



# Shire of Three Springs

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ANNUAL REPORT 2021-2022



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## About the Annual Report

*The Shire of Three Springs Annual Report is an important part of the Integrated Strategic Planning and Reporting Framework. It details the Shire's financial and operational performance in the 2021/2022 financial year and documents the Shire's progress in line with the Strategic Community Plan.*

The Strategic Community Plan 2018/2028 provides the Shire's long-term strategic direction and guides the organisation's decision-making, services, projects and financial commitments that will deliver a Shire that is vibrant, connected and progressive. The Community Objectives within the Strategic Community Plan are:

**Economic:** A prosperous, thriving and innovative local economy.

**Environment:** To have a sustainable natural and built environment balanced with the needs of the community.

**Community Wellbeing:** A healthy, cohesive and safe community.

**Civic Leadership:** A collaborative and forward thinking community that is guided by strong leadership.

The Shire of Three Springs Annual Report includes a snapshot of performance and an overview of the Shire's outlook for the future. It includes plans to ensure the sustainability of the organisation, Three Springs and the community being served. It also provides the community and employees with information about how well the Shire of Three Springs has performed over the past year and how its efforts have contributed to achieving the Shire's vision.

In line with the Shire of Three Springs' sustainability goals, only a limited number of hard copies of this Annual Report were produced. However, it can be downloaded through the website:

[threesprings.wa.gov.au](https://threesprings.wa.gov.au)

For any enquiries, contact the Shire of Three Springs on 9954 1001 or email [general@threesprings.wa.gov.au](mailto:general@threesprings.wa.gov.au).

## Local Government Act 1995

The Local Government Act 1995 requires local governments to produce an Annual Report by 31 December each year. The Shire of Three Springs reports to the community and its stakeholders in a number of ways and goes beyond statutory requirements by producing a dynamic report.

## Shire President's Report

It is my pleasure to take this opportunity as your President to present to electors and ratepayers my report on the activities of the Shire of Three Springs for the financial year 1st July, 2021 through to 30th June, 2022.

The 12 months captured in this report continue to see the rebuild and clean up following TC Seroja and the lingering, constant threat of the Coronavirus disrupting our lives. Some highlights from this time include the LG elections in October which saw myself, Cr Jim Heal & Cr Jenny Mutter return to office unopposed. We continue as a council of 7 with a stable and cohesive assembly for the coming years.

The process of reviewing the Inventory of Heritage Places began in December 2021 which allows for input into the importance of building and places in the Shire's history. This report is yet to be finalised. Council adopted a number of plans and policy amendments throughout the year including the Arrino Community Crop policy and revised Purchasing policy.

Early in 2022, the community rallied together as the rumours of the imminent closure of the North Midlands Hospital frightened and outraged our town and district. With a loud and passionate voice, the message was heard and for the time being, the hospital service and the aged care residents are secure.

With a strong focus on tourism into the future, the Council accepted the Three Springs Tourism Business Case including Duffy's Store business case, and an application to the Building Better Regions Funds (Federal Govt) was submitted. However with a change in federal government May 2022, this funding pool ceased and at present we are awaiting the replacement Growing Regions Program funding criteria. The Shire was fortunate to receive funding from LotteryWest for the Silo Projection project and as such we have purchased a state of the art projector and technical equipment with the first community event held in December 2022. Future major events are planned for 2023 – very exciting happenings on the BIG screen!

From a patch of weedy, uninviting dirt to attractive, welcoming, relaxing space – Dominican Park now sets the scene to the eastern entrance of town. We were thrilled to open the park in April in the presence of the Dominican nuns and dignitaries in recognition of the dedication and care provided by the Church to the community. With funding from Regional Arts WA, Councillors and staff made their radio debut as we launched Tourist radio on 87.6FM – a work in progress.

The Elected Members continued to serve the community representing them at both internal and external committees including Audit, Community Fund Assessment, WALGA Conference, WALGA Northern Country Zone, Wildflower Country, MRWA Regional Road Group, LEMC, 3 Springs FIN and DAP. Councillors also regularly attend and represent the Shire at community events, meetings and functions.

From February to December, Council met on the 4<sup>th</sup> Wednesday of the month for Ordinary Council meetings.

To our wonderful volunteers; emergency, sporting and community – a massive THANK YOU. Without your tireless work and contribution, Three Springs would not be the strong, connected community that I am very proud to be a part of.

On behalf of electors and ratepayers, I take this opportunity to thank each Councillor for their efforts and input during the 2021/2022 financial year. My appreciation is extended to Councillors' partners and families for their support which has allowed Councillors to dedicate their time to Council. Finally, on behalf of my fellow Councillors, I wish to thank the Chief Executive Officer, Executive Managers and staff for their support throughout 21/22 and look forward to working with you for the coming year.

Cr. Chris Lane

## Chief Executive Officer's Report

Three Springs is a beautiful place to live, work and play. The Shire's staff and council take great pride in delivering local government services to our community. I am grateful to have a supportive team who are committed to making Three Springs a great place. That, coupled with the community's support and willingness to adapt, makes it possible for us to function exceedingly well in these uncertain times.

The Shire administration team and council have positioned the Community Strategic plan at the forefront of our decision-making process in order to be an effective, integrated local government. The Shire's strategic directives involve the participation and input of all levels of the organisation, from top management to front-line employees. Our integrated strategic planning is a continuous process involving ongoing review and adjustment of the Corporate Business Plan in response to changes in the business environment and the organisation's needs. By reviewing and updating the Corporate Business Plan, the Shire can ensure that it is well-positioned to achieve its goals and adapt to changing circumstances.

Last year, strategic objectives and milestones were aimed at transforming Three Springs into *"a healthy and unified community with a bright future"*. During 2021/22, substantial project planning occurred, and in 2023, the following projects will be delivered.

The projects for 2023 are:

- A review of the Community Strategic Plan (CSP) The CSP is a crucial tool for achieving the community's aspirations and long-term vision for the future. The CSP will be reviewed and updated to ensure that it remains relevant and responsive to the changing needs and aspirations of the community. In 2023 the CSP will be reviewed. Community engagement is an important part of the strategic planning process as it helps guide the local government's strategic direction. The CSP serves as a driving force for all other strategic efforts within the local government. By integrating asset, service, and financial plans, the local government can ensure that its resource capabilities are aligned with the community's needs. When structural reform is occurring or occurs, this integrated approach to strategic planning can also help local government entities understand and meet the community's requirements.
- The Mid West Secondary Grain Freight Routes project. This project is a road construction capital works program that aims to improve the secondary grain freight network in Three Springs. The project aims to bring the network up to a fit-for-purpose standard to meet current and future needs. The Three Springs project is expected to cost \$9.5 million over 2 years and will be led by the Shire in partnership with Main Roads, WA. These road works are expected to improve transport efficiency, road safety, and regional economic growth, which will help to sustain the agricultural sector. Three Springs–Eneabba Road, Inering Road and Three Springs–Perenjori Road are included in the construction project. This project is 100% grant funded.
- Town Planning Scheme Review. In Three Springs, the use of smart planning techniques is seen as a key component in ensuring a positive future for the community. Smart planning involves the use of innovative and forward-thinking strategies to address the needs and challenges of the town, with a focus on sustainability, efficiency, and long-term growth. By considering the long-term implications of land use, development, and infrastructure decisions, the town can work towards a positive and well-planned future.

- Glyde Street Subdivision: Local governments manage the development of new land subdivisions to maximise opportunities for both business development and new residents. The Glyde Street site already has \$1.7 million worth of power, water, sewage, and telecom utilities distributed across the area. Engineers are currently examining the possibility of developing the site into a subdivision. Additionally, the Shire will be working with Development WA to identify opportunities for economic development and job creation associated with the industrial development occurring in the Shire of Three Springs. The Shire will use the land to attract new businesses and to promote economic growth. In general, the management of new land subdivisions by local governments is crucial for creating a well-planned, liveable community that meets the needs of all stakeholders.
- The Shire of Three Springs proposes constructing a caravan park on a portion of Glyde Street. The project proposes is to stimulate the local economy and create new jobs. This caravan park is expected to attract two types of visitors: travellers who pass through the area on long road trips and holidaymakers who use the caravan park as their primary vacation destination. The project has the potential to benefit a variety of local industries, including tourism, hospitality, retail, and healthcare, and may also lead to the creation of new micro-businesses, such as astrotourism tours and astrophotography. The caravan park is also seen as a way to promote Three Springs as a tourist destination and support existing tourism initiatives such as the Silo Projection, Duffy's Store Development, Events Platform, Talc Mine Tourism, Heritage Trail, and Yarra Yarra Lakes by increasing local accommodation options.
- Duffy's Store Development and Tourism. The Duffy's Store Business Case, Tourism Strategy and the *Federal Government Growing Regions Program* grant submission.
- The renovations to the Shire Hall will bring several benefits to the community. The upgraded kitchen and bathroom facilities and the installation of air conditioning in the main hall will make the building more suitable for use as an emergency recovery centre and for hosting catering and community events during all seasons. These improvements will increase the facility's versatility and make it more useful for a wide range of purposes.
- Cemetery Development Plan; the Shire has allocated capital funds for the planning and development of the cemetery. These efforts are important for the long-term sustainability and growth of the site, as well as for serving the needs of the community into the future. The site survey will be an integral part of this process, helping to identify the current site layout of the cemetery and opportunities for expansion. Additionally, the existing assets on the site will be assessed and updated, or replaced as needed, to enhance the cemetery's appearance.

