120)	0	176,718	(532,666)	18,618,650
Specialised Buildings	9,673,131	0	0	0	0	(236,960)	9,436,171
Total Buildings	27,700,254	1,420,595	(473,120)	0	176,718	(769,626)	28,054,821
Total Land and Buildings	32,842,254	1,430,967	(473,120)	0	176,718	(769,626)	33,207,193
Furniture and Equipment	124,477	0	0	0	0	(26,415)	98,062
Plant and Equipment	1,658,623	139,195	0	0	0	(197,792)	1,600,027
Work in Progress	186,986	2,321,903	0	0	(176,718)	0	2,332,171
Total Property, Plant and Equipment	34,812,340	3,892,065	(473,120)	0	0	(993,833)	37,237,453

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
Land and Buildings					
Freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2014	Price per hectare / Available market information
Non-specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and Equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and Equipment					
- Management Valuation 2013 Level 2	2	Market approach using recent observable market data for similar properties	Management valuation	June 2013	Price per item
- Management Valuation 2013 Level 3	3	Cost approach using depreciated replacement cost	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

	2014/15 Actual \$	2013/14 Actual \$
7 (a). INFRASTRUCTURE		
Infrastructure - Other		
- Independent Valuation 2015 - Level 3	8,056,000	5,134,223
Less Accumulated Depreciation	(4,381,200)	(3,105,335)
	<u>3,674,800</u>	<u>2,028,888</u>
Infrastructure - Roads		
- Management Valuation 2015 - Level 3	107,897,149	83,824,640
Less Accumulated Depreciation	(42,902,395)	(75,919,880)
	<u>64,994,754</u>	<u>7,904,760</u>
Work in Progress	40,786	11,264
Total Infrastructure	<u>68,710,340</u>	<u>9,944,912</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Transfers \$	Asset Write-offs (Expense) \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	7,904,760	1,898,894	0	56,944,040	401,822	0	(2,154,762)	64,994,754
Other Infrastructure	2,028,888	238,650	0	2,067,815	(431,344)	(25,393)	(203,815)	3,674,800
Work in Progress	11,264	0	0	0	29,522	0	0	40,786
Total	<u>9,944,912</u>	<u>2,137,544</u>	<u>0</u>	<u>59,011,855</u>	<u>0</u>	<u>(25,393)</u>	<u>(2,358,577)</u>	<u>68,710,340</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$59,011,855 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 11.) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Managment valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Notes	2014/15 Actual \$	2013/14 Actual \$		
8. TRADE AND OTHER PAYABLES				
Current				
Sundry creditors	2,103,622	558,997		
Year End Accruals	118,255	69,110		
PAYG & FBT Liability	74,563	103,967		
	<u>2,296,440</u>	<u>732,074</u>		
9. PROVISIONS				
Current				
Provision for Time in Lieu	122,819	125,473		
Provision for Annual Leave & RDO's	430,749	306,611		
Provision for Long Service Leave	82,087	52,600		
	<u>635,655</u>	<u>484,683</u>		
Non Current				
Provision for Long Service Leave	89,855	75,155		
	<u>89,855</u>	<u>75,155</u>		
	Provision for Annual Leave \$	Provision for Long Service Leave \$	Time in Lieu \$	Total \$
Opening balance at 1 July 2014	306,611	127,754	125,473	559,838
Additional provision	124,138	44,188	0	168,326
Amounts used	0	0	(2,654)	(2,654)
Balance at 30 June 2015	<u>430,749</u>	<u>171,942</u>	<u>122,819</u>	<u>725,510</u>
10. LONG TERM BORROWINGS				
Current				
Debentures	76,114	80,780		
	<u>76,114</u>	<u>80,780</u>		
Non-Current				
Debentures	1,113,460	1,175,384		
	<u>1,113,460</u>	<u>1,175,384</u>		
21	<u>1,189,574</u>	<u>1,256,164</u>		

