



Annual Report *2014/2015*



Heritage Cottage built in 1923-24 by a local pastoralist

December 2015

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Community Statistics

SHIRE OF SANDSTONE
23 HACK STREET
SANDSTONE WA 6639

EMAIL: ceo@sandstone.wa.gov.au WEBSITE: www.sandstone.wa.gov.au

TEL: (08) 9963 5802 FAX: (08) 9963 5852

Shire Statistics

Population	113 (ABS Census 2011)
Number of Electors	70
Number of Dwellings	51
Distance from Perth (km)	724
Area (sq km)	32,889
Suburbs and Localities	Sandstone
Library	Hack Street
Primary School	Griffith Street
Length of Sealed Roads (km)	11
Length of Unsealed Roads (km)	891
Rates Levied	\$968,816 (2014/15)
Total Revenue	\$6,222,415 (2014/15)
Council Employees	19

Tourist Attractions

Heritage Trail including London Bridge, Brewery, Old State Battery and Contradiction Well, wildflowers, gold prospecting, natural landscapes, flora and fauna, Peter Denny Lookout



Local Industries

Tourism, pastoral stations

Significant Local Events

Sandstone Open Golf Weekend (2nd weekend of September), Community Christmas Tree, Australia Day, Anzac Day



Annual Electors' Meeting



Minutes
Annual Electors Meeting
2013/2014

Saturday
13th December 2014

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**SHIRE OF SANDSTONE
MINUTES OF THE ANNUAL ELECTORS MEETING HELD IN THE COUNCIL
CHAMBERS, SANDSTONE, ON SATURDAY 13TH DECEMBER 2014**

1.0 DECLARATION OF OPENING/ ANNOUNCEMENT OF VISITORS

The Presiding Member, Cr Bethel Walton, declared the meeting open at 3.14pm.

2.0 ATTENDANCE

2.1 PRESENT

B Walton	Shire President	District	Ward
D McQuie	Deputy President	District	Ward
D Bennett	Councillor	District	Ward
D Murat	Councillor	District	Ward
C Hodshon	Councillor	District	Ward
A Bloore	Councillor	District	Ward

STAFF

MN Dohnt	Chief Executive Officer
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GUESTS

NIL

2.2 APOLOGIES

NIL

2.3 LEAVE OF ABSENCE

NIL

3.0 DECLARATIONS OF INTEREST

N/A

4.0 CONFIRMATION OF PREVIOUS MEETING MINUTES

<u>MOVED:</u>	Cr	D	McQuie
<u>SECONDED:</u>	Cr D Murat		

That the Minutes of the Annual Electors Meeting held on Thursday 19th December 2013 be confirmed as a true and accurate record of proceedings.

CARRIED

5.0 ANNUAL REPORT 2013/14

**MOVED: Cr A Bloore
SECONDED: Cr D McQuie**

That the Annual Report for the year ended 30th June 2014 incorporating:

- a) Annual Financial Statements**
- b) Audit Report**
- c) Presidents Report**
- d) Chief Executive Officer's Report**
- e) Statutory Reports**

be received as presented.

CARRIED

6.0 GENERAL BUSINESS

- 6.1) General business from the previous minutes was discussed and agreed all appropriate actions had been carried out.

7.0 CLOSURE

The Shire President thanked all for attending and declared the meeting closed at 3.28pm.

President's Report

It is with great pleasure that I present my report on the Shire of Sandstone's activities for the 2013/2014 financial year. It is certainly a privilege to be able to serve this community as Shire President.



Council

The next ordinary election is scheduled for October 2015.

Your elected members for the year were:

Bethel Walton	Shire President	District Ward	Retires 2015
David McQuie	Councillor	District Ward	Retires 2015
Carol Hodshon	Councillor	District Ward	Retires 2017
Donna Bennett	Councillor	District Ward	Retires 2017
Alan Bloore	Councillor	District Ward	Retires 2017
Daney Murat	Councillor	District Ward	Retires 2015

Councillors and Senior Staff

Councillors and staff have continued to work diligently throughout the year to meet the needs of the community both now and in the future.

There has been stability in the senior staff this year and some major projects undertaken.

Staff

There have been several changes to the outside crew toward the end of the financial year. I look forward to a stabilising workforce in 2014/2015. There have been changes in the Administration team as well, but moving forward there will be more stability as well.

Projects

Shire staff has undertaken some major projects in 2014/2015. Some of these are the installation and completion of the 24 hour fuel bowser, construction of the new administration building, completing the construction of the house located at 6 Hack St which was funded by Country Local Government Fund as part of the Royalties for Regions Program and construction of the new ablution block at the caravan park.

Tourism

Council has recognised tourism as one of our main strengths given the downturn in active mining within the Shire.

Work continued on the expansion of the caravan park with the construction of the new ablution block. On occasions during the tourist season we had 50 plus vans in the park.

We continue to get more positive comments about our neat and tidy town and Caravan Park.

To strengthen tourism in the region as a whole we are looking to partner with our neighbouring local governments to develop a Murchison Tourism Strategy which will see us all working together to attract and retain tourism in our region.

Closing Remarks

The Annual Financial Statements together with the independent Audit and Management Reports contained within this Annual Report reflect the continued very satisfactory operation of Council. I thank the administration staff ably led by Chief Executive Mia Dohnt for their efforts during the year which is appreciated by Council.

I would like to acknowledge the efforts of all my Councillors and thank them for their input and support. The Councillors can only continue to contribute and represent the community as they do because of the support of their partners and I thank them for supporting not only their partners but Council as a whole.

Whilst it appears we are about to enter into a new and challenging era for country local government with the support of the Councillors, staff and you our community Sandstone will continue to strive and thrive.

BETH WALTON
SHIRE PRESIDENT



Chief Executive Officer Report

President, Councillor and Electors and Community Members,

It is with pleasure I present my report on activities for the for the 2014/2015 financial year.

Finance

RATES

The 2014/2015 Annual Budget was adopted by Council at the August Council Meeting with an increase in rate revenue of approximately 2.5%. This increase was necessary to meet rising costs in most areas of Council activities. Minor changes were made to rubbish collection charges and the minimum rates charged by Council.

RESERVE FUNDS

Council continues to maintain healthy reserve accounts to help with major projects and plant and equipment purchases. As at 30 June 2015 the balance in the Reserve Accounts was \$4,946,537 comprised as listed below:

Housing Reserve	\$ 556,364
Building Reserve	\$1,815,372
Plant Reserve	\$1,059,222
Employee Entitlements Reserve	\$ 199,415
Airport Reserve	\$ 166,365
Road & Flood Damage Reserve	\$ 585,707
Information Technology Reserve	\$ 70,760
Refuse Disposal Reserve	\$ 55,455
Community Development Projects Reserve	\$ 437,877
TOTAL	\$4,946,537

LOAN LIABILITY

As at 30 June, 2015 Council had no loan liabilities.

AUDIT

The Annual Audit was conducted during September 2015 and a copy of the report is included within this Annual Report. There were no items noted in the Audit Report that required attention or needed to be brought to the attention of Council. It is again a credit to the administration staff that this result was achieved.

GRANT FUNDING

As a part of the regional component of the Country Local Government Fund Council, in partnership with the Shires of Cue and Mount Magnet obtained funds to build a new staff house. This project has commenced but will not be completed until the end of 2015/2016.