In summary, this report highlights the ongoing efforts of the Shire of Three Springs, specifically the Shire staff and council, to improve and sustain the community's well-being. They take great pride in delivering local government services to the community with the help of a supportive and adaptive community. Our CSP is at the forefront of our decision-making process, ensuring it remains relevant and responsive to the community's changing needs and aspirations, which are critical for this local government. I urge the ratepayers and electors to be involved in the CSP review in 2023. A variety of projects for 2023/24 are also planned with a focus on sustainability, efficiency and long-term growth, which are expected to drive efficiency, economic growth and help community development. I would like to thank the Shire staff, council, and the Three Springs community for their dedication, engagement, and support. I look forward to a bright future for Three Springs.

## Our Council



**Cr. Chris Lane**

Position: Shire  
President  
Term Expires: 2025



**Cr. Chris  
Connaughton**

Position: Deputy  
Shire President  
Term Expires: 2023



**Cr. Jim Heal**

Position: Shire  
Councillor  
Term Expires: 2025



**Cr. Jenny Mutter**

Position: Shire  
Councillor  
Term Expires: 2025



**Cr. Zac Mills**

Position: Shire  
Councillor  
Term Expires: 2023



**Cr. Julia Ennor**

Position: Shire  
Councillor  
Term Expires: 2023



**Cr. Nadine Eva**

Position: Shire  
Councillor  
Term Expires: 2023

## Elected Members Attendance 2022

Meeting Date	Type of Meeting	President Lane	Cr. Connaughton	Cr. Heal	Cr. Mutter	Cr. Mills	Cr. Ennor	Cr. Eva
23.02.2022	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
23.03.2022	ACM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
24.03.2022	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
27.04.2022	OCM	Apology	Attended	Leave	Attended	Apology	Attended	Attended
25.05.2022	OCM	Attended	Leave	Attended	Attended	Apology	Attended	Attended
26/05/2022	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
22/06/2022	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
27/07/2022	OCM	Attended	Attended	Apology	Apology	Attended	Attended	Attended
11/08/2022	SCM	Attended	Attended	Attended	Attended	Apology	Attended	Attended
24/08/2022	OCM	Attended	Attended	Leave	Attended	Attended	Attended	Attended
27/09/2022	OCM	Attended	Apology	Apology	Apology	Attended	Attended	Attended
26/10/2022	OCM	Attended	Attended	Leave	Attended	Leave	Attended	Attended
23/11/2022	OCM	Attended	Leave	Attended	Leave	Apology	Attended	Attended
14/12/2022	ACM	Attended	Attended	Attended	Attended	Apology	Leave	Attended
14/12/2022	OCM	Attended	Attended	Attended	Attended	Apology	Leave	Attended

OCM: Ordinary Council Meeting

SCM: Special Council Meeting

ACM: Audit Committee Meeting



## Directorates

Chief Executive Officer	Deputy Chief Executive Officer	Manager Works and Services
Strategic Planning	Financial Services	Roads and Drainage
Governance	Administration Services	Parks and Recreation
Policy	Records Management and Information Services	Infrastructure and Community Amenities
Organisational Development	Insurance and Risk Management	Asset and Building Maintenance
Community Development	Emergency Management	Waste Management
Economic Development	Library Services	Aquatic Centre
	Emergency Management	Occupational Health and Safety
		Emergency Management

## Workforce

### Statement of Salaries

Local Government (Administration) Regulation 19B requires the disclosure of the number of employees entitled to an annual salary of \$130,000. The CEO is paid salary above \$130,000.

2021-2022	
130,000 - 139,999	
140,000 - 149,999	
150,000 - 159,999	
160,000 - 169,999	1

### WORKFORCE

Employees: 23

Female: 59.1%

Managers: 40%

Male: 40.9%

Managers: 60%

Representation of different cultures and nationalities: 22.7%



## Plan for the Future

### Integrated Planning and Risk Management

A big focus during 2021/2022 has been to embed a solid Integrated Strategic Planning and Reporting Framework (ISPRF) and further instil risk management practices into the ISPRF.

With improved systems and the ISPRF now in place, the Shire can provide significantly improved results for the community.

### Strategic Community Plan

There were no changes to the Strategic Community Plan in 2021-2022.

### Corporate Business Plan

The Shire's Corporate Business Plan 2020/2024 was adopted by Council 17 June 2020. This is the most important and valuable resource when planning for Three Springs economic prosperity and social and environmental wellbeing. It details the Shire's intended achievements and priorities, how it will commit resources and how success in meeting the needs of the community will be measured.

### Long-Term Financial Plan

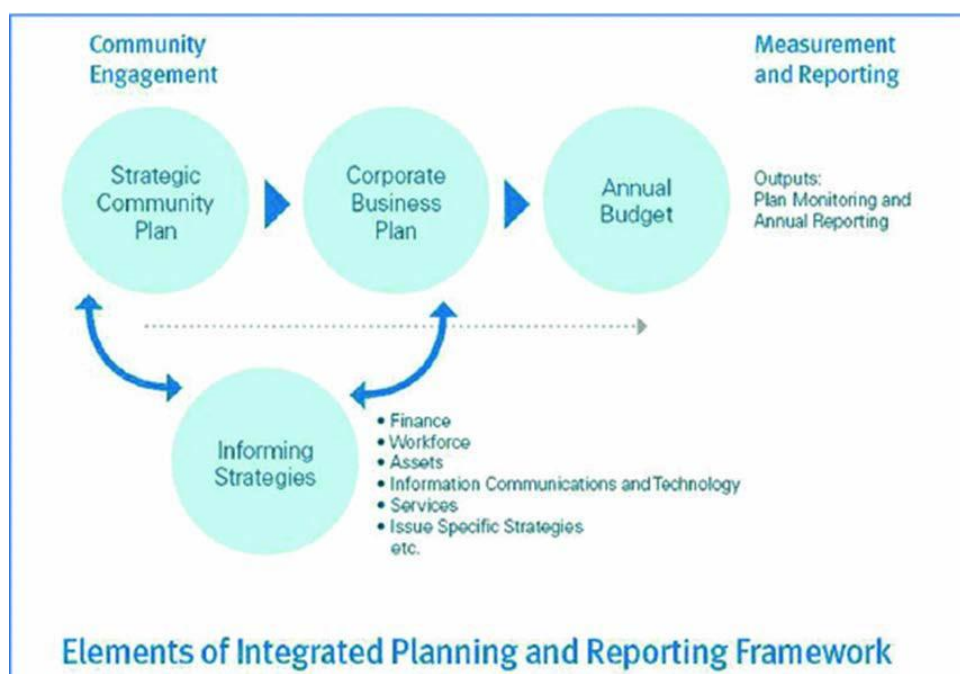
The Shire's Long-Term Financial Plan is the 10-year plan that guides the Shire's approach to delivering infrastructure and services to the community in a responsible and affordable way. It was adopted by Council 17 June 2020.

### Workforce Plan

The Shire's Workforce Plan will ensure that the Shire has current and future access to the human capital it needs to perform effectively. Strategic workforce planning allows the Shire to align the organisation's overall business objectives and the long-term vision. It was adopted by Council 17 June 2020.

### Asset Management Plan

The Shire's Asset Management Plan is a tactical plan that will allow for the management of the Shire's infrastructure and other assets to deliver a good standard of service. By taking a systemic approach, it will allow Shire to adequately plan the management (including technical and financial) of Shire assets over their life cycle in the most cost effective manner. It was adopted by Council 17 June 2020.



## Major Initiatives 2023-2024

The Duffys Store and Silo Projection projects are the culmination of years of refining aspirations, developing concepts, and planning the implementation of, the Shire of Three Springs tourism vision.

The Shire has highlighted the economic and social benefits of diversifying its current tourism offerings, which center around the wildflower trail; and promote opportunities that provide unique experiences for residents and potential visitors alike. The tourism strategy draws inspiration from the Shire's vision of ***"becoming a healthy and unified community with a bright future"***: with the knowledge that in order to achieve that vision, the Shire needs to sustain and facilitate growth.

This understanding forms the basis of the tourism project's purpose. The primary purpose of the project is to increase the population and economic development of the Shire through increased liveability/amenity, employment prospects, and diversification of tourism offerings. The secondary purpose is to increase visitation numbers and overnight stays through the implementation of a four-pronged tourism strategy which includes:

- Restoration/development of Duffy's Store
- Silo projection project
- Glyde Street caravan park development
- Event activation



This project will see the realisation of the tourism aspirations of the Shire of Three Springs to bring life back to the oldest standing weatherboard shop in Western Australia – Duffy’s Store; giving it new purpose as a visitor centre, local culture and history museum with a “1909 store experience”, providing space for a family friendly restaurant and a community meeting space. Beaming across the road, state of the art technology will be used to project art, live-streamed events, documentaries or movies onto the 56m x 45m decommissioned wheat silos, making it the comparable with the 15th largest video-capable screen in the world.