Additional detail on borrowings is provided in Note 21

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
11. RESERVES			
RESERVES - CASH BACKED			
(a) Employee Entitlement			
Opening Balance	296,866	296,866	286,428
Interest Earned	9,736	10,000	10,438
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>306,602</u>	<u>306,866</u>	<u>296,866</u>
(b) Computer Upgrade			
Opening Balance	14,593	14,593	14,080
Interest Earned	479	500	513
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>15,072</u>	<u>15,093</u>	<u>14,593</u>
(c) Office Redevelopment			
Opening Balance	582,654	582,654	562,167
Interest Earned	19,108	20,000	20,487
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>601,762</u>	<u>602,654</u>	<u>582,654</u>
(d) Aboriginal EHO Vehicle			
Opening Balance	0	0	8,344
Interest Earned	0	0	114
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(8,458)
	<u>0</u>	<u>0</u>	<u>0</u>
(e) Airport Operating			
Opening Balance	394,199	394,199	380,339
Interest Earned	12,928	10,000	13,860
Amount Set Aside / Transfer to Reserve	246,995	398,426	0
Amount Used / Transfer from Reserve	(116,575)	(716,575)	0
	<u>537,547</u>	<u>86,050</u>	<u>394,199</u>
(f) Plant Replacement			
Opening Balance	1,582,621	1,582,621	1,526,975
Interest Earned	51,902	55,000	55,646
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(400,000)	0
	<u>1,634,523</u>	<u>1,237,621</u>	<u>1,582,621</u>
(g) Staff Housing			
Opening Balance	1,046,688	1,046,688	1,009,886
Interest Earned	34,326	35,000	36,802
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,081,014</u>	<u>1,081,688</u>	<u>1,046,688</u>
(h) Aquatic Centre			
Opening Balance	257,974	37,027	248,903
Interest Earned	8,460	13,000	9,071
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>266,434</u>	<u>50,027</u>	<u>257,974</u>
(i) TV Rebroadcasting			
Opening Balance	43,728	257,974	35,727
Interest Earned	1,374	9,000	1,300
Amount Set Aside / Transfer to Reserve	6,930	0	6,701
Amount Used / Transfer from Reserve	0	0	0
	<u>52,032</u>	<u>266,974</u>	<u>43,728</u>
j) Energy Developments Community			
Opening Balance	153,774	197,853	215,942
Interest Earned	5,043	7,000	7,166
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(74,257)	0	(69,334)
	<u>84,560</u>	<u>204,853</u>	<u>153,774</u>
Total Reserves	<u>4,579,546</u>	<u>3,851,826</u>	<u>4,373,097</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

11. RESERVES (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions. These match the amount shown with restricted cash at note 3.

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

Employee Entitlements

- to be used to fund long service leave and/or other significant payment that may be required upon termination of an employee.

Computer Upgrade

- to be used to fund the upgrade and/or replacement of the Shire's network operating computer system or any of the administrative or financial management computer operating programmes.

Office Redevelopment

- to be used for the extension/major re-development of the Administration office building.

Aboriginal EHO Vehicle

- was used for the purchase of new AEHO vehicle, in conjunction with HDWA.

Airport Operating Works

- to be used to fund major operational or major capital works required at the Shire of Halls Creek Airport.

Plant Replacement

- To be used for the purchase or major capital upgrade of large plant items such as road construction plant requirements.

Staff Housing

- to be used to fund the construction, development or purchase of residential housing or land to be utilise by the Shire of Halls Creek for the provision of staff housing.

Aquatic Centre

- to used for the construction of and/or major upgrade or operating expenses for the Shire's Aquatic and Recreation Centre.

TV Rebroadcasting

- to be used for the purchase of capital equipment/major works or significant operating expenses the TV rebroadcasting facilities.

Energy Developments Ltd West Kimberley Community Donation Account Reserve

- To distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activities that benefit the Shire of Halls Creek's community and in accordance with the MOU between Shire of Halls Creek and EDL NGD (WA) Pty Ltd.