Council's general purpose and road grants through the WA Local Government Grants Commission is invaluable to Shire of Sandstone and smaller country local governments. This year Sandstone received a total of \$1,930,132 and an advanced payment of \$979,242.

An allocation of \$250,000 was received from Main Roads WA to help with the upgrade of the Paynes Find Road. The Federal Government Roads to Recovery Program allocation was not utilised in this year.

The Shire received a total of \$418,211 from WANDRRA for flood damage works to most roads across the region. Without this funding to assist after flooding events it would be almost impossible to restore our roads to the quality they are.

The Royalties for Regions – Country Local Government Fund has been restructured following the state election and direct grants to Sandstone may not occur in the future.

Staff

There have been some major changes in staff especially towards the end of the financial year resulting in a restructure internally.

We have had a steady workforce during 2014/2015 and have undertaken some large scale projects and completed them to a high standard whilst continuing the high level of maintenance works as well. The comments and feedback we receive on how lovely the town looks is testament to the hard work put in by all staff.

Major Projects

During the year a number of projects were undertaken including:

- Construction of the new ablution block at the Caravan Park.
- Purchase of a new loader and haulmore side tipper trailer.
- Road upgrade projects on Sandstone – Menzies Road, Sandstone – Paynes Find Road, Sandstone – Meekatharra Road and Yeelirrie Road as well as routine maintenance on other Shire roads.
- Completion of the new administration building.
- Continuation of development of a new Town Planning Scheme
- Commencement of review of the Local Laws.
- Installation of a 24 hour fuel bowser.
- Construction of the new house funded by CLGF.
- Planning works commenced for the expansion of the bio remediation cell with physical works to be completed in 2015/2016.

Road Works

Another 5 kilometres of reconstruction have been completed on the Paynes Find - Sandstone Road with major drainage improvements.

Formation improvements and re-sheeting has been carried out on the Sandstone – Menzies and Yeelirrie Roads.

Corner realignment and re-sheeting works have been undertaken on the Sandstone – Meekatharra Road.

Town Works

Continued works were carried on out the gardens in town and fantastic comments have been left about how lovely the town looks.

Planning works commenced for the expansion of the bio remediation cell with the physical works to be completed in 2015/2016.

Plant Replacement

Major Plant

Komatsu Loader

Haulmore side tipper

Minor Plant

Landcruiser Wagon

Toyota Hilux



I would like to sincerely thank the outside crew for the works that they have completed this year the work they have undertaken has been quite an achievement given the size of the projects budgeted.

Statutory Reports

1. STRATEGIC PLAN

Council had prepared and adopted the following plans:

Community Strategic Plan
Asset Management Plan
Long Term Financial Plan
Work Force Plan
Corporate Business Plan

as a part of the legislative requirements for local governments to enter into an integrated planning process.

No significant changes have been made to these plans during 2014/2015.

2. FREEDOM OF INFORMATION

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

During the 2014/15 financial year no applications were received for information under the terms of this legislation.

5. RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire of Sandstone maintains and disposes of all records in the prescribed manner. During 2014/15 a revised Record Keeping Plan was adopted by Council and submitted to the State Records Commission for approval. The plan was subsequently approved by the State Records Office.

Council is continuing to utilise an electronic record keeping system during and formally archiving of old records. Once this work is completed a new Record Keeping Plan will be prepared and submitted to the State Records Office.

In accordance with State Records Commission Standard 2 – Principle 6 compliance with the Record Keeping Plan the following is reported:

Rationale:

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's Record Keeping System is evaluated not less than once every 5 years
2. The organisation conducts a Record Keeping Training Program.
3. The efficiency and effectiveness of the Record Keeping Training Program is reviewed from time to time.

4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's Record Keeping Plan.

The Shire has complied with items 1 to 4.

6. PUBLIC INTEREST DISCLOSURES

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

Council has complied with all obligations under the Act including:

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

There were no matters raised or reported during the year under review.

7. LEGISLATIVE REVIEW

All Local Governments are required to assess which of their Local Laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

The Annual Report is to include a statement of which Local Laws that have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed.

A review of the local laws commenced in 2014/2015 and will be concluded in 2015/2016.

8. STRUCTURAL REFORM

The Shire of Sandstone did not privatise any activities during 2014/15.

A major review of the strategic plans is planned for 2015/2016.

9. DISABILITY ACCESS AND INCLUSION PLAN

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

Council adopted a revised DAIP in September 2012 covering the period 2012 – 2016. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

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

The Shire of Sandstone has adopted a revised **Disability Access and Inclusion Plan** that meets the requirements of the Disability Services Act. The Plan assists in the provision and allocation of resources to improve access and delivery of services for people with disabilities. Existing facilities in the Shire are reviewed and assessed continually to allow for improved access for all persons in the community. Council has installed several new pram ramps at intersections around town and has plans to construct new footpaths in the townsite.

10. EMPLOYEES REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire of Sandstone entitled to an annual salary of \$100,000 or more:

Salary Range	2015	2014
\$ 140,000 – 149,999	1	1

MIA DOHNT
CHIEF EXECUTIVE OFFICER



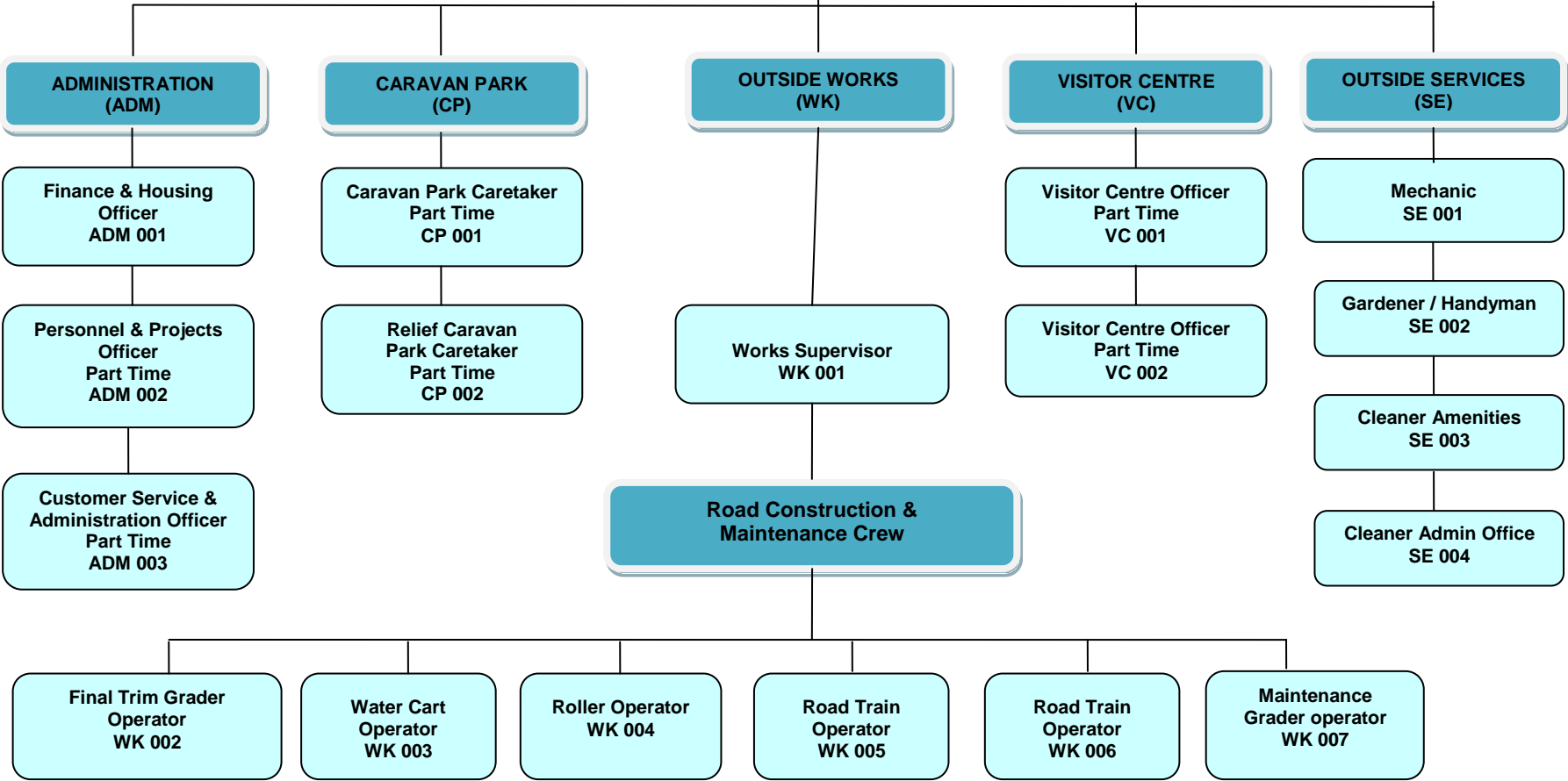
Staff

Chief Executive Officer	Mia Dohnt
Environmental Health Officer	Bill Atyeo
Finance/Administration Officer	Rhonda Miles
Customer Service / Library Officer	Carmela Tanucci
Caravan Park Manager	Carolyn Cramp
Visitor Centre/Museum Officer	Margie Lundy
Visitor Centre/Museum Officer	Vickie Thomson
Works Supervisor	Rob Moss
Construction Grader Operator	Roz Derrick
Maintenance Grader Operator	Danny Gloede
Plant Operator	Jim Jones
Plant Operator	Vic Taylor
Plant Operator	Mary Allison
Mechanical Fitter	Keith May
Gardener	Graeme Cramp
Rubbish Collection/General Hand	Robert (Banjo) Patterson
Cleaner	Gina Gloede
Cleaner	Drina Moss



**COUNCIL
SHIRE PRESIDENT
DEPUTY SHIRE PRESIDENT
FOUR COUNCILLORS**

**CHIEF EXECUTIVE OFFICER
MAN 001**



ENVIRONMENTAL HEALTH OFFICER / BUILDING SURVEYOR'S REPORT

This annual report provides a summary of the main activities and duties carried out by the Councils Environmental Health /Building officer (EHO/BS) Mr Bill Atyeo for the 2013/14 financial year.

1. Building works in the Shire of Sandstone

The entire district is experiencing a downturn in building activity. Although Sandstone is slow growth is it an improvement when compared to last financial year. It is hard to predict what the coming year will bring, but it is obvious that building activity in Sandstone is diminishing and growth in the Commercial businesses appears to have halted all together with the demise of the mining activities.

A total of 5 building permits issued for the year is nothing to be excited about even though the total value of building work did increase significantly. Without the building work completed by the Shire as in the new offices and the toilet block at the Caravan Park, the figures would reflect a significantly low investment in Sandstone.

The total Value of Building works was \$2,186,386.00 of which the Shire's investment was \$2,130,866.00. This means that there was investment in buildings from others valued at \$55,500.00 (of which \$49,500.00 was for the accommodation at the new Power Plant).

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

TYPE	Class Building	Value	Council Projects	Other Developers
Shed	10a	\$3,000.00		\$3,000.00
Laundry	10a	\$3,000.00		\$3,000.00
Toilet Block – Caravan Park	10a	\$214,225.00	\$214,225.00	
Council Administration Building	5	\$1,916,661.00	\$1,916,661.00	
Accommodation – Power Plant	1a	\$49,500.00		\$49,500.00
		\$2,186,386.00	\$2,130,866.00	\$55,500.00

2. Demolition licences

There was one (1) demolition permit issued and the dwelling was removed to Mount Magnet. It was a house used for teachers at the Sandstone School.

4. Building Act and Planning Changes

Changes to our legislation has been enacted, allowing people to start building Class 1 (houses) and Class 10 (sheds etc) BEFORE getting a permit from the

Shire. They must submit the documentation prior to starting, but they are able to immediately start building if they consider (Building Surveyor) that the building complies with the Town Planning Scheme and the BCA.

This has not impacted on Sandstone and I don't expect that it will into the future.

Environmental Health

1. Food Businesses

- There is only one food business operating from a Commercial building. This building is monitored on a regular basis. It is important to note that any person who produces and sells food to the public must comply with the Food Standards Code referenced by the Food Act.
- There are two stall holders selling food within the Shire which are generally located adjacent to the museum building. Both of these are registered under the Food Act.

2. Food recalls

- As usual there were a number of food recalls and information items related to food safety received by Council. However there were no issues of concern for the year given that there is only one food business operating from Commercial Premises.

3. Public buildings

- All public buildings controlled by Council have been inspected with no major defects to report. The construction of the new Offices has significantly increased access and egress from the most important building in the town.

4. Waste management/recycling programmes

- Waste metal collection is still being collected at the landfill site.
- The tip continues to be maintained at a good level.
- The Bio-remediation Facility in Sandstone will become a major asset to the town and it a much needed facility within the area as it appears that there are an increased in roll-overs on our major highways.

5. Shire of Sandstone Planning Scheme

- I am not sure where this process is, but I am sure this will be more forthcoming over the next few months.

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SHIRE OF SANDSTONE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: Address Hack Street Sandstone WA 6639	

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 11th day of December 2015



Mia Dohnt
Chief Executive Officer

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	20(a)	1,006,956	1,004,335	1,003,452
Operating grants, subsidies and contributions	26	3,236,574	2,120,120	988,953
Fees and charges	25	189,076	154,805	268,157
Interest earnings	2(a)	284,820	254,128	304,235
Other revenue	2(a)	623,160	274,700	167,157
		<u>5,340,586</u>	<u>3,808,088</u>	<u>2,731,954</u>
Expenses				
Employee costs		(1,044,753)	(1,021,678)	(819,763)
Materials and contracts		(1,332,226)	(1,579,486)	(784,131)
Utility charges		(101,241)	(103,220)	(92,939)
Depreciation on non-current assets	2(a)	(1,130,654)	(1,615,270)	(1,529,330)
Insurance expenses		(125,857)	(135,725)	(124,709)
Other expenditure		(94,693)	(66,900)	(55,477)
		<u>(3,829,424)</u>	<u>(4,522,279)</u>	<u>(3,406,349)</u>
		1,511,162	(714,191)	(674,395)
Non-operating grants, subsidies and contributions	26	448,170	500,000	1,120,698
Loss on revaluation of fixed assets		(34,423)	0	0
Profit on asset disposals	19	19,481	18,500	30,360
Loss on asset disposals	19	(86,759)	(34,340)	(560)
		<u>1,857,631</u>	<u>(230,031)</u>	<u>476,103</u>
Net result				
Other comprehensive income				
Items not reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	11	1,689,433	0	10,319,105
		<u>1,689,433</u>	<u>0</u>	<u>10,319,105</u>
Total other comprehensive income		1,689,433	0	10,319,105
Total comprehensive income		<u>3,547,064</u>	<u>(230,031)</u>	<u>10,795,208</u>