**Stakeholder Engagment:** Comprehensive stakeholder engagement was carried out with local community members and businesses, local and state government departments, peak bodies, and other key stakeholders such as the Regional Development Officer. This engagement included two workshops, a community survey and one-on-one consultation to a) gauge the need and support for the project and b) gain community input for the vision and possible inclusions of Duffy’s Store and silo projections. In both the workshops and survey, the community responded positively to the projects. 81% of survey respondents reported that the redevelopment of Duffy’s Store is important or very important to the community, with the top three element inclusions including a Visitor Centre (83%), local museum (78%) and a café/restaurant (72%). The silo projection project was also well received, with 86% of respondents believing it to be a good or very good idea.

**Strategic alignment:** All aspects of this project have been aligned with current federal, state, regional and local, strategies.





## Disability Access and Inclusion Plan

Social inclusion is a priority for people living with disability as it affects all aspects of their lives. Since the Shire of Three Springs' Disability Access and Inclusion Plan (DAIP) was formally endorsed by Council, the Shire aim has been to value the contributions and rights of people living with a disability. The Shire of Three Springs has been focused on the following priority areas:

### 1. Inclusive communities for all

- The Shire of Three Springs has strategies in place to ensure that people can participate in Local or State Government proceedings.
- The Shire of Three Springs has established best practice resources relating to communication, websites and events to ensure accessibility and inclusion for all.
- The Shire of Three Springs has strategies to improve access and inclusion to sport, recreation and cultural events/facilities.\*
- Disability awareness training for all staff.\*
- Include disability awareness training as part of induction programs for new employees.\*

### 2. Leadership and collaboration

- The Shire of Three Springs is ensuring all members of the community can fulfil their civic roles e.g. voting in Council elections
- The Shire of Three Springs has consultation and engagement practices that ensure people living with disability are engaged and consulted.
- Establishment of a Disability Register to assist in identifying people with disability.\*

### 3. Accessible communities

- The Shire of three springs has communication and information systems using accessible technologies and alternative formats such as audiobooks and Shire website and social media for engagement.
- The Shire of Three Springs is ensuring civic life is accessible to all (including social, sporting, recreational, cultural, religious, political and economic opportunities).
- Continuous improvement of access and inclusion to sport, recreation and cultural activities and facilities.\*
- Inclusion of the installation of signs indicating disability.\*



#### 4. Learning and employment

- The Shire of Three Springs promotes workforce diversity to be an employer of choice.
- Employment, volunteering and work experience opportunities for people living with a disability.\*

The Shire of Three Springs 2020/2021 Disability Access and Inclusion Plan progress report was lodged by 30 June 2021.

#### State Records Act

The Shire of Three Springs is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

The Shire's Record Keeping Plan was approved by the State Records Commission in accordance with Section 28 of the State Records Act 2000.

#### Public Interest Disclosure

The Public Interest Disclosure Code was established by the Commissioner of Public Sector Standards under Sector 20 of the Public Interest Disclosure Act. The Act provides protection for those making such disclosures and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Matters that fall under the category of public interest include:

- Improper conduct (irregular or unauthorised use of public resources)
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of public monies)
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment).

No Public Interest Disclosures were received during 2021/2022.

#### National Competition Policy

The Competition Principal Agreement (CPA) is an Intergovernmental Agreement between the Commonwealth and State/Territory governments.

In July 1996 the State Government released a Policy Statement called Clause 7 which describes the application of specific "Competition Principles" to the activities and functions of local government pursuant to the National Competition Policy package. Although local government is not a party to the agreement, the State's obligations extend to ensuring that the principles are applied to local government activities, and the annual report must include a statement on all allegations of non-compliance with the principles.

The Competition Policy does not require contracting out or competitive tendering. It does not preclude a local government from continuing to subsidise its business activities from general revenue, nor does it require privatisation of government functions. It does require local governments to identify significant business activities and apply competitive disciplines to those businesses which compete with the private sector.

In accordance with the requirements of the National Competition Policy the Shire makes the following disclosure for the reporting period.

The Shire does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

## Register of Complaints and Freedom of Information

### Register of Complaints:

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the complaints officer for each local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) of the Local Government Act 1995 requires that details of entries made under section 5.121 during the financial year in the register of complaints, including;

- i) The number of complaints recorded in the register of complaints; and
- ii) How the recorded complaints were dealt with; be included in the Annual Report of Council.

There were no complaints received pursuant to s5.121 of the Local Government Act 1995 by the Shire of Three Springs during the 2021/2022 reporting period.

### Freedom of Information:

During the 2021/2022 financial year, the Shire of Three Springs received no requests for information under the Freedom of Information Act 1992.





## Annual Financial Report

The Shire has undertaken a detailed analysis of all aspects of its financial management approach and historical financial performance - examining value for money, project delivery outcomes and financial trends.

The Shire has a transparent, accountable and sustainable approach to managing its financial resources. This approach includes an integrated strategic financial planning model that ensures proposed services and capital projects delivered to the community are properly funded and appropriately resourced.

### Summary

Responsible, sustainable financial management that ensures the effective stewardship of financial and community assets is a core responsibility of local government. The community is entitled to expect rigorous, strategically focused financial planning that ensures that community expectations are met and that the services and capital projects delivered to the community are properly funded and appropriately resourced.

Proactive financial management and effective operational financial management should deliver best value to the community from the use of the Shire's financial resources whilst regular reporting should provide accountability for the use of those financial resources.

The annual financial statements provide one perspective on how the Shire has performed against those expectations.





**SHIRE OF THREE SPRINGS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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The Shire of Three Springs conducts the operations of a local government with the following community vision:


Three Springs becomes a Healthy and Unified Community with a bright future  
*HEART OF NORTH MIDLANDS*

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

SHIRE OF THREE SPRINGS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Three Springs for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Three Springs at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the Ninth day of December 2022

  
\_\_\_\_\_  
Chief Executive Officer

Keith Woodward  
\_\_\_\_\_  
Name of Chief Executive Officer

**SHIRE OF THREE SPRINGS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>				
Rates	26(a),2(a)	2,242,947	2,237,195	2,156,151
Operating grants, subsidies and contributions	2(a)	1,999,907	837,447	1,561,210
Fees and charges	25(c),2(a)	262,495	218,620	234,165
Interest earnings	2(a)	20,064	23,518	18,568
Other revenue	2(a)	88,983	81,750	92,935
		4,614,396	3,398,530	4,063,029
<b>Expenses</b>				
Employee costs		(1,399,707)	(1,561,779)	(1,633,904)
Materials and contracts		(1,029,299)	(1,495,417)	(1,256,063)
Utility charges		(280,457)	(174,600)	(243,322)
Depreciation	10(a)	(2,465,224)	(1,844,742)	(1,851,985)
Finance costs	2(b)	(3,246)	(2,677)	(3,562)
Insurance		(221,653)	(152,967)	(186,908)
Other expenditure	2(b)	(61,743)	(111,975)	(49,948)
		(5,461,329)	(5,344,157)	(5,225,692)
		(846,933)	(1,945,627)	(1,162,663)
Capital grants, subsidies and contributions	2(a)	1,020,641	1,206,785	1,336,326
Profit on asset disposals	10(d)	0	2,410	10,354
Loss on asset disposals	10(d)	(45,908)	(4,717)	(24,630)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
Reversal of prior year loss on revaluation of Infrastructure - footpath	9(a)	0	0	62,508
		978,730	1,204,478	1,387,144
<b>Net result for the period</b>	25(b)	<b>131,797</b>	<b>(741,149)</b>	<b>224,481</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	2,851,209
<b>Total other comprehensive income for the period</b>	16	<b>0</b>	<b>0</b>	<b>2,851,209</b>
<b>Total comprehensive income for the period</b>		<b>131,797</b>	<b>(741,149)</b>	<b>3,075,690</b>

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



**SHIRE OF THREE SPRINGS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,688,380	2,836,886
Trade and other receivables	5	74,356	133,904
Other financial assets	4(a)	1,828,589	0
Inventories	6	20,322	2,305
Other assets	7	37,109	3,194
<b>TOTAL CURRENT ASSETS</b>		<b>4,648,756</b>	<b>2,976,289</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	28,437	27,621
Other financial assets	4(b)	97,854	73,807
Property, plant and equipment	8	18,287,757	18,940,603
Infrastructure	9	36,062,101	36,432,535
<b>TOTAL NON-CURRENT ASSETS</b>		<b>54,476,149</b>	<b>55,474,566</b>
<b>TOTAL ASSETS</b>		<b>59,124,905</b>	<b>58,450,855</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	205,495	307,007
Other liabilities	13	693,321	88,136
Borrowings	14	62,761	21,897
Employee related provisions	15	194,819	193,701
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,156,396</b>	<b>610,741</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	13	58,500	58,500
Borrowings	14	43,712	46,423
Employee related provisions	15	33,095	33,786
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>135,307</b>	<b>138,709</b>
<b>TOTAL LIABILITIES</b>		<b>1,291,703</b>	<b>749,450</b>
<b>NET ASSETS</b>		<b>57,833,202</b>	<b>57,701,405</b>
<b>EQUITY</b>			
Retained surplus		31,453,833	30,998,444
Reserve accounts	29	1,788,589	2,112,181
Revaluation surplus	16	24,590,780	24,590,780
<b>TOTAL EQUITY</b>		<b>57,833,202</b>	<b>57,701,405</b>