The Employee Entitlement, Computer Upgrade, Office Redevelopment, Staff Housing, Aquatic Centre, Airport and TV Rebroadcasting are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:	2014/15 Actual \$	2013/14 Actual \$
(a) Land & Buildings		
Opening Balance	12,395,406	0
Revaluation Increment	0	12,395,406
Revaluation Decrement	0	0
	<u>12,395,406</u>	<u>12,395,406</u>
(b) Plant & Equipment		
Opening Balance	315,370	315,370
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>315,370</u>	<u>315,370</u>
(c) Infrastructure Roads		
Opening Balance	0	
Revaluation Increment	56,944,040	0
Revaluation Decrement	0	0
	<u>56,944,040</u>	<u>0</u>
(d) Infrastructure Other		
Opening Balance	0	
Revaluation Increment	2,067,815	0
Revaluation Decrement	0	0
	<u>2,067,815</u>	<u>0</u>
Total Asset Revaluation Surplus	<u>71,722,631</u>	<u>12,710,776</u>

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

13. ECONOMIC DEPENDANCY AND GRANTS

OPERATING GRANTS		2013/14	2014/15	2014/15	2014/15
Source of Grant	Purpose of Grant or Contribution	AMOUNTS UNSPENT \$	REVENUE RECOGNISE D \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
OPERATING GRANTS					
GOVERNANCE					
DIA	Establishment Aboriginal Advisory Committee	178,581	0	178,581	0
		178,581	0	178,581	0
LAW, ORDER, & PUBLIC SAFETY					
Dept Health	Indigenous Animal Project	70,618	0	55,672	14,946
		70,618	0	55,672	14,946
HEALTH SERVICES					
Health Dept	AEHO contribution	0	175,904	175,904	0
Health Dept	Trachoma Program	17,130	237,661	54,791	200,000
		17,130	413,565	230,695	200,000
WELFARE SERVICES					
DCP	Young Peoples Services	0	250,084	250,084	0
DPMC	Youth Services - Tjurabalan region	0	137,766	137,766	0
DPMC	Youth Leadership Activities	0	204,841	204,841	0
DPMC	Youth Hub	48,804	0	48,804	0
		48,804	592,690	641,495	0
RECREATION & CULTURE					
Sept Sports & Rec	Grant	0	30,000	30,000	0
		0	30,000	30,000	0
TRANSPORT					
MRWA	Direct Grant	0	143,500	143,500	0
MRWA	Street Lighting	0	3,533	3,533	0
MRWA	Flood Damage claim	0	480,294	480,294	0
		0	627,327	627,327	0
ECONOMIC SERVICES					
DOA	Cattlemen's Association	14,774	14,047	28,821	0
		14,774	14,047	28,821	0
OTHER PROPERTY & SERVICES					
RAAP	Ringer Soak Airstrip Project	140,000	87,701	227,701	0
RAAP	Warmun Airstrip Project	50,000	0	50,000	0
KDC	Marketing Project	2,796	0	2,796	0
OFTA	Yarliylil Art Centre Operations	0	100,000	100,000	0
OFTA	Yarliylil National Jobs Program	0	32,144	32,144	0
		192,796	219,845	412,641	0
TOTAL OPERATING GRANTS		522,703	1,897,474	2,205,232	214,946
NON OPERATING GRANTS					
STAFF HOUSING					
RDL	Royalties for Regions Staff Housing	323,085	3,072,128	2,238,546	1,156,667
		323,085	3,072,128	2,238,546	1,156,667
TRANSPORT					
Remote Access FAG	Remote Access Roads	0	320,000	320,000	0
Main Roads WA	Remote Access Roads	0	79,000	79,000	0
Main Roads WA	Blackspot	0	133,916	82,053	51,863
Roads To Recovery	General	0	695,000	695,000	0
Main Roads WA	Regional Road Group	0	521,000	521,000	0
RAAP	Airstrip Lighting Project	38,000	78,575	116,575	0
		38,000	1,827,491	1,813,628	51,863
OTHER PROPERTY & SERVICES					
KDC	Yarliylil Art Centre Construction	397,895	200,000	597,895	0
Lotteries West	Yarliylil Art Centre Construction	0	483,178	483,178	0
SOHC	Yarliylil Art Centre Construction	178,000	0	178,000	0
Royalties for Regions	Yarliylil Art Centre Construction	0	100,000	0	100,000
		575,895	783,178	1,259,073	100,000
TOTAL NON OPERATING GRANTS		936,980	5,682,797	5,311,247	1,308,530
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		1,459,683	7,580,271	7,516,479	1,523,476

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Cash - Unrestricted	3	4,140,059	450,985	821,749
Cash - Restricted	3	6,103,022	3,851,826	5,832,779
		<u>10,243,081</u>	<u>4,302,811</u>	<u>6,654,528</u>