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

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Governance		0	0	300
General purpose funding		4,204,735	3,131,333	2,227,824
Law, order, public safety		14,202	14,070	13,342
Housing		28,343	0	(725)
Community amenities		12,348	9,385	9,207
Recreation and culture		12,203	500	5,437
Transport		519,305	243,400	162,024
Economic services		421,900	375,900	246,384
Other property and services		127,550	33,500	68,161
		<u>5,340,586</u>	<u>3,808,088</u>	<u>2,731,954</u>
Expenses				
Governance		(165,836)	(266,943)	(196,519)
General purpose funding		(115,017)	(125,764)	(117,485)
Law, order, public safety		(63,862)	(64,282)	(62,235)
Health		(34,139)	(38,482)	(28,951)
Housing		(320,710)	(344,110)	(324,494)
Community amenities		(172,619)	(155,403)	(118,079)
Recreation and culture		(356,660)	(461,748)	(385,306)
Transport		(1,464,619)	(2,175,597)	(1,537,034)
Economic services		(839,918)	(827,857)	(630,856)
Other property and services		(296,044)	(62,093)	(5,390)
		<u>(3,829,424)</u>	<u>(4,522,279)</u>	<u>(3,406,349)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
Transport		(34,423)	0	0
		<u>(34,423)</u>	<u>0</u>	<u>0</u>
Non-operating grants, subsidies and contributions				
General purpose funding		0	0	426,445
Law, order, public safety		198,170	0	0
Housing		0	0	15,369
Transport		250,000	500,000	678,884
	26	<u>448,170</u>	<u>500,000</u>	<u>1,120,698</u>
Profit/(Loss) on disposal of assets				
Transport		(73,432)	(15,840)	29,800
Economic services		6,154	0	0
	19	<u>(67,278)</u>	<u>(15,840)</u>	<u>29,800</u>
Net result		<u>1,857,631</u>	<u>(230,031)</u>	<u>476,103</u>
Other comprehensive income				
Items not reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	11	1,689,433	0	10,319,105
Total other comprehensive income		<u>1,689,433</u>	<u>0</u>	<u>10,319,105</u>
Total comprehensive income		<u>3,547,064</u>	<u>(230,031)</u>	<u>10,795,208</u>

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

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

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,984,129	9,191,050
Trade and other receivables	4	423,213	13,545
Inventories	5	<u>165,340</u>	<u>65,296</u>
TOTAL CURRENT ASSETS		<u>8,572,682</u>	<u>9,269,891</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	9,383,020	5,961,350
Infrastructure	7	<u>31,858,961</u>	<u>30,967,066</u>
TOTAL NON-CURRENT ASSETS		<u>41,241,981</u>	<u>36,928,416</u>
TOTAL ASSETS		<u>49,814,663</u>	<u>46,198,307</u>
CURRENT LIABILITIES			
Trade and other payables	8	569,409	476,703
Provisions	9	<u>43,211</u>	<u>63,462</u>
TOTAL CURRENT LIABILITIES		<u>612,620</u>	<u>540,165</u>
NON-CURRENT LIABILITIES			
Provisions	9	<u>13,611</u>	<u>16,774</u>
TOTAL NON-CURRENT LIABILITIES		<u>13,611</u>	<u>16,774</u>
TOTAL LIABILITIES		<u>626,231</u>	<u>556,939</u>
NET ASSETS		<u>49,188,432</u>	<u>45,641,368</u>
EQUITY			
Retained surplus		32,233,357	28,974,148
Reserves - cash backed	10	4,946,537	6,348,115
Revaluation surplus	11	<u>12,008,538</u>	<u>10,319,105</u>
TOTAL EQUITY		<u>49,188,432</u>	<u>45,641,368</u>

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

**SHIRE OF SANDSTONE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		28,866,384	5,979,776	0	34,846,160
Comprehensive income					
Net result		476,103	0	0	476,103
Changes on revaluation of non-current assets	11	<u>0</u>	<u>0</u>	<u>10,319,105</u>	<u>10,319,105</u>
Total comprehensive income		476,103	0	10,319,105	10,795,208
Transfers from/(to) reserves	10	(368,339)	368,339	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		28,974,148	6,348,115	10,319,105	45,641,368
Comprehensive income					
Net result		1,857,631	0	0	1,857,631
Changes on revaluation of non-current assets	11	<u>0</u>	<u>0</u>	<u>1,689,433</u>	<u>1,689,433</u>
Total comprehensive income		1,857,631	0	1,689,433	3,547,064
Transfers from/(to) reserves	10	1,401,578	(1,401,578)	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		<u>32,233,357</u>	<u>4,946,537</u>	<u>12,008,538</u>	<u>49,188,432</u>

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

**SHIRE OF SANDSTONE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		968,816	1,012,340	1,365,243
Operating grants, subsidies and contributions		2,981,604	2,104,920	992,018
Fees and charges		189,076	180,805	268,157
Interest earnings		284,820	254,128	320,249
Goods and services tax		1,174,939	454,050	41,139
Other revenue		623,160	274,700	167,157
		<u>6,222,415</u>	<u>4,280,943</u>	<u>3,153,963</u>
Payments				
Employee costs		(1,179,988)	(968,493)	(848,662)
Materials and contracts		(1,344,301)	(1,506,901)	(447,883)
Utility charges		(101,241)	(92,015)	(92,939)
Insurance expenses		(125,857)	(135,725)	(124,709)
Goods and services tax		(1,174,939)	(441,950)	0
Other expenditure		(94,693)	(66,900)	(55,476)
		<u>(4,021,019)</u>	<u>(3,211,984)</u>	<u>(1,569,669)</u>
Net cash provided by (used in) operating activities	12(b)	<u>2,201,396</u>	<u>1,068,959</u>	<u>1,584,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(3,213,391)	(3,651,300)	(1,278,826)
Payments for construction of infrastructure		(860,959)	(1,971,800)	(1,256,681)
Non-operating grants, Subsidies and contributions		448,170	500,000	1,120,698
Proceeds from sale of fixed assets		217,863	270,000	214,909
Net cash provided by (used in) investment activities		<u>(3,408,317)</u>	<u>(4,853,100)</u>	<u>(1,199,900)</u>
Net cash provided by (used in) financing activities		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash held		(1,206,921)	(3,784,141)	384,394
Cash at beginning of year		9,191,050	9,157,836	8,806,656
Cash and cash equivalents at the end of the year	12(a)	<u><u>7,984,129</u></u>	<u><u>5,373,695</u></u>	<u><u>9,191,050</u></u>