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

**SHIRE OF THREE SPRINGS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>30,367,636</b>	<b>1,858,011</b>	<b>22,400,068</b>	<b>54,625,715</b>
Comprehensive income for the period					
Net result for the period		224,481	0	0	224,481
Other comprehensive income for the period	16	0	0	2,851,209	2,851,209
Total comprehensive income for the period		224,481	0	2,851,209	3,075,690
Transfers to reserves	29	(254,170)	254,170	0	0
Transfers from revaluation surplus		660,497	0	(660,497)	0
<b>Balance as at 30 June 2021</b>		<b>30,998,444</b>	<b>2,112,181</b>	<b>24,590,780</b>	<b>57,701,405</b>
Comprehensive income for the period					
Net result for the period		131,797	0	0	131,797
Total comprehensive income for the period		131,797	0	0	131,797
Transfers from reserves	29	331,941	(331,941)	0	0
Transfers to reserves	29	(8,349)	8,349	0	0
<b>Balance as at 30 June 2022</b>		<b>31,453,833</b>	<b>1,788,589</b>	<b>24,590,780</b>	<b>57,833,202</b>

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

**SHIRE OF THREE SPRINGS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,261,829	2,238,295	2,161,009
Operating grants, subsidies and contributions		1,943,540	747,031	1,636,332
Fees and charges		261,664	218,620	235,802
Service charges		0	23,518	0
Interest received		20,064	135,462	18,568
Goods and services tax received		320,030	81,750	301,670
Other revenue		88,983		92,935
		4,896,110	3,444,676	4,446,316
<b>Payments</b>				
Employee costs		(1,394,991)	(1,555,779)	(1,513,257)
Materials and contracts		(1,191,790)	(1,293,617)	(1,279,863)
Utility charges		(280,457)	(174,600)	(243,322)
Finance costs		(3,032)	(2,677)	(3,291)
Insurance paid		(221,653)	(152,967)	(186,908)
Goods and services tax paid		(250,946)	(103,462)	(370,754)
Other expenditure		(62,575)	(111,975)	(49,948)
		(3,405,444)	(3,395,077)	(3,647,343)
<b>Net cash provided by (used in) operating activities</b>	17(b)	1,490,666	49,599	798,973
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost - self supporting loans		(80,000)	(80,000)	0
Payments for purchase of property, plant & equipment	8(a)	(171,092)	(623,321)	(470,855)
Payments for construction of infrastructure	9(a)	(1,317,305)	(1,380,466)	(1,870,214)
Non-operating grants, subsidies and contributions		1,659,166	1,206,785	1,389,462
Proceeds from financial assets at amortised cost		(1,788,589)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		19,950	39,938	0
Proceeds from sale of property, plant & equipment	10(d)	545	80,000	98,115
<b>Net cash provided by (used in) investing activities</b>		(1,677,325)	(757,064)	(853,492)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(41,847)	(61,835)	(21,065)
Proceeds from new borrowings	28(a)	80,000	80,000	0
<b>Net cash provided by (used in) financing activities</b>		38,153	18,165	(21,065)
<b>Net increase (decrease) in cash held</b>		(148,506)	(689,300)	(75,584)
Cash at beginning of year		2,836,886	2,820,951	2,912,470
<b>Cash and cash equivalents at the end of the year</b>	17(a)	2,688,380	2,131,651	2,836,886

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



**SHIRE OF THREE SPRINGS**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	27(b)	412,741	478,209	894,356
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	26(b)	9,435	9,000	9,139
Operating grants, subsidies and contributions		1,999,907	837,447	1,561,210
Fees and charges		262,495	218,620	234,165
Interest earnings		20,064	23,518	18,568
Other revenue		88,983	81,750	92,935
Profit on asset disposals	10(d)	0	2,410	10,354
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
		2,384,881	1,172,745	1,928,957
<b>Expenditure from operating activities</b>				
Employee costs		(1,399,707)	(1,561,779)	(1,633,904)
Materials and contracts		(1,029,299)	(1,495,417)	(1,256,063)
Utility charges		(280,457)	(174,600)	(243,322)
Depreciation		(2,465,224)	(1,844,742)	(1,851,985)
Finance costs		(3,246)	(2,677)	(3,562)
Insurance		(221,653)	(152,967)	(186,908)
Other expenditure		(61,743)	(111,975)	(49,948)
Loss on asset disposals	10(d)	(45,908)	(4,717)	(24,630)
Reversal of prior year loss on revaluation of assets		0	0	62,508
		(5,507,237)	(5,348,874)	(5,187,814)
Non-cash amounts excluded from operating activities	27(a)	2,506,174	1,847,602	1,812,093
<b>Amount attributable to operating activities</b>		(616,182)	(2,328,527)	(1,446,764)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,020,641	1,206,785	1,336,326
Proceeds from disposal of assets	10(d)	545	80,000	98,115
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	19,950	39,938	0
Payments for financial assets at amortised cost - self supporting loans		(80,000)	(80,000)	0
Purchase of property, plant and equipment	8(a)	(171,092)	(623,321)	(470,855)
Purchase and construction of infrastructure	9(a)	(1,317,305)	(1,380,466)	(1,870,214)
<b>Amount attributable to investing activities</b>		(527,261)	(757,064)	(906,628)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(41,847)	(61,835)	(21,065)
Proceeds from borrowings	28(a)	80,000	80,000	0
Transfers to reserves (restricted assets)	29	(8,349)	(8,500)	(254,170)
Transfers from reserves (restricted assets)	29	331,941	369,522	0
<b>Amount attributable to financing activities</b>		361,745	379,187	(275,235)
<b>Surplus/(deficit) before imposition of general rates</b>		(368,957)	(2,228,195)	(1,734,271)
<b>Total amount raised from general rates</b>	26(a)	2,233,512	2,228,195	2,147,012
<b>Surplus/(deficit) after imposition of general rates</b>	27(b)	<b>1,864,555</b>	<b>0</b>	<b>412,741</b>

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

**SHIRE OF THREE SPRINGS**  
**FOR THE YEAR ENDED 30 JUNE 2022**  
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**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements  
Section 6.4(2) of the Local Government Act 1995 read with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial 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.

**The local government reporting entity**  
All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

**Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Operating grants, subsidies and contributions with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licenses, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods sold

Consideration from contracts with customers is included in the transaction price.

**Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

**For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,233,512	9,435	2,242,947
Operating grants, subsidies and contributions	87,015	0	0	1,912,892	1,999,907
Fees and charges	255,682	0	6,813	0	262,495
Interest earnings	0	0	13,013	7,051	20,064
Other revenue	52,737	0	0	36,246	88,983
Non-operating grants, subsidies and contributions	0	1,020,641	0	0	1,020,641
<b>Total</b>	<b>395,434</b>	<b>1,020,641</b>	<b>2,253,338</b>	<b>1,965,624</b>	<b>5,635,037</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,147,012	9,139	2,156,151
Operating grants, subsidies and contributions	87,774	0	0	1,473,436	1,561,210
Fees and charges	227,598	0	6,567	0	234,165
Interest earnings	0	0	275	18,293	18,568
Other revenue	66,692	0	0	26,243	92,935
Non-operating grants, subsidies and contributions	0	1,336,326	0	0	1,336,326
<b>Total</b>	<b>382,064</b>	<b>1,336,326</b>	<b>2,153,854</b>	<b>1,527,111</b>	<b>5,399,355</b>

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

	Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>				
Financial assets at amortised cost - self supporting loans		432	218	0
Interest on reserve funds		8,349	8,500	9,723
Rates instalment and penalty interest (refer Note 26(d))		10,996	11,300	275
Other interest earnings		287	3,500	8,570
		20,064	23,518	18,568
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		35,000	40,000	39,800
- Other services		2,600	0	800
		37,600	40,000	40,600
<b>Finance costs</b>				
Borrowings	28(a)	3,246	2,677	3,562
		3,246	2,677	3,562
<b>Other expenditure</b>				
Impairment losses on receivables from contracts with customers		(832)	0	1,716
Sundry expenses		62,575	111,975	48,232
		61,743	111,975	49,948

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

Held as  
- Unrestricted cash and cash equivalents  
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	341,844	2,836,886
	2,346,536	0
17(a)	2,688,380	2,836,886
	1,930,007	477,212
17(a)	758,373	2,359,674
	2,688,380	2,836,886

**SIGNIFICANT ACCOUNTING POLICIES**

**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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 17.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Self supporting loans receivable  
Term deposits

Held as  
- Unrestricted other financial assets at amortised cost  
- Restricted other financial assets at amortised cost

**(b) Non-current assets**

Financial assets at amortised cost  
Financial assets at fair value through profit and loss