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

Net Result		3,975,494	4,604,450	(2,976,720)
Depreciation		3,352,410	3,173,787	3,156,030
Asset Write Offs		25,393	0	0
(Profit)/Loss on Sale of Asset		473,120	59,246	(15,321)
(Increase)/Decrease in Receivables		51,490	422,752	49,929
Increase/(Decrease) in Doubtful Debts		46,312	(1,165)	27,102
(Increase)/Decrease in Inventories		(73,394)	(1,487)	(67,639)
Increase/(Decrease) in Payables		1,668,255	1,381,433	(6,004,051)
Increase/(Decrease) in Employee Provisions		165,672	0	(23,302)
Grants/Contributions for the Development of Assets		(5,684,797)	(7,669,778)	(3,166,285)
Net Cash from Operating Activities		<u>3,999,955</u>	<u>1,969,238</u>	<u>(9,020,257)</u>

(c) Credit Standby Arrangements

Bank Overdraft limit	1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	200,000	75,000	200,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>1,200,000</u>	<u>1,075,000</u>	<u>1,200,000</u>

(d) Loan Facilities

Loan Facilities - Current	76,114	80,780	80,780
Loan Facilities - Non-Current	1,113,460	1,175,384	1,175,384
Total Facilities in Use at Balance Date	<u>1,189,574</u>	<u>1,256,164</u>	<u>1,256,164</u>
Unused Loan Facilities	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

15 CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2015.

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2015.

(c) Capital Expenditure Commitments

	2014/15 \$	2013/14 \$
Contracted for:		
- capital expenditure projects		
- Housing Projects	1,573,115	1,211,014
- Road Projects	417,000	0
	<u>1,990,115</u>	<u>1,211,014</u>
Payable:		
- not later than one year	1,990,115	1,211,014

The capital expenditure project outstanding at the end of the current reporting period represents the construction of 9 new residential houses and the town reseal project. Completion of all 9 houses is expected in October 2015 and the reseal project in November 2015.

16. CONTINGENT LIABILITIES

There are no contingent liabilities to report for the year ended 30 June 2015.

17. JOINT VENTURE ARRANGEMENTS

There are no joint venture arrangements to report for the year ended 30 June 2015.

18 TRUST FUNDS

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

	Balance 01-July-2014 \$	Amounts Received \$	Amounts Paid \$	Balance 30-June-2015 \$
Staff Housing Bonds	3,511	7,119	9,107	1,523
Facility Bond Hire	17,350	24,050	27,500	13,900
BCITF	40,748	20,173	4,380	56,541
Unclaimed wages	39,030	0	0	39,030
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Tourism Operators	40,864	706,477	686,886	60,455
Library Membership deposits	3,250	590	0	3,840
DPI Vehicle Licensing	2,627	271,027	270,016	3,638
Telecentre Income	49,602	0	0	49,602
Yarliyil Art Gallery	657	71,644	72,301	0
Refuse kerb Deposits	7,500	5,361	0	12,861
General Donation	235	0	0	235
Retention Funds	110,755	152,336	0	263,091
COAG & Other Government Fund:	172,938	726	0	173,664
	<u>496,733</u>	<u>1,259,503</u>	<u>1,070,190</u>	<u>686,046</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2014/15 Actual \$	2013/14 Actual \$
Governance	819	1,092
General Purpose Funding	385,911	660,722
Law, Order, Public Safety	54,212	55,992
Health	14,087	18,361
Education and Welfare	1,800	1,800
Housing	13,350,935	11,302,477
Community Amenities	814,239	650,421
Recreation and Culture	15,107,166	15,682,694
Transport	70,840,982	12,471,287
Economic Services	2,527,842	1,094,523
Other Property and Services	4,154,367	4,187,568
Unallocated (Cash)	10,283,867	6,758,495
	<u>117,536,227</u>	<u>52,885,429</u>

20. FINANCIAL RATIOS	2014/15	2013/14	2012/13
Current Ratio	2.03	2.52	1.70
Asset Sustainability Ratio	1.35	0.75	1.02
Operating Surplus Ratio	(0.46)	(1.75)	(1.96)
Debt Service Cover Ratio	11.57	(14.52)	(21.68)
Own Source Revenue Ratio	0.26	0.27	0.19