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

**SHIRE OF SANDSTONE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		0	0	300
General purpose funding		3,197,779	2,126,998	1,650,816
Law, order, public safety		212,372	14,070	13,342
Housing		28,343	0	14,644
Community amenities		12,348	9,385	9,207
Recreation and culture		12,203	500	5,437
Transport		782,632	761,900	871,268
Economic services		428,054	375,900	246,384
Other property and services		127,550	33,500	68,163
		<u>4,801,281</u>	<u>3,322,253</u>	<u>2,879,561</u>
Expenses				
Governance		(165,836)	(266,943)	(196,519)
General purpose funding		(149,440)	(125,764)	(117,485)
Law, order, public safety		(63,862)	(64,282)	(62,235)
Health		(34,139)	(38,482)	(28,951)
Housing		(320,710)	(344,110)	(324,494)
Community amenities		(172,619)	(155,403)	(118,079)
Recreation and culture		(356,660)	(461,748)	(385,306)
Transport		(1,551,378)	(2,209,937)	(1,537,594)
Economic services		(839,918)	(827,857)	(630,856)
Other property and services		(296,044)	(62,093)	(5,390)
		<u>(3,950,606)</u>	<u>(4,556,619)</u>	<u>(3,406,909)</u>
Net result excluding rates		850,675	(1,234,366)	(527,348)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	19	67,278	15,840	(29,800)
Fair Value Adjustment to P & L		34,423	0	0
Movement in current employee benefit provisions - cash backed		(20,251)	0	(21,302)
Movement in employee benefit provisions (non-current)		(3,163)	0	(5,268)
Depreciation and amortisation on assets	2(a)	1,130,654	1,615,270	1,529,330
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(2,016,533)	(2,583,800)	(552,139)
Purchase of furniture and equipment	6(b)	(3,954)	(7,500)	(42,103)
Purchase of plant and equipment	6(b)	(1,192,904)	(1,060,000)	(684,584)
Purchase of infrastructure - roads	7(b)	(860,959)	(1,821,800)	(1,256,681)
Purchase of infrastructure - airport		0	(150,000)	0
Proceeds from disposal of fixed assets	19	217,863	270,000	214,909
Transfers to reserves (restricted assets)	10	(208,422)	(270,128)	(459,272)
Transfers from reserves (restricted assets)	10	1,610,000	1,800,000	90,933
ADD Surplus/(deficit) July 1 b/fwd	20(b)	2,445,073	2,446,402	3,184,946
LESS Surplus/(deficit) June 30 c/fwd	20(b)	3,056,736	24,253	2,445,073
Total amount raised from general rate	20(a)	<u>(1,006,956)</u>	<u>(1,004,335)</u>	<u>(1,003,452)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

Provision for impairment of receivables

The provision of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent revenue experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent revenue experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Council determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and infrastructure. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The local government reporting entity

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads formation	not depreciated
pavement	50 years
Footpaths - slab	40 years

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

(q) Revenue

Rates, grants and other contributions

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

Control of non operating grants arises when the Shire can benefit from funds transferred to it and deny or regulate the access of others to those benefits. Therefore, control arises when the Shire can use funds granted or transferred to purchase goods and services or retain those funds for future purchases.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue (Continued)

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors

Other Revenue

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

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

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

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

2. REVENUE AND EXPENSES	2015	2014	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the annual financial report	18,769	18,013	
- Other services	<u>2,970</u>	<u>2,461</u>	
	<u><u>21,739</u></u>	<u><u>20,474</u></u>	
Depreciation			
Non-specialised buildings	228,189	209,179	
Furniture and equipment	61,966	54,838	
Plant and equipment	366,436	328,528	
Infrastructure - Roads	412,448	866,989	
Infrastructure - Footpaths	2,086	2,085	
Infrastructure - Parks	34,465	37,396	
Infrastructure - Airport	10,307	10,306	
Infrastructure - Other	<u>14,757</u>	<u>20,009</u>	
	<u><u>1,130,654</u></u>	<u><u>1,529,330</u></u>	
(ii) Crediting as revenue:			
Other revenue			
Reimbursements and recoveries	312,712	37,256	
Other	<u>310,448</u>	<u>129,901</u>	
	<u><u>623,160</u></u>	<u><u>167,157</u></u>	
	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	201,776	180,128	197,846
- Other funds	56,399	60,000	78,270
Other interest revenue (refer note 24)	<u>26,645</u>	<u>14,000</u>	<u>28,119</u>
	<u><u>284,820</u></u>	<u><u>254,128</u></u>	<u><u>304,235</u></u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Roads to Recovery	Transport	0	455,173	(455,173)	0	0	0	0
CLGF 2011/12 Caravan Park Improvements	Economic Services	145,596	0	(145,596)	0	0	0	0
Department of Planning - Local Planning Strategy	Community Amenities	90,000	0	0	90,000	0	(73,859)	16,141
Regional CLGF 2011/12 Staff Housing	Housing	426,445	0	(324,930)	101,515	0	(9,635)	91,880 *
MRWA Project	Transport	0	223,711	(223,711)	0	250,000	(250,000)	0
Energy Efficient Grant	Economic Services	0	15,369	(15,369)	0	0	0	0
Fire Prevention	Law Order and Public Safety				0	198,170	(198,170)	0
Total		662,041	694,253	(1,164,779)	191,515	448,170	(531,664)	108,021

Notes:

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

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

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

* - At 30 June 2015 the Shire had committed this funding for use in accordance with the funding agreement.

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,929,571	2,651,420
Restricted		<u>5,054,558</u>	<u>6,539,630</u>
		<u><u>7,984,129</u></u>	<u><u>9,191,050</u></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Employee Entitlements Reserve	10	199,415	192,787
Plant Reserve	10	1,059,222	1,275,371
Building Reserve	10	1,815,372	3,021,336
Airport Reserve	10	166,365	160,835
Road and Flood Damage Reserve	10	585,707	566,238
Information Technology Reserve	10	70,760	68,408
Refuse Disposal Reserve	10	55,455	53,612
Housing Reserve	10	556,364	586,209
Community Development Reserve	10	437,877	423,319
Unspent grants	2(c)	108,021	191,515
		<u>5,054,558</u>	<u>6,539,630</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding		65,691	27,551
Sundry debtors		274,412	13,432
ATO receivable		116,558	0
Interest Receivable		10,552	16,562
Provision for Doubtful Debts		<u>(44,000)</u>	<u>(44,000)</u>
		<u><u>423,213</u></u>	<u><u>13,545</u></u>

The aging of the past due but not impaired receivables (Rates outstanding and Sundry debtors) are as follows:

0 to 3 months overdue	5,245	0
3 to 6 months overdue	0	0
Over 6 months overdue	<u>110,481</u>	<u>29,016</u>
	<u><u>115,726</u></u>	<u><u>29,016</u></u>

5. INVENTORIES

Current

Fuel and materials	165,340	49,802
Tourist Information Centre	<u>0</u>	<u>15,494</u>
	<u><u>165,340</u></u>	<u><u>65,296</u></u>

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

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Cost	0	171,305
- Independent valuation 2015 - level 2	590,000	0
	590,000	171,305
	590,000	171,305
Buildings at:		
- Independent valuation 2015 - level 3	14,386,000	0
- Additions after valuation - cost	0	4,863,266
Less: accumulated depreciation	(8,513,100)	(1,585,733)
	5,872,900	3,277,533
	5,872,900	3,277,533
Total land and buildings	6,462,900	3,448,838
Furniture and equipment at:		
- Management valuation 2013 - level 3	488,401	488,551
- Additions after valuation - cost	3,954	0
Less accumulated depreciation	(425,544)	(365,797)
	66,811	122,754
Plant and equipment at:		
- Management valuation 2013 - level 3	3,136,478	3,955,994
- Additions after valuation - cost	1,192,904	0
Less accumulated depreciation	(1,476,073)	(1,566,236)
	2,853,309	2,389,758
	9,383,020	5,961,350