**Financial assets at amortised cost**

Self supporting loans receivable

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	2022	2021
	\$	\$
	1,828,589	0
	1,828,589	0
27(b)	40,000	0
	1,788,589	0
	1,828,589	0
17(a)	40,000	0
	1,788,589	0
	1,828,589	0
	20,050	0
	77,804	73,807
	97,854	73,807
	20,050	0
	20,050	0
	77,804	73,807
	77,804	73,807

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

**Financial assets at fair value through profit and loss**

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	
Trade and other receivables	
GST receivable	
Receivables for employee related provisions	15
Allowance for credit losses of trade and other receivables	22(b)

Note	2022 \$	2021 \$
	33,857	49,011
	12,057	17,525
	0	69,084
	29,327	0
	(885)	(1,716)
	74,356	133,904
	28,437	27,621
	28,437	27,621

**Non-current**

Pensioner's rates and ESL deferred
------------------------------------

**SIGNIFICANT ACCOUNTING POLICIES**

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

	Note	2022	2021
Current		\$	\$
Fuel and materials		20,322	2,305
		20,322	2,305

The following movements in inventories occurred during the year:

Balance at beginning of year	2,305	4,805
Inventories expensed during the year	(118,349)	(87,317)
Additions to inventory	136,366	84,817
Balance at end of year	20,322	2,305

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**7. OTHER ASSETS**

**Other assets - current**

Prepayments

Accrued income

	2022	2021
	\$	\$
Prepayments	35,878	741
Accrued income	1,231	2,453
	37,109	3,194

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		850,132	2,274,024	9,396,536	12,520,692	197,283	2,602,988	26,941	15,347,904
Additions		0	21,014	254,777	275,791	0	195,064	0	470,855
Disposals		0	0	0	0	0	(112,391)	0	(112,391)
Revaluation increments / (decrements) transferred to revaluation surplus		(166,132)	317,026	4,031,330	4,182,224	0	0	0	4,182,224
Depreciation	10(a)	0	(118,696)	(457,397)	(576,093)	(38,196)	(288,123)		(902,412)
Transfers		0	0	(105,320)	(105,320)	52,536	0	7,207	(45,577)
<b>Balance at 30 June 2021</b>		684,000	2,493,368	13,119,926	16,297,294	211,623	2,397,538	34,148	18,940,603
<b>Comprises:</b>									
Gross balance amount at 30 June 2021		684,000	2,493,368	13,119,926	16,297,294	308,545	2,922,458	34,148	19,562,445
Accumulated depreciation at 30 June 2021		0	0	0	0	(96,922)	(524,920)	0	(621,842)
<b>Balance at 30 June 2021</b>		684,000	2,493,368	13,119,926	16,297,294	211,623	2,397,538	34,148	18,940,603
Additions		0	53,066	11,790	64,856	0	57,308	48,928	171,092
Disposals		0	(43,595)	0	(43,595)	(2,858)	0	0	(46,453)
Depreciation	10(a)	0	(95,247)	(338,611)	(433,858)	(47,812)	(295,815)	0	(777,485)
Transfers		0	0	0	0	0	0	0	0
<b>Balance at 30 June 2022</b>		684,000	2,407,592	12,793,105	15,884,697	160,953	2,159,031	83,076	18,287,757
<b>Comprises:</b>									
Gross balance amount at 30 June 2022		684,000	2,498,434	13,131,716	16,314,150	303,345	2,979,726	83,076	19,680,297
Accumulated depreciation at 30 June 2022		0	(90,842)	(338,611)	(429,453)	(142,392)	(820,695)	0	(1,392,540)
<b>Balance at 30 June 2022</b>		684,000	2,407,592	12,793,105	15,884,697	160,953	2,159,031	83,076	18,287,757



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square metre
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square metre
Buildings - specialised	3	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Improvements to buildings using construction costs and current condition, residual values and remaining useful life assessments 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.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>	3	Cost	Cost		Asset purchase cost
<b>Plant and equipment</b>	3	Cost	Cost		Asset purchase cost

**SHIRE OF THREE SPRINGS**  
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**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Note	Infrastructure - roads	Infrastructure - footpath	Infrastructure - parks and ovals	Infrastructure - airfields	Work in progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		35,627,213	364,784	552,997	189,830	0	36,734,824
Additions		1,003,465	64,992	0	0	801,757	1,870,214
Revaluation increments / (decrements) transferred to revaluation surplus		(2,375,920)	102,358	757,742	184,805	0	(1,331,015)
Revaluation (loss) / reversals transferred to profit or loss		0	62,508	0	0	0	62,508
Depreciation	10(a)	(766,336)	(9,486)	(102,516)	(71,235)	0	(949,573)
Transfers		0	0	45,577	0	0	45,577
<b>Balance at 30 June 2021</b>		33,488,422	585,156	1,253,800	303,400	801,757	36,432,535
<b>Comprises:</b>							
Gross balance at 30 June 2021		55,193,104	886,594	2,609,200	920,500	801,757	60,411,155
Accumulated depreciation at 30 June 2021		(21,704,682)	(301,438)	(1,355,400)	(617,100)	0	(23,978,620)
<b>Balance at 30 June 2021</b>		33,488,422	585,156	1,253,800	303,400	801,757	36,432,535
Additions		1,108,803	0	208,502	0	0	1,317,305
Depreciation	10(a)	(1,503,162)	(24,027)	(130,082)	(30,468)	0	(1,687,739)
Transfers		0	0	707,422	0	(707,422)	0
<b>Balance at 30 June 2022</b>		33,094,063	561,129	2,039,642	272,932	94,335	36,062,101
<b>Comprises:</b>							
Gross balance at 30 June 2022		56,301,907	886,594	3,525,124	920,500	94,335	61,728,460
Accumulated depreciation at 30 June 2022		(23,207,844)	(325,465)	(1,485,482)	(647,568)	0	(25,666,359)
<b>Balance at 30 June 2022</b>		33,094,063	561,129	2,039,642	272,932	94,335	36,062,101

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

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>	<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
	<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	<b>Infrastructure - footpath</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	<b>Infrastructure - parks and ovals</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	<b>Infrastructure - airfields</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments 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 THREE SPRINGS**  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	95,247	0	118,696
Buildings - specialised	8(a)	338,611	574,649	457,397
Furniture and equipment	8(a)	47,812	38,100	38,196
Plant and equipment	8(a)	295,815	286,295	288,123
Infrastructure - roads	9(a)	1,503,162	764,415	766,336
Infrastructure - footpath	9(a)	24,027	9,462	9,486
Infrastructure - parks and ovals	9(a)	130,082	100,765	102,516
Infrastructure - airfields	9(a)	30,468	71,056	71,235
		2,465,224	1,844,742	1,851,985

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - non specialised	20 to 80 years
Buildings - specialised	20 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
Formation	not depreciated
Pavement	60 to 100 years
Seal	
- Bituminous seals	15 to 40 years
- Asphalt surfaces	15 to 40 years
- Concrete	60 years
Gravel roads	
Formation	not depreciated
Pavement	60 to 100 years
Gravel sheet	15 to 60 years
Footpaths - slab	10 to 40 years
Sewerage piping	30 to 80 years
Water supply piping and drainage systems	10 to 80 years
Infrastructure - parks and ovals	15 to 40 years
Infrastructure - airfield	15 to 80 years

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. FIXED ASSETS (Continued)**

**(d) Disposals of assets**

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	43,595	0	0	(43,595)	0	0	0	0	0	0	0	0
Furniture and equipment	2,858	545	0	(2,313)	0	0	0	0	0	0	0	0
Plant and equipment	0	0	0	0	82,307	80,000	2,410	(4,717)	112,391	98,115	10,354	(24,630)
	46,453	545	0	(45,908)	82,307	80,000	2,410	(4,717)	112,391	98,115	10,354	(24,630)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Custom made trailer	0	0		
	0	0	0	0
<b>Buildings</b>				
<b>Housing</b>				
44 Williamson St (Demolished)	43,595	0	0	(43,595)
	43,595	0	0	(43,595)
<b>Furniture &amp; Equipment</b>				
<b>Governance</b>				
Ricoh MPC6004exSP Multi-Purpose Printer	2,858	545	0	(2,313)
	2,858	545	0	(2,313)
	46,453	545	0	(45,908)

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

**Revaluation**

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, 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.

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.