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$
Operating Surplus Ratio	$\frac{\text{Operating Revenue minus Operating Expense}}{\text{Own Source Operating Revenue}}$
Debt Service Cover Ratio	$\frac{\text{Operating Surplus before Interest and Depreciation}}{\text{Principal and Interest on Loans}}$
Own Source Revenue Ratio	$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$

Notes:

- Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at the Supplementary Ratio Information on Page 62 of this document.
- For 2015, the Current, Debt Service Cover and the Operating Surplus Ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of the 2015/16 Financial Assistance Grant (FAGs) of \$2,134,494 which was received prior to year end.
- For 2014, the Current, Debt Service Cover and the Operating Surplus Ratios as disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of \$2,338,531 less revenue for the year.
- For 2013,
 - The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.
 - The Debt Service Cover, Operating Surplus and the Own Source Ratios as disclosed above were distorted by an item of significant expense on the Kimberley Aboriginal Community Housing Project grant refund of \$5,436,507. This amount forms part of operating expenses and has been included in the calculation above.

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

	2014/15	2013/14	2012/13
Current Ratio	1.24	4.86	1.70
Debt Service Cover Ratio	(2.74)	(2.81)	9.78
Operating Surplus Ratio	(1.03)	(1.09)	(0.45)
Own Source Revenue Ratio	0.26	0.27	0.27

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

21. LONG TERM BORROWINGS (Detail)

(i) Debenture Repayments

Particulars	Principal 1-Jul-14	New Loans	Principal Repayments		Principal 30-Jun-14		Interest Repayments		
			Actual	Budget	Actual	Budget	Rate	Actual	Budget
Housing							%		
Loan 23 - Triplex	381,991	0	13,731	27,921	368,260	354,070	6.58	24,808	25,058
Loan 24 - Office Redevelopment	28,261	0	18,570	18,570	9,691	9,691	5.79	1,457	1,457
Loan 25 - Housing Units	845,912	0	34,289	34,289	811,623	811,623	6.65	56,294	56,294
	1,256,164	0	66,590	80,780	1,189,574	1,175,384		82,559	82,809

(ii) New Debentures - 2014/15

There were no new debentures or loans taken in financial year 2014/15

(iii) Overdraft

Council has an operational overdraft of \$1 million on its Municipal Account, but has not utilised the facility this year.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value \$	Rate Revenue \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate									
GRV - Town	6.9992	304	11,017,190	766,555	766,555	767,857	0	0	767,857
GRV - Town Vacant	11.8040	22	423,455	45,734	45,734	28,668	0	0	28,668
UV - Rural/Pastoral	2.5168	33	12,537,520	314,885	314,885	315,350	0	0	315,350
UV - Mining	33.4672	40	2,085,232	703,007	703,007	741,753	(15,000)	0	726,753
UV - Prospecting/Exploration	16.7024	239	1,371,949	230,895	230,895	267,769	0	0	267,769
Sub-Totals		638	27,435,346	2,061,076	2,061,076	2,121,397	0	0	2,106,397
Minimum Rate	Minimum \$								
GRV - Town	726	15	35,930	10,890	10,890	10,164	0	0	10,164
GRV - Town Vacant	1366	11	28,745	15,026	15,026	24,588	0	0	24,588
UV - Rural/Pastoral	682	4	25,400	2,728	2,728	2,046	0	0	2,046
UV - Mining	682	6	4,175	4,092	4,092	4,092	0	0	4,092
UV - Prospecting/Exploration	400	112	105,090	44,800	44,800	81,840	0	0	81,840
Sub-Totals		148	199,340	77,536	77,536	122,730	0	0	122,730
Amount Raised From General Rate					2,138,612				2,229,127

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any specified area rates during 2014/15.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

T V and Radio Rebroadcasting

This service charges is for the provision of television re-broadcasting. It is applicable to all owners of properties within a designated area. The proceeds are applied in full to the actual cost to the Shire for the re-broadcasting service.