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

Land and Buildings were revalued as at 30 June 2015 by Integral Valuations.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	171,305	0	(2,028)	420,723	0	0	0	590,000
Total land	171,305	0	(2,028)	420,723	0	0	0	590,000
Buildings	3,277,533	2,016,533	0	807,464	0	(228,189)	(441)	5,872,900
Total buildings	3,277,533	2,016,533	0	807,464	0	(228,189)	(441)	5,872,900
Total land and buildings	3,448,838	2,016,533	(2,028)	1,228,187	0	(228,189)	(441)	6,462,900
Furniture and equipment	122,754	3,954	0	0	0	(61,966)	2,069	66,811
Plant and equipment	2,389,758	1,192,904	(283,113)	0	0	(366,436)	(79,804)	2,853,309
Total property, plant and equipment	5,961,350	3,213,391	(285,141)	1,228,187	0	(656,591)	(78,176)	9,383,020

The revaluation of land and buildings resulted in an increase on revaluation of \$1,228,187 in the net value of land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 11) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2015	Price per hectare / market borrowing rate
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology (Gross Valuation Method)	Independent valuers and Management valuation	June 2015	Price per square metre / market borrowing rate
Furniture and equipment					
	3	Market approach using recent observable market data for similar properties (Gross Valuation Method)	Management valuation	June 2013	Price per item
Plant and equipment					
- Management valuation 2013	2	Market approach using recent observable market data for similar properties (Gross Valuation Method)	Management valuation	June 2013	Price per item

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

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

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

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2014 - level 3	37,392,653	0
- Cost	860,959	37,419,590
Less accumulated depreciation	<u>(7,459,028)</u>	<u>(7,073,517)</u>
	30,794,584	30,346,073
Infrastructure - Footpaths		
- Management valuation 2014 - level 3	77,810	77,810
Less accumulated depreciation	<u>(38,933)</u>	<u>(36,847)</u>
	38,877	40,963
Infrastructure - Parks		
- Independent valuation 2015 - level 3	1,297,600	0
- Cost	0	613,467
Less accumulated depreciation	<u>(516,000)</u>	<u>(184,825)</u>
	781,600	428,642
Infrastructure - Airport		
- Independent valuation 2015 - level 3	104,000	0
- Cost	0	169,074
Less accumulated depreciation	<u>(59,000)</u>	<u>(79,344)</u>
	45,000	89,730
Infrastructure - Other		
- Independent valuation 2015 - level 3	477,600	0
- Cost	0	419,053
Less accumulated depreciation	<u>(278,700)</u>	<u>(357,395)</u>
	198,900	61,658
	<u>31,858,961</u>	<u>30,967,066</u>

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

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

Infrastructure Parks, Airport and Other were revalued as at 30 June 2015 by Integral Valuations.

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	30,346,073	860,959	0	0	0	(412,448)	0	30,794,584
Infrastructure - Footpaths	40,963	0	0	0	0	(2,086)	0	38,877
Infrastructure - Parks	428,642	0	0	325,576	0	(34,465)	61,847	781,600
Infrastructure - Airport	89,730	0	0	(34,423)	0	(10,307)	0	45,000
Infrastructure - Other	61,658	0	0	135,671	0	(14,757)	16,328	198,900
Total infrastructure	<u>30,967,066</u>	<u>860,959</u>	<u>0</u>	<u>426,824</u>	<u>0</u>	<u>(474,063)</u>	<u>78,175</u>	<u>31,858,961</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$426,824 in the net value of infrastructure.

\$461,247 was credited to the revaluation surplus in the Shire's equity (refer Note 11) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

The decrement of \$34,423 was recognised as a loss on revaluation through profit and loss in the Statement of Comprehensive Income.

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airport	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	502,889	384,375
Accrued salaries and wages	53,483	36,542
ATO liabilities	0	12,204
Other Payable	13,037	35,400
Income Received in Advance	0	8,182
	<u>569,409</u>	<u>476,703</u>

The Shire did not have any long term borrowings at the reporting date.

9. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	26,657	36,805	63,462
Non-current provisions	<u>26,657</u>	<u>16,774</u>	<u>16,774</u>
	26,657	53,579	80,236
Additional provision	51,501	(22,581)	28,920
Amounts used	(52,122)	0	(52,122)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	<u>0</u>	<u>(212)</u>	<u>(212)</u>
Balance at 30 June 2015	<u>26,036</u>	<u>30,786</u>	<u>56,822</u>
Comprises			
Current	26,036	17,175	43,211
Non-current	<u>0</u>	<u>13,611</u>	<u>13,611</u>
	<u>26,036</u>	<u>30,786</u>	<u>56,822</u>

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

	2015 \$	2015 Budget \$	2014 \$
10. RESERVES - CASH BACKED			
(a) Employee Entitlements Reserve			
Opening balance	192,787	192,435	186,242
Amount set aside / transfer to reserve	6,628	5,470	6,545
Amount used / transfer from reserve	0	0	0
	<u>199,415</u>	<u>197,905</u>	<u>192,787</u>
(b) Plant Reserve			
Opening balance	1,275,371	1,273,043	1,224,402
Amount set aside / transfer to reserve	43,851	36,189	141,902
Amount used / transfer from reserve	(260,000)	(250,000)	(90,933)
	<u>1,059,222</u>	<u>1,059,232</u>	<u>1,275,371</u>
(c) Building Reserve			
Opening balance	3,021,336	3,015,822	2,918,776
Amount set aside / transfer to reserve	94,036	85,731	102,560
Amount used / transfer from reserve	(1,300,000)	(1,300,000)	0
	<u>1,815,372</u>	<u>1,801,553</u>	<u>3,021,336</u>
(d) Airport Reserve			
Opening balance	160,835	160,542	155,376
Amount set aside / transfer to reserve	5,530	4,564	5,459
Amount used / transfer from reserve	0	0	0
	<u>166,365</u>	<u>165,106</u>	<u>160,835</u>
(e) Road and Flood Damage Reserve			
Opening balance	566,238	565,205	547,017
Amount set aside / transfer to reserve	19,469	16,067	19,221
Amount used / transfer from reserve	0	(100,000)	0
	<u>585,707</u>	<u>481,272</u>	<u>566,238</u>
(f) Information Technology Reserve			
Opening balance	68,408	68,283	66,086
Amount set aside / transfer to reserve	2,352	1,940	2,322
Amount used / transfer from reserve	0	0	0
	<u>70,760</u>	<u>70,223</u>	<u>68,408</u>
(g) Refuse Disposal Reserve			
Opening balance	53,612	53,514	51,792
Amount set aside / transfer to reserve	1,843	1,521	1,820
Amount used / transfer from reserve	0	0	0
	<u>55,455</u>	<u>55,035</u>	<u>53,612</u>
(h) Housing Reserve			
Opening balance	586,209	585,138	517,918
Amount set aside / transfer to reserve	20,155	16,634	68,291
Amount used / transfer from reserve	(50,000)	(50,000)	0
	<u>556,364</u>	<u>551,772</u>	<u>586,209</u>

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

	2015 \$	2015 Budget \$	2014 \$
10. RESERVES - CASH BACKED (CONTINUED)			
(i) Community Development Reserve			
Opening balance	423,319	422,546	312,167
Amount set aside / transfer to reserve	14,558	102,012	111,152
Amount used / transfer from reserve	<u>0</u>	<u>(100,000)</u>	<u>0</u>
	<u>437,877</u>	<u>424,558</u>	<u>423,319</u>
TOTAL RESERVES	<u>4,946,537</u>	<u>4,806,656</u>	<u>6,348,115</u>
Total Opening balance	6,348,115	6,336,528	5,979,776
Total Amount set aside / transfer to reserve	208,422	270,128	459,272
Total Amount used / transfer from reserve	<u>(1,610,000)</u>	<u>(1,800,000)</u>	<u>(90,933)</u>
TOTAL RESERVES	<u>4,946,537</u>	<u>4,806,656</u>	<u>6,348,115</u>