**Depreciation on revaluation**

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

**SHIRE OF THREE SPRINGS**  
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**11. LEASES**

**(a) Lessor - Property, Plant and Equipment Subject to Lease**

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

	2022 Actual	2021 Actual
	\$	\$
	16,872	16,872
	16,872	16,872
	12,666	16,872
	0	12,666
	46,410	63,282

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

**SHIRE OF THREE SPRINGS**  
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**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued interest
Accrued expenditure
Income received in advance

2022	2021
\$	\$
33,663	128,208
15,477	10,933
29,012	34,627
37,675	27,771
65,052	100,857
561	347
1,405	4,264
22,650	0
205,495	307,007

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. OTHER LIABILITIES**

**Current**

Contract liabilities  
Capital grant/contributions liabilities

**Non-current**

Capital grant/contributions liabilities

**Reconciliation of changes in contract liabilities**

Opening balance  
Additions  
Revenue from contracts with customers included as a contract liability at the start of the period

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance  
Additions  
Revenue from capital grant/contributions held as a liability at the start of the period

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year  
1 to 2 years  
2 to 3 years  
3 to 4 years  
4 to 5 years  
> 5 years

	2022	2021
	\$	\$
Contract liabilities	14,630	47,970
Capital grant/contributions liabilities	678,691	40,166
	693,321	88,136
Capital grant/contributions liabilities	58,500	58,500
	58,500	58,500
Opening balance	47,970	17,832
Additions	14,630	47,970
Revenue from contracts with customers included as a contract liability at the start of the period	(47,970)	(17,832)
	14,630	47,970
Opening balance	98,666	58,500
Additions	678,691	40,166
Revenue from capital grant/contributions held as a liability at the start of the period	(40,166)	0
	737,191	98,666
Less than 1 year	678,691	0
1 to 2 years	0	40,166
2 to 3 years	0	0
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	58,500	58,500
	737,191	98,666

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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**14. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		62,761	43,712	106,473	21,897	46,423	68,320
<b>Total secured borrowings</b>	28(a)	62,761	43,712	106,473	21,897	46,423	68,320

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Three Springs. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Three Springs has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

**SHIRE OF THREE SPRINGS**  
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**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave

Long Service Leave

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	102,376	142,888
Long Service Leave	92,443	50,813
	194,819	193,701
Long Service Leave	33,095	33,786
	33,095	33,786
	227,914	227,487

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	66,373	113,301
More than 12 months from reporting date	161,541	135,436
Expected reimbursements from other WA local governments	0	(21,250)
	227,914	227,487

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5

(29,327)

0

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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16. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation (Decrement) #	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	12,175,909	0	0	0	12,175,909	7,993,685	0	4,348,356	(166,132)	4,182,224	12,175,909
Revaluation surplus - Plant and equipment # 1	0	0	0	0	0	660,497	(660,497)	0	0	0	0
Revaluation surplus - Infrastructure - roads	10,758,381	0	0	0	10,758,381	13,134,301	0	0	(2,375,920)	(2,375,920)	10,758,381
Revaluation surplus - Infrastructure - footpaths # 2	102,358	0	0	0	102,358	0	0	102,358	0	102,358	102,358
Revaluation surplus - Infrastructure - parks and ovals	1,056,011	0	0	0	1,056,011	298,269	0	757,742	0	757,742	1,056,011
Revaluation surplus - Infrastructure - airfields	498,121	0	0	0	498,121	313,316	0	184,805	0	184,805	498,121
	24,590,780	0	0	0	24,590,780	22,400,068	(660,497)	5,393,261	(2,542,052)	2,851,209	24,590,780

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

# 1 - The reduction in the revaluation surplus for plant and equipment reflects the fact that plant and equipment is now valued at cost. The movement was adjusted against accumulated surplus.

# 2 - The increase in the revaluation for footpaths was \$164,866 with \$102,358 being recognised in Revaluation Surplus and \$62,508 being applied to the reversal of prior year losses recognised through profit and loss.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**17. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	2,688,380	2,131,651	2,836,886
<b>Restrictions</b>				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	758,373	1,751,160	2,359,674
- Financial assets at amortised cost	4	1,788,589	0	0
		2,546,962	1,751,160	2,359,674
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	29	1,788,589	1,751,160	2,112,181
Contract liabilities	13	14,630	0	47,970
Capital grant/contributions liabilities	13	678,691	0	98,666
Bonds and deposits held	12	65,052	0	100,857
<b>Total restricted financial assets</b>		2,546,962	1,751,160	2,359,674

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

Net result		131,797	(741,149)	224,481
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,997)	0	(2,586)
Depreciation/amortisation		2,465,224	1,844,742	1,851,985
(Profit)/loss on sale of asset		45,908	2,307	14,276
Reversal of loss on revaluation of fixed assets		0	0	(62,508)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		58,732	39,100	(9,457)
(Increase)/decrease in other assets		(33,915)		59,619
(Increase)/decrease in inventories		(18,017)	1,800	2,500
Increase/(decrease) in trade and other payables		(101,512)	206,000	(43,300)
Increase/(decrease) in employee related provisions		427		83,121
Increase/(decrease) in other liabilities		605,185	(96,416)	70,304
Non-operating grants, subsidies and contributions		(1,659,166)	(1,206,785)	(1,389,462)
Net cash provided by/(used in) operating activities		1,490,666	49,599	798,973

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

Credit card limit	11,000	11,000
Credit card balance at balance date	(455)	0
<b>Total amount of credit unused</b>	10,545	11,000

**Loan facilities**

Loan facilities - current	62,761	21,897
Loan facilities - non-current	43,712	46,423
<b>Total facilities in use at balance date</b>	106,473	68,320

**Unused loan facilities at balance date**

0

0

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. CONTINGENT LIABILITIES**

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Three Springs has identified the following sites to be possible sources of contamination:

Memorial N580405 ML, LOT 101 ON DIAGRAM 99584 as shown on certificate of title 2192/797 in Three Springs WA 6519

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

**19. CAPITAL COMMITMENTS**

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	0	99,938
- plant & equipment purchases	292,450	0
	292,450	99,938
Payable:		
- not later than one year	292,450	99,938

The plant & equipment purchases outstanding at the end of the current reporting period represents the purchase of a new loader.

The capital expenditure project outstanding at the end of the previous reporting period represents construction works at Dominican Park.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Councillor - Chris Lane</b>				
President's annual allowance		15,000	15,000	7,500
Meeting attendance fees		5,315	6,575	2,300
Annual allowance for ICT expenses		2,000	2,000	2,000
		22,315	23,575	11,800
<b>Councillor - Chris Connaughton</b>				
Deputy President's annual allowance		3,750	3,750	1,875
Meeting attendance fees		4,000	4,175	1,300
Annual allowance for ICT expenses		2,000	2,000	2,000
		9,750	9,925	5,175
<b>Councillor - Jim Heal</b>				
Meeting attendance fees		2,715	4,175	1,000
Annual allowance for ICT expenses		2,000	2,000	2,000
		4,715	6,175	3,000
<b>Councillor - Jenny Mutter</b>				
Meeting attendance fees		3,800	4,175	1,200
Annual allowance for ICT expenses		2,000	2,000	2,000
		5,800	6,175	3,200
<b>Councillor - Nadine Eva</b>				
Meeting attendance fees		3,715	4,175	1,400
Annual allowance for ICT expenses		2,000	2,000	2,000
Travel and accommodation expenses			500	392
		5,715	6,675	3,792
<b>Councillor - Julia Ennor</b>				
Meeting attendance fees		3,600	4,175	1,500
Annual allowance for ICT expenses		2,000	2,000	2,000
Travel and accommodation expenses			500	304
		5,600	6,675	3,804
<b>Councillor - Zac Mills</b>				
Meeting attendance fees		2,000	4,175	1,000
Annual allowance for ICT expenses		2,000	2,000	2,000
		4,000	6,175	3,000
		57,895	65,375	33,771
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
President's annual allowance		15,000	15,000	7,500
Deputy President's annual allowance		3,750	3,750	1,875
Meeting attendance fees		25,145	31,625	9,700
Annual allowance for ICT expenses		14,000	14,000	14,000
Travel and accommodation expenses		0	1,000	696
	20(b)	57,895	65,375	33,771

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. RELATED PARTY TRANSACTIONS (Continued)**

**(b) Key Management Personnel (KMP) Compensation**

The total of compensation paid to KMP of the Shire during the year are as follows:

	<b>2022 Actual</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	358,782	484,967
Post-employment benefits	40,929	50,840
Employee - other long-term benefits	6,492	12,081
Council member costs	57,895	33,771
20(a)	<b>464,098</b>	<b>581,659</b>

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**20. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Transactions with related parties**

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

Purchase of goods and services

2022 Actual	2021 Actual
\$	\$
21,292	88,778

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

*ii. Other Related Parties*

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

*iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

## 21. JOINT ARRANGEMENTS

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

Land and buildings  
Less: accumulated depreciation  
Total assets

Land and buildings	180,926	180,926
Less: accumulated depreciation	(6,868)	0
<b>Total assets</b>	<b>174,058</b>	<b>180,926</b>

Fees and charges - housing revenue  
Materials and contracts - housing expenditure  
Net result for the period  
Other comprehensive income

Fees and charges - housing revenue	30,034	35,719
Materials and contracts - housing expenditure	(28,415)	(28,974)
Net result for the period	1,619	6,745
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>1,619</b>	<b>6,745</b>

The Shire together with the Housing Authority constructed two houses for community housing purposes in 1985/86 in Glyde Street, Three Springs. This joint arrangement constitutes a joint operation and Council has a 10.78% equity in 54 Glyde Street and 11.14% equity in 60 Glyde Street and is included in Land and Buildings as follows:

Land and buildings  
Less: accumulated depreciation  
Total assets

Land and buildings	48,368	48,368
Less: accumulated depreciation	(3,245)	0
<b>Total assets</b>	<b>45,123</b>	<b>48,368</b>

Fees and charges - housing revenue	
Materials and contracts - housing expenditure	
<b>Profit/(loss) for the period</b>	
Other comprehensive income	
<b>Total comprehensive income for the period</b>	

Fees and charges - housing revenue	8,320	9,201
Materials and contracts - housing expenditure	(9,711)	(16,151)
<b>Profit/(loss) for the period</b>	<b>(1,391)</b>	<b>(6,950)</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>(1,391)</b>	<b>(6,950)</b>

The Housing Authority does not participate in any share of profit or loss, is not responsible for operating costs or revenue from the properties.

## Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT**

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

**(a) Interest rate risk**

**Cash and cash equivalents**

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	0.27%	2,688,380	2,346,536	341,817	27
Financial assets at amortised cost - term deposits	3.11%	1,788,589	1,788,589	0	0
<b>2021</b>					
Cash and cash equivalents	0.31%	2,836,886	0	2,836,179	707

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Impact of a 1% movement in interest rates on profit and loss and equity\*

\* Holding all other variables constant

	2022	2021
	\$	\$
	3,418	28,362

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 28(a).

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is 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.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	25,183	5,605	5,737	25,769	62,294	
Loss allowance	0	0	0	0	0	5
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	10,933	15,068	13,889	36,742	76,632	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	12.25%		
Gross carrying amount	3,879	0	2,483	5,695	12,057	
Loss allowance	0	0	0	885	885	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	61.48%		
Gross carrying amount	13,456	660	617	2,792	17,525	
Loss allowance	0	0	0	1,716	1,716	5

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	1,716	79	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	(832)	0	0	0
Unused amount reversed	0	0	1	1,637	0	0
Closing loss allowance at 30 June	0	0	885	1,716	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and 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. The Shire 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 and disclosed in Note 17(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables *	167,820	0	0	167,820	167,820
Borrowings	64,525	44,441	0	108,966	106,473
	232,345	44,441	0	276,786	274,293
<b>2021</b>					
Trade and other payables *	279,236	0	0	279,236	279,236
Borrowings	24,357	48,713	0	73,070	68,320
	303,593	48,713	0	352,306	347,556

\* - ATO Liabilities are excluded from the trade and other payables balance.

**SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire does not have any subsequent events after balance sheet date.

## 24. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) 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.

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, 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.

### e) 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.

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset 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 costs).

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

### h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### 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 the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability 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.

### j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialise 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

### k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

### New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities to members of council: Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	
To collect revenue to fund provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	
To ensure a safer community in which to live.	Supervision of various local laws, fire prevention, emergency services and animal control.
<b>HEALTH</b>	
To provide an operational framework for good community health.	Food quality and pest control, maintenance of child health centre, medical centre, dental clinic and administration of group health scheme.
<b>EDUCATION AND WELFARE</b>	
To support the needs of the community in education and welfare.	Assistance to Day Care Centre, Playgroup, Youth activities and other voluntary services.
<b>HOUSING</b>	
Provide adequate housing to attract and retain staff and non-staff.	Maintenance of council owned staff and non-staff housing.
<b>COMMUNITY AMENITIES</b>	
Provide services as required by the community.	Rubbish collection services, tip operation, noise control, town planning administration, cemetery maintenance, rest centres, storm water drainage and FM radio retransmitter.
<b>RECREATION AND CULTURE</b>	
To establish and efficiently manage infrastructure and resources that help the social wellbeing of the community.	Maintenance of the swimming pool, recreation centre, library, parks, gardens and reserves.
<b>TRANSPORT</b>	
To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, traffic lights, cycleways, depot maintenance and airstrip maintenance.
<b>ECONOMIC SERVICES</b>	
To help promote the shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control, plant nursery and standpipes.
<b>OTHER PROPERTY AND SERVICES</b>	
To monitor and control overheads and operating accounts.	Private works operations, plant repairs and operations and engineering costs.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

**Income excluding grants, subsidies and contributions**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Governance	9,066	40,600	32,031
General purpose funding	2,275,575	2,274,195	2,193,753
Law, order, public safety	8,316	5,700	6,638
Health	21,091	17,500	17,490
Education and welfare	475	1,000	918
Housing	104,121	82,700	120,424
Community amenities	90,005	80,720	74,973
Recreation and culture	18,628	12,668	9,203
Transport	25,129	2,410	19,799
Economic services	24,010	4,000	8,439
Other property and services	42,070	42,000	31,091
	<b>2,618,486</b>	<b>2,563,493</b>	<b>2,514,759</b>

**Grants, subsidies and contributions**

Governance	0	0	606
General purpose funding	1,835,081	688,554	1,711,000
Law, order, public safety	40,462	35,813	31,327
Health	55,858	60,000	0
Education and welfare	0	1,000	2,000
Community amenities	33,149	32,000	0
Recreation and culture	103,867	121,285	461,610
Transport	899,646	1,057,580	679,082
Economic services	3,500	0	0
Other property and services	48,985	48,000	11,911
	<b>3,020,548</b>	<b>2,044,232</b>	<b>2,897,536</b>

**Total Income**

**Expenses**

Governance	(466,448)	(601,153)	(498,846)
General purpose funding	(102,383)	(115,336)	(125,730)
Law, order, public safety	(187,644)	(217,629)	(195,017)
Health	(246,470)	(262,076)	(209,206)
Education and welfare	(80,646)	(132,404)	(113,498)
Housing	(287,598)	(268,340)	(300,164)
Community amenities	(286,878)	(430,480)	(258,642)
Recreation and culture	(1,036,792)	(1,237,099)	(1,106,034)
Transport	(2,564,801)	(1,758,306)	(1,862,780)
Economic services	(245,362)	(297,751)	(213,365)
Other property and services	(2,215)	(28,300)	(304,532)
<b>Total expenses</b>	<b>(5,507,237)</b>	<b>(5,348,874)</b>	<b>(5,187,814)</b>

**Net result for the period**

	<b>131,797</b>	<b>(741,149)</b>	<b>224,481</b>
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**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**25. FUNCTION AND ACTIVITY (Continued)**

**(c) Fees and Charges**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
General purpose funding	9,092	7,200	5,366
Law, order, public safety	4,082	1,600	2,120
Health	17,187	17,500	17,297
Education and welfare	475	1,000	918
Housing	100,526	78,200	113,531
Community amenities	90,004	80,720	72,689
Recreation and culture	18,167	12,400	9,217
Transport	200	0	0
Economic services	22,058	3,500	8,155
Other property and services	704	16,500	4,872
	<b>262,495</b>	<b>218,620</b>	<b>234,165</b>

**(d) Total Assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Governance	2,967,593	1,026,382
General purpose funding	62,294	76,632
Law, order, public safety	863,204	957,488
Health	1,599,786	2,067,925
Education and welfare	1,735,132	1,478,430
Housing	3,678,406	3,661,865
Community amenities	330,487	500,882
Recreation and culture	8,662,166	8,091,945
Transport	35,873,622	37,307,837
Economic services	578,633	340,281
Other property and services	2,739,038	2,962,438
	<b>59,124,905</b>	<b>58,450,855</b>

SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description		Basis of valuation											
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>													
	GRV Residential	0.123195	206	2,021,136	248,994	117	0	249,111	248,994	0	0	248,994	241,742
	GRV Mining	0.123195	1	252,500	31,107	0	0	31,107	31,107	0	0	31,107	30,201
<b>Unimproved valuations</b>													
	UV Rural and Arrino Town	0.013861	183	138,087,000	1,914,024	4,081	0	1,918,105	1,914,024	0	0	1,914,024	1,842,940
	UV Mining	0.013861	5	253,954	3,520	1,119	0	4,639	3,520	0	0	3,520	4,374
<b>Sub-Total</b>			395	140,614,590	2,197,645	5,317	0	2,202,962	2,197,645	0	0	2,197,645	2,119,257
<b>Minimum payment</b>		<b>Minimum \$</b>											
<b>Gross rental valuations</b>													
	GRV Residential	470	20	13,439	9,400	0	0	9,400	9,400	0	0	9,400	9,100
	GRV Mining	470	0	0	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>													
	UV Rural and Arrino Town	470	23	330,950	10,810	0	0	10,810	10,810	0	0	10,810	10,465
	UV Mining	470	22	210,533	10,340	0	0	10,340	10,340	0	0	10,340	8,190
<b>Sub-Total</b>			65	554,922	30,550	0	0	30,550	30,550	0	0	30,550	27,755
			460	141,169,512	2,228,195	5,317	0	2,233,512	2,228,195	0	0	2,228,195	2,147,012
<b>Total amount raised from general rates</b>								2,233,512				2,228,195	2,147,012
* Rateable value is based on the value of properties at the time the rate is raised.													
<b>Rates (excluding general rates)</b>													
<b>Ex-gratia Rates</b>		<b>Rate in \$</b>											
Co-operative Bulk Handling based on tonnage of 151,100					7,933	0	0	7,933	7,700	0	0	7,700	7,702
Murchison Region Aboriginal Corporation		Gross rental valuation	0.123195	1	1,851	228	0	228	200	0	0	200	221
Dampier to Bunbury Natural Gas Pipeline Corridor based on annual rate equivalent					1,274	0	0	1,274	1,100	0	0	1,100	1,216
<b>Sub-Total</b>			1	1,851	9,435	0	0	9,435	9,000	0	0	9,000	9,139
<b>Total amount raised from rates (excluding general rates)</b>								9,435				9,000	9,139
<b>Total Rates</b>								2,242,947				2,237,195	2,156,151

