



SHIRE OF SANDSTONE
SERVE THE PEOPLE

ANNUAL REPORT 2021/2022



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PURPOSE OF THE ANNUAL REPORT

The Western Australian *Local Government Act 1995* requires every Local Government to produce an Annual Report by the 31 December each year. In addition, the annual report:

- Is an essential tool to inform the community and stakeholders about the achievements, challenges and future plans;
- Promotes greater community awareness of the Shire's programs and services which contribute to a high value of life for residents, visitors and stakeholders;
- Demonstrates the Shire's performance against the long-term vision of the Strategic Community Plan, projects and priorities detailed within the Shire's Corporate Business Plan;
- Provides information about the Shire's organisational performance and
- Illustrates the Shire's commitment to accountable and transparent government.

ALTERNATIVE FORMATS

This Annual Report can also be viewed on the Shire's website:

www.sandstone.wa.gov.au

FEEDBACK OR QUESTIONS

Feedback or questions relating to the Annual Report are welcome.

Email: ceo@sandstone.wa.gov.au

Mail: Shire of Sandstone
Hack Street
Sandstone WA 6639

HOW TO READ THE ANNUAL REPORT

The Annual Report is divided into the following section.

- An overview of information about the Shire of Sandstone;
- An overview of the Council and the organisation;
- Reports against the activities within each key theme of the Strategic Community Plan;
- Corporate Business Plan Future Projects;
- Statutory Reporting;
- 2021/2022 Audited Annual Financial Statement.

This Annual Report shows how the Shire of Sandstone is delivering the vision outlines in its Strategic Community Plan 2021 – 2031, the Shires overarching guide for the future.

This Annual Report outlines achievements against key themes in the plan.

OUR VISION

A welcoming and friendly community, recognising our rich heritage and embracing economic opportunities, whilst nurturing our natural and built environment.

KEY FOCUS AREAS

Social

Economic

Environmental

Leadership

SOCIAL

A safe, welcoming, and resilient community

Strategies

- Support for community events and groups;
- Maintain and improve healthcare facilities;
- Maintain and promote a safe community.

ECONOMIC

A prosperous, diverse, and thriving community

Strategies

- Support local business and open to new start up initiatives;
- Explore opportunities to partner with industry for the development of the district;
- Maintain key stakeholder and industry relationships for the benefit of Sandstone;
- Enhance and maintain our transport network;
- Advocate for adequate road infrastructure;
- Provide quality tourism facilities, events, and information.

ENVIRONMENT

A natural and built environment, recognising our heritage for the benefit of present and future generations.

Strategies

- Maintain community and heritage infrastructure;
- Provide multi-purpose community facilities;
- Support environmental diversity and biosecurity of the district;
- Effective and efficient resource utilisation;
- Efficient and effective waste management.

LEADERSHIP

Strong governance and leadership.

Strategies

- Engage and communicate with the community;
- Strongly advocate for the Shire's interest;
- Provide appropriate services to the community in a professional and efficient manner.

OUR SERVICES

Local Government in Western Australia is established under the *Local Government Act 1995* and is the third sphere of government. Local Government is responsible for delivering a wide range of economic, human, recreational and property services as well as delivering and maintaining essential community infrastructure.

Local Government has legislative responsibility to perform many functions for the local community which are mandatory services. Examples include approvals for planning, building and health, and swimming pool security fencing.

Local Government also delivers discretionary services to the community, such as libraries, Programs and events, and the provision of recreational facilities and programs, which contribute to an improved quality of life for people within the community.

PROVISION AND MAINTENANCE OF COMMUNITY FACILITIES, INFRASTRUCTURE AND ASSETS

Community Buildings
Playgrounds
Library
Footpaths
Stormwater Drainage
Roads
Parks
Street Lighting
Car Parks
Streetscapes
Sports & Recreation Facilities
Fleet
Biosecurity
Emergency Management

DELIVERY OF DISCRETIONARY SERVICES

Shire Ranger
Civic Ceremonies
Community Development
Community Safety Programmes
Facilities Hire
Festivals & Events
Community Health Programs
Economic Development
Tourist Development
Cultural Programs
Post Office Service
Department of Transport
Gas Supply

PROVISION OF MANDATORY SERVICES – STATE LEGISLATION AND LOCAL LAWS

Animal Control
Litter
Public events compliance
Signs
Abandoned Vehicles
Bushfire Management
Building and Planning Compliance
Waste Services
Public Building