2014/15 Actual	2014/15 Budget	2013/14 Actual
\$	\$	\$
18,700	19,000	18,750

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

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	0	15,000
Rates Debtors	Write-Off	NA	174,896	5,000
Community Facility Hire Grants	Subsidy	NA	5,604	10,000

The Shire of Halls Creek does not grant a discount for the early payment of rates appearing on the rate notice.

The Council has agreed to waive, reduce or refund facility hire charges for approved applicants only.

The final cost of fees forgone are shown above as "community facility hire grants"

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

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11	0	60,348	21,000
Interest on Instalment Plan	5.5	0	4,426	5,000
Interest on Sundry Debtors	11	0	0	1,000
<i>Total Interest</i>		0	64,774	27,000
Charges on Instalment Plan		18	3,413	3,500
<i>Total Charges</i>		18	3,413	3,500

Ratepayers had the option of paying rates in four equal instalments, due on 14 October 2014, 9 December 2014, 3 February 2015, 1 April 2015. Administration charges and interest applied for the final three instalments.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

27. GRANT REVENUE

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

	2014/15 Actual \$	2013/14 Actual \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	9,005,463	3,547,847
Non-Operating Grants, Subsidies and Contributions	5,684,797	3,166,285
	<u>14,690,260</u>	<u>6,714,132</u>
By Program:		
General Purpose Funding	6,358,275	1,751,903
Law, Order, Public Safety	40,409	114,785
Health	418,340	375,904
Education and Welfare	1,061,093	389,287
Housing	3,072,138	845,655
Recreation and Culture	97,373	63,369
Transport	2,454,818	1,739,754
Economic Services	14,047	70,542
Other Property and Services	1,173,767	1,362,933
	<u>14,690,260</u>	<u>6,714,132</u>
	2014/15 Actual \$	2013/14 Actual \$
28. FEES & CHARGES		
General Purpose Funding	23,093	4,791
Law, Order, Public Safety	9,342	3,525
Health	17,334	10,033
Housing	163,599	139,091
Community Amenities	372,720	389,343
Recreation & Culture	156,551	135,046
Transport	10,610	2,207
Economic Services	385,221	331,688
Other Property & Services	93,472	71,509
	<u>1,231,942</u>	<u>1,087,233</u>

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
29. ELECTED MEMBERS REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	55,297	55,125	52,867
Travelling Expenses	336	368	336
Telecommunications/ICT	22,043	22,050	21,807
President's Allowance	7,343	7,350	7,269
Deputy President's Allowance	1,836	1,838	1,817
	<u>86,855</u>	<u>86,730</u>	<u>84,096</u>

	2014/15	2013/14
30. EMPLOYEE NUMBERS		
The number of full-time equivalent Employees at balance date	<u>46</u>	<u>47</u>

31. MAJOR LAND TRANSACTIONS

No major land transactions were completed during the period.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings occurred during the period.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

33. NET CURRENT ASSETS

Composition of Net Current Asset Position
Analysis of estimated and actual surplus/deficit.

	Financial Year As At	2014/15 (30/06/2015) Carried Forward) \$	2014/15 (01/07/2014) Carried Forward) \$	2013/14 (30/06/2014) Carried Forward) \$
CURRENT ASSETS				
Cash - Unrestricted		4,140,059	1,050,302	1,050,302
Cash - Restricted		6,103,022	5,604,226	5,604,226
Trade and other Receivables		1,010,927	1,212,616	1,212,616
Inventories		334,426	261,032	261,032
<i>Total Current Assets</i>		<u>11,588,434</u>	<u>8,128,176</u>	<u>8,128,176</u>
LESS: CURRENT LIABILITIES				
Trade and other Payables		(2,178,185)	(662,964)	(662,964)
Long Term Borrowings		(76,114)	(80,780)	(80,780)
Accrued Expenditure		(118,255)	(69,110)	(69,110)
Employee Provisions		(635,655)	(484,683)	(484,683)
<i>Total Current Liabilities</i>		<u>(3,008,209)</u>	<u>(1,297,537)</u>	<u>(1,297,537)</u>
NET CURRENT ASSET POSITION		<u>8,580,225</u>	<u>6,830,639</u>	<u>6,830,639</u>
Adjustments for:				
Items not included in calculation of Surplus/(Deficiency)				
Less: Reserve Accounts		(4,579,546)	(4,373,097)	(4,373,097)
Add: Employee Provisions (Provided for within Budget)		635,655	484,683	484,683
Add: Long Term Borrowings (Provided for within Budget)		76,114	80,780	80,780
Surplus Carried Forward		<u><u>4,712,448</u></u>	<u><u>3,023,005</u></u>	<u><u>3,023,005</u></u>