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**26. RATING INFORMATION (Continued)**

**(c) Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
Community Bus	Waiver	Per Fees & Charges	100.00%		114	850	840
Pool Charges	Waiver	Per Fees & Charges	100.00%		220	600	564
Community Hall Charges	Waiver	Per Fees & Charges	100.00%		16,156	10,600	10,602
Photocopying Charges	Waiver	Per Fees & Charges	100.00%		2	15,250	15,248
COVID-19 Responsee	Waiver	Per Fees & Charges	100.00%		0	5,500	5,434
Wildflower Show Costs	Waiver	Per Fees & Charges	100.00%		4,344	0	0
Yakabout Advertising	Waiver	Per Fees & Charges	100.00%		12,108	0	0
Yakabout Sales	Waiver	Per Fees & Charges	100.00%		561	0	0
					33,505	32,800	32,688
Total discounts/concessions (Note 26)					33,505	32,800	32,688

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects and reasons of the Waiver or Concession
Community Bus	TS Primary School	Promote Educational Activities & Support Local Primary School
Pool Charges	TS Primary School	Promote Educational Activities & Support Local Primary School
Community Hall Charges	Wildflower Committee, Hospital Fete Committee & TS Primary School	Promote School and Community activities in the Shire
Photocopying Charges	Certain Community Groups such as: Yakabout (Local Newspaper), St John Ambulance, Volunteer Bush Fire Brigade & Wildflower Committee	Support Local Community Group for overall community benefit
COVID-19 Responsee	COVID-19 response to support all Sporting Clubs and commercial tenants	Support Local Community Group for overall community benefit
Wildflower Show Costs	Printing associated with the Wildflower Show	To assist the Wildflower Show committee with promoting Three Springs as a Tourism destination
Yakabout Advertising	Advertising for Not for Profit Organisations or those that are advertising services/events which are Not for Profit	To ensure the community are informed on events or services that may be available locally where the advertiser will not profit
Yakabout Sales	Free copies of the local publication are available to everyone	To promote the distribution of the local publication as much as possible thereby ensuring all have access to the information

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**26. RATING INFORMATION (Continued)**

**(d) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	27/09/2021	0	0.0%	7.0%
<b>Option Two</b>				
First instalment	27/09/2021	0	5.5%	7.0%
Second instalment	29/11/2021	12	5.5%	7.0%
Third instalment	31/01/2022	12	5.5%	7.0%
Fourth instalment	4/04/2022	12	5.5%	7.0%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	4,485	6,000	0
Interest on instalment plan	6,042	5,000	0
Charges on instalment plan	2,160	2,000	0
Interest on deferred pensioners	326	300	275
Interest on unpaid ESL	143	0	0
	13,156	13,300	275

**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATE SETTING STATEMENT INFORMATION**

		2021/22 2021/22 Budget 2020/21	2021/22 Budget 2020/21
		(30 June 2022)	(30 June 2021)
		Carried Forward)	Carried Forward)
Note			
		\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(d)	0	(2,410)
Less: Reversal of prior year loss on revaluation of fixed assets		0	(10,354)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	(62,508)
Add: Loss on disposal of assets	10(d)	45,908	0
Add: Depreciation	10(a)	2,465,224	(2,586)
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates		(816)	0
Employee benefit provisions		(691)	(1,676)
Add: Movement in leave reserve		546	0
<b>Non-cash amounts excluded from operating activities</b>		<b>2,506,174</b>	<b>1,847,602</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	29	(1,788,589)	(2,112,181)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(40,000)	0
- Component of leave liability not required to be funded		138,023	137,477
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14	62,761	21,897
<b>Total adjustments to net current assets</b>		<b>(1,627,805)</b>	<b>(1,952,807)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		4,648,756	2,976,289
Less: Total current liabilities		(1,156,396)	(610,741)
Less: Total adjustments to net current assets		(1,627,805)	(1,952,807)
<b>Net current assets used in the Rate Setting Statement</b>		<b>1,864,555</b>	<b>412,741</b>

SHIRE OF THREE SPRINGS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual								Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at		Principal at 1	New Loans	Principal	Principal at
		1 July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	30 June 2022		July 2021	During 2021-22	Repayments	30 June 2022
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Swimming pool	Loan 160 *	89,385	0	(21,065)	68,320	0	(21,897)	46,423		68,320	0	(21,897)	46,423
<b>Total</b>		89,385	0	(21,065)	68,320	0	(21,897)	46,423		68,320	0	(21,897)	46,423
<b>Self Supporting Loans</b>													
Bowling green resurface	Loan 161 *	0	0	0	0	80,000	(19,950)	60,050		0	80,000	(39,938)	40,062
<b>Total Self Supporting Loans</b>		0	0	0	0	80,000	(19,950)	60,050		0	80,000	(39,938)	40,062
<b>Total Borrowings</b>	14	89,385	0	(21,065)	68,320	80,000	(41,847)	106,473		68,320	80,000	(61,835)	86,485

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.  
All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Swimming pool		Recreation and culture	160	WATC	3.91%	(2,553)	(2,459)	(3,562)
<b>Total</b>						(2,553)	(2,459)	(3,562)
<b>Self Supporting Loans Interest Repayments</b>								
Bowling green resurface		Recreation and culture	161	WATC	3.12%	(693)	(218)	0
<b>Total Self Supporting Loans Interest Repayments</b>						(693)	(218)	0
<b>Total Interest Repayments</b>	2(b)					(3,246)	(2,677)	(3,562)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
					\$	\$	\$	\$	\$	\$
Bowling green resurface	WATC *	Debenture	2	3.373%	80,000	80,000	(80,000)	(80,000)	338	0
					80,000	80,000	(80,000)	(80,000)	338	0

\* WA Treasury Corporation



**SHIRE OF THREE SPRINGS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**29. RESERVE ACCOUNTS**

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave reserve	137,477	546	0	138,023	137,477	553	0	138,030	136,689	788	0	137,477
(b) Plant reserve	415,416	1,651	(230,000)	187,067	415,416	1,672	(230,000)	187,088	369,793	45,623	0	415,416
(c) Housing and development reserve	546,222	2,171	(101,941)	446,452	546,222	2,198	(101,941)	446,479	543,104	3,118	0	546,222
(d) Joint venture housing reserve	169,349	673	0	170,022	169,349	682	0	170,031	168,382	967	0	169,349
(e) Gravel pit reserve	50,006	199	0	50,205	50,007	201	0	50,208	49,721	285	0	50,006
(f) Swimming pool equipment reserve	127,409	506	0	127,915	127,409	513	0	127,922	126,682	727	0	127,409
(g) Day care centre reserve	37,430	104	0	37,534	37,430	151	(37,581)	0	37,216	214	0	37,430
(h) Lovelock sock reserve	103,786	412	0	104,198	103,786	418	0	104,204	103,193	593	0	103,786
(i) Road reserve	102,057	406	0	102,463	102,057	411	0	102,468	101,474	583	0	102,057
(j) Drainage reserve	364,747	1,449	0	366,196	364,747	1,468	0	366,215	163,807	200,940	0	364,747
(k) Refuse reserve	58,282	232	0	58,514	58,282	233	0	58,515	57,950	332	0	58,282
	2,112,181	8,349	(331,941)	1,788,589	2,112,182	8,500	(369,522)	1,751,160	1,858,011	254,170	0	2,112,181

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Leave reserve	Ongoing	- to be used to fund annual and long service leave requirements.
(b) Plant reserve	Ongoing	- to be used for the purchase of major plant.
(c) Housing and development reserve	Ongoing	- to be used to fund housing accomodation projects.
(d) Joint venture housing reserve	Ongoing	- to be used to maintain the joint venture with Department of housing and LG Properties.
(e) Gravel pit reserve	Ongoing	- to be used for rehabilitation of disused gravel pits.
(f) Swimming pool equipment reserve	Ongoing	- to be used to purchase equipment for the swimming pool.
(g) Day care centre reserve	30/06/2022	- to be used to fund for future building works OR Re-Purpose to other reserve.
(h) Lovelock sock reserve	Ongoing	- to be used to upgrade Portable water infrastructure.
(i) Road reserve	Ongoing	- to be used to fund for future capital road works.
(j) Drainage reserve	Ongoing	- to be used for design and constrction of new drainage system.
(k) Refuse reserve	Ongoing	- to be used for rehabilitation of refuse site.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Shire of Three Springs

To the Councillors of the Shire of Three Springs

#### Opinion

I have audited the financial report of the Shire of Three Springs (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

## **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## **My independence and quality control relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Three Springs for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Efthalia Samaras  
Senior Director Practice Manager Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
12 December 2022