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

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

10. RESERVES - CASH BACKED (CONTINUED)

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

- (a) Employee Entitlements Reserve**
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve**
 - to be used to meet the requirements identified in the 10 year Plant Replacement Program as revised and amended annually.
- (c) Building Reserve**
 - to be used to fund the major upgrading of public buildings, acquire new buildings, and fund the construction and fit-out of a new Civic and Administration Centre.
- (d) Airport Reserve**
 - to be used to fund the upgrading of the Sandstone Airport.
- (e) Road and Flood Damage Reserve**
 - to be used to fund capital road projects and repairs associated with flood damage events.
- (f) Information Technology Reserve**
 - to be used to fund the replacement of Council's hardware and software computer systems and acquire additional new technology when required.
- (g) Refuse Disposal Reserve**
 - to be used as a contingency reserve for developing Refuse Disposal.
- (h) Housing Reserve**
 - to be used to maintain and replace housing stock for Shire employees.
- (i) Community Development Reserve**
 - to be used for projects to benefit the community as determined from time to time.

The leave and plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.
The building reserve is expected to be utilised in 2015/16.

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

11. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening balance	0	0
Revaluation increment	420,722	0
Revaluation decrement	0	0
	<u>420,722</u>	<u>0</u>
(b) Buildings		
Opening balance	0	0
Revaluation increment	807,464	0
Revaluation decrement	0	0
	<u>807,464</u>	<u>0</u>
(c) Infrastructure - Roads		
Opening balance	10,319,105	0
Revaluation increment	0	10,319,105
Revaluation decrement	0	0
	<u>10,319,105</u>	<u>10,319,105</u>
(d) Infrastructure - Parks		
Opening balance	0	0
Revaluation increment	325,576	0
Revaluation decrement	0	0
	<u>325,576</u>	<u>0</u>
(f) Infrastructure - Other		
Opening balance	0	0
Revaluation increment	135,671	0
Revaluation decrement	0	0
	<u>135,671</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>12,008,538</u></u>	<u><u>10,319,105</u></u>
Revaluation Surplus Opening Balance	10,319,105	0
Revaluation increment	1,689,433	10,319,105
Revaluation decrement	0	0
Revaluation Surplus Closing Balance	<u><u>12,008,538</u></u>	<u><u>10,319,105</u></u>

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

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>7,984,129</u>	<u>5,373,695</u>	<u>9,191,050</u>

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

Net result	1,857,631	(230,031)	476,103
Non-cash flows in Net result:			
Depreciation	1,130,654	1,615,270	1,529,330
(Profit)/Loss on sale of asset	67,278	15,840	(29,800)
Loss on revaluation of fixed assets	34,423	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(293,110)	22,855	422,010
(Increase)/Decrease in inventories	(100,044)	2,050	(21,211)
Increase/(Decrease) in payables	(23,852)	136,975	355,130
Increase/(Decrease) in provisions	(23,414)	6,000	(26,570)
Grants contributions for the development of assets	<u>(448,170)</u>	<u>(500,000)</u>	<u>(1,120,698)</u>
Net cash from operating activities	<u>2,201,396</u>	<u>1,068,959</u>	<u>1,584,294</u>

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

	2015 \$	2014 \$
Bank overdraft limit	0	
Bank overdraft at balance date	0	
Credit card limit	20,000	20,000
Credit card balance at balance date	(643)	(5,185)
Total amount of credit unused	<u>19,357</u>	<u>14,815</u>
Loan facilities		
Loan facilities - current	0	0
Loan facilities - non-current	0	0
Total facilities in use at balance date	<u>0</u>	<u>0</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

13. CONTINGENT LIABILITIES

Contaminated Sites

The Department of Environmental Regulation (**DER**) has classified land at 23 Payne Street Sandstone as possibly contaminated - investigation required' under section 13 of the *Contaminated Sites Act 2003 (WA)*. The site has a 27,000 litre diesel above-ground storage tank and associated pipework and dispensing infrastructure which remains operational on the northwestern corner of the former power station site, which is used by the Shire under an informal arrangement with Horizon Power.

Until the Shire conducts an investigation to determine the scope of contamination, assess the risk and agrees with DER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the site and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DER guidelines.

14. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire of Sandstone had no operating lease commitments as at the 30 June 2015.

(b) Capital Expenditure Commitments

The Shire of Sandstone had no capital expenditure commitments as at the 30 June 2015 except for restrictions imposed by regulations or other externally imposed requirement disclosed in Note 3.

15. JOINT VENTURE ARRANGEMENTS

The Shire of Sandstone is not involved in any joint venture arrangements.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	314,949	261,194
General purpose funding	2,961,815	2,843,048
Law, order, public safety	247,421	57,704
Housing	2,177,614	2,524,381
Community amenities	2,360,738	3,498,267
Recreation and culture	4,014,731	764,135
Transport	34,605,301	32,799,876
Economic services	1,065,097	778,435
Other property and services	989,331	2,671,267
Unallocated	1,077,667	0
	<u>49,814,663</u>	<u>46,198,307</u>

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

	2015	2014	2013
17. FINANCIAL RATIOS			
Current ratio	8.10	5.94	1.37
Asset sustainability ratio	1.62	1.52	1.37
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	0.77	(0.39)	0.42
Own source revenue coverage ratio	0.93	0.48	0.54

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

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

18. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Housing bonds	1,050	2,650	(350)	3,350
BCITF	853	4,401	(5,254)	0
BRB	349	2,051	(2,400)	0
Police Licencing	0	16,040	(15,941)	99
Rates	377	0	0	377
	<u>2,629</u>			<u>3,826</u>

19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Transport						
PC002-Volvo L90F Front End Loader	121,872	126,320	110,000	95,000	(11,872)	(31,320)
PC014-FUSO Prime Mover	0	116,800	0	120,000	0	3,200
PC004A-Roadwest Side Tipper	10,408	14,700	20,000	30,000	9,592	15,300
PL103-Toyota Hilux 4x4 Workmate	27,963	28,020	26,364	25,000	(1,599)	(3,020)
E0016 - Slip on Fire Fighting	0	0	818	0	818	0
PC009 - SFM Water Tanker	103,244	0	35,000	0	(68,244)	0
PL005 - Hilux Cab Ute	3,901	0	6,818	0	2,917	0
PM004 - Caravan Clarkes Modern	6,919	0	2,727	0	(4,192)	0
PS002 - Caravan	8,806	0	7,954	0	(852)	0
Land					0	0
Economic services						
LND091 - Lot 91 Payne Street	2,028	0	8,182	0	6,154	0
	<u>285,141</u>	<u>285,840</u>	<u>217,863</u>	<u>270,000</u>	<u>(67,278)</u>	<u>(15,840)</u>

Profit	19,481	18,500
Loss	(86,759)	(34,340)
	<u>(67,278)</u>	<u>(15,840)</u>

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

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire of Sandstone had no loan debentures during the year ended 30 June 2015.

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire of Sandstone did not have an approved overdraft.

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

20. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV - Townsite	0.0549	27	184,964	10,150	(81)	184	10,253	10,150			10,150
GRV - Transient Workforce Accommodation	0.3320	4	170,040	56,452	0	0	56,452	56,452			56,452
Unimproved valuations											
UV - Rural	0.0543	19	930,838	50,580	(28)	(64)	50,488	50,580			50,580
UV - Mining	0.2559	185	3,500,247	895,832	(34,394)	(1,136)	860,302	878,218			878,218
Sub-Totals		235	4,786,089	1,013,014	(34,503)	(1,016)	977,495	995,400	0	0	995,400
Minimum payment	Minimum \$										
Gross rental valuations											
GRV - Townsite	200	37	29,496	7,400			7,400	7,400			7,400
GRV - Transient Workforce Accommodation	200	0	0	0			0				0
Unimproved valuations											
UV - Rural	305	1	2,530	305			305	305			305
UV - Mining	305	84	49,198	25,620			25,620	26,230			26,230
Sub-Totals		122	81,224	33,325	0	0	33,325	33,935	0	0	33,935
Ex-gratia rates							1,010,820				1,029,335
Discounts/concessions (refer note 23)							(3,864)				(10,000)
Total amount raised from general rate							1,006,956				1,004,335
Specified Area Rate (refer note 21)							0				0
Totals							1,006,956				1,004,335

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

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

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>3,056,736</u>	<u>2,445,073</u>	<u>2,445,073</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	2,929,571	2,651,420	2,651,420
Restricted	5,054,558	6,539,630	6,539,630
Receivables			
Rates outstanding	65,691	27,551	27,551
Sundry debtors	274,412	13,432	13,432
GST receivable	0	0	0
Interest Receivable	10,552	16,562	16,562
Provision for Doubtful Debts	(44,000)	(44,000)	(44,000)
Inventories			
Fuel and materials	165,340	49,802	49,802
Other Works Stocks	0	0	15,494
Tourist Information Centre	0	15,494	
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(502,889)	(384,375)	(384,375)
Accrued salaries and wages	(53,483)	(36,542)	(36,542)
ATO liabilities	116,558	(12,204)	(12,205)
Other Payable	(13,037)	(35,400)	(35,400)
Income Received in Advance	0	(8,182)	(8,182)
Provisions			
Provision for annual leave	(26,036)	(26,657)	(26,657)
Provision for long service leave	(17,175)	(36,805)	(36,805)
Net current assets	<u>7,960,062</u>	<u>8,729,726</u>	<u>8,729,725</u>
<u>Less:</u>			
Reserves - restricted cash	(4,946,537)	(6,348,115)	(6,348,114)
<u>Add:</u>			
Cash Backed employee Provisions	43,211	63,462	63,462
Surplus/(deficit)	<u>3,056,736</u>	<u>2,445,073</u>	<u>2,445,073</u>

Difference

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

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

21. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire of Sandstone did not impose any specified area rates in the 2014/15 financial year.

22. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire of Sandstone did not impose any service charges in the 2014/15 financial year.

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General rates	Discount	3.50%	3,864	15,000
Rate assessment	Write-Off		3,105	10,000

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

24. INTEREST, CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		19,102	10,000
Interest on instalments plan	5.50%		7,543	4,000
Charges on instalment plan		\$10	3,200	2,730
			29,845	16,730

Ratepayers had the option of paying rates in four equal instalments, due on 12th September 2014, 14th November 2014, 23rd January 2015 and 27th March 2015. Administration charges and interest applied for the final three instalments.

25. FEES & CHARGES	2015 \$	2014 \$
General purpose funding	3,547	2,884
Law, order, public safety	280	401
Housing	29	(725)
Community amenities	11,396	9,207
Recreation and culture	590	598
Transport	735	81,316
Economic services	159,955	148,602
Other property and services	12,544	25,874
	<u>189,076</u>	<u>268,157</u>

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

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

26. GRANT REVENUE

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

	2015	2014
By Nature or Type:	\$	\$
Operating grants, subsidies and contributions	3,236,574	988,953
Non-operating grants, subsidies and contributions	448,170	1,120,698
	<u>3,684,744</u>	<u>2,109,651</u>
By Program:		
Governance	0	300
General purpose funding	2,909,374	1,317,918
Law, order, public safety	212,093	12,941
Health	28,152	0
Housing	0	15,369
Recreation and culture	11,612	2,360
Transport	465,691	758,456
Other property and services	57,822	2,307
	<u>3,684,744</u>	<u>2,109,651</u>

27. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>16</u>	<u>16</u>
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28. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	12,890	15,600	13,783
President's allowance	4,375	5,500	4,156
Travelling expenses	9,816	6,800	4,381
Telecommunications allowance	3,000	3,500	2,750
	<u>30,081</u>	<u>31,400</u>	<u>25,070</u>

29. MAJOR LAND TRANSACTIONS

The Shire of Sandstone did not participate in any major land transactions during the 2014/15 financial year.

30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Sandstone did not participate in any trading undertakings during the 2014/15 financial year.

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

31. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,984,129	9,191,050	7,984,129	9,191,050
Receivables	423,213	13,545	423,213	13,545
	<u>8,407,342</u>	<u>9,204,595</u>	<u>8,407,342</u>	<u>9,204,595</u>
Financial liabilities				
Payables	569,409	476,703	569,409	476,703
	<u>569,409</u>	<u>476,703</u>	<u>569,409</u>	<u>476,703</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

31. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	79,841	91,910
- Statement of Comprehensive Income	79,841 ⁽¹⁾	91,910 ⁽¹⁾

Notes:

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

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

31. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

Credit risk on rates and annual charges is minimised by the ability of 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	38%	97%
- Overdue	62%	3%
Percentage of other receivables		
- Current	86%	99%
- Overdue	14%	1%

(c) Payables

Borrowings

Payables are 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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	569,409	0	0	569,409	569,409
	<u>569,409</u>	<u>0</u>	<u>0</u>	<u>569,409</u>	<u>569,409</u>
<u>2014</u>					
Payables	476,703	0	0	476,703	476,703
	<u>476,703</u>	<u>0</u>	<u>0</u>	<u>476,703</u>	<u>476,703</u>

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

32. EVENTS OCCURRING AFTER THE REPORTING DATE

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Period represent one of two types:

- i. Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

- ii. Events that provide evidence of conditions that arose after the Reporting Period

The Council is not aware of any material or significant 'non-adjusting events" that should be disclosed.



RSM Australia Pty Ltd

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE RATEPAYERS OF THE SHIRE OF SANDSTONE

Report on the Financial Report

We have audited the financial report of the Shire of Sandstone, which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, the summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Local Government Act 1995* Part 6, the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire of Sandstone's financial position and of its performance.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the Financial Report

In our opinion, the financial report of the Shire of Sandstone:

- (i) gives a true and fair view of the financial position of the Shire of Sandstone as at 30 June 2015 and of its financial performance for the year ended on that date;
- (ii) complies with the *Local Government Act 1995* Part 6 and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) in relation to the Supplementary Ratio Information presented in the financial report, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

Report on Statutory Compliance

We did not during the course of our audit become aware of any instances where the Shire of Sandstone did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PTY LTD

A handwritten signature in black ink that reads 'David Wall'.

D J WALL
Director

Perth, WA

Dated: 14 December 2015

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

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.704	0.810	0.600
Asset renewal funding ratio	0.908	0.650	0.700

The above ratios are calculated as follows:

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