Difference

There was no difference between the surplus on 01 July 2014 brought forward position used in the 2015 audited financial report and the surplus carried forward position as disclosed in the 2014 audited financial report.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

34. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Transport						
Disposal 2x wheel drive ute	0	3,962	0	5,000	0	1,038
Cat Front end Loader	0	115,682	0	65,000	0	(50,682)
Mustang	0	43,895	0	40,000	0	(3,895)
Dingo Mini Loader	0	17,512	0	20,000	0	2,488
Other Property & Services						
Greatwall	0	18,195	0	10,000	0	(8,195)
Housing						
172 Kinivan Street	108,000	0	0	0	(108,000)	0
175 Bridge Street	141,120	0	0	0	(141,120)	0
120 Roberta Ave	106,400	0	0	0	(106,400)	0
4 Roberta Ave	117,600	0	0	0	(117,600)	0
Total Assets Disposed	473,120	199,246	0	140,000	(473,120)	(59,246)

Profit	0	3,526
Loss	(473,120)	(62,772)
	<u>(473,120)</u>	<u>(59,246)</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014/15	2013/14	2014/15	2013/14
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	10,243,081	6,654,528	10,243,081	6,654,528
Receivables	1,010,927	1,212,616	1,010,927	1,212,616
	<u>11,254,008</u>	<u>7,867,144</u>	<u>11,254,008</u>	<u>7,867,144</u>
Financial Liabilities				
Payables	2,296,440	732,074	2,296,440	732,074
Borrowings	1,189,574	1,256,164	1,183,626	1,249,883
	<u>3,486,014</u>	<u>1,988,237</u>	<u>3,480,066</u>	<u>1,981,956</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 HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash 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.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

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

	30-Jun-15 \$	30-Jun-14 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	102,431	66,545
- Statement of Comprehensive Income	102,431	66,545

Notes:

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

(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-15	30-Jun-14
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	86.25%	81.28%
- Overdue	13.75%	18.72%

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2015					
Payables	2,296,440	0	0	2,296,440	2,296,440
Borrowings	158,625	574,246	1,053,646	1,786,517	1,189,574
	<u>2,455,065</u>	<u>574,246</u>	<u>1,053,646</u>	<u>4,082,957</u>	<u>3,486,014</u>
2014					
Payables	732,074	0	0	732,074	732,074
Borrowings	163,589	727,822	1,027,157	1,918,567	1,256,164
	<u>895,663</u>	<u>727,822</u>	<u>1,027,157</u>	<u>2,650,640</u>	<u>1,988,238</u>

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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2015								
Borrowings								
Fixed Rate								
Debentures	9,690	0	0	0	0	1,179,884	1,189,574	6.67%
Weighted Average Effective Interest Rate	5.79%	5.79%	0.00%	0%	0.00%	6.68%		
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	28,260	0	0	0	1,236,904	1,256,164	6.64%
Weighted Average Effective Interest Rate		5.79%				6.68%		

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF HALLS CREEK

REPORT ON THE FINANCIAL REPORT

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

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE ELECTORS OF THE SHIRE OF HALLS CREEK (CONTINUED)

Report On Other Legal and Regulatory Requirements

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) In relation to the Supplementary Ratio Information presented at page 49 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Signed at Perth this 9th day of November 2015.

**SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015**

SUPPLEMENTARY RATIO INFORMATION

The following information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.

	2014/2015	2013/2014	2012/2013
Asset Consumption Ratio	0.67	0.33	0.28
Asset Renewal Funding Ratio	1.36	*	*

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciated Assets}}$
-------------------------	---

Asset Renewal Funding Ratio	$\frac{\text{NPV of Planned Capital Renewal over 10 years}}{\text{NPV of required Capital Expenditure over 10 years}}$
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* No Asset Renewal Funding Ratio is provided as the information required was not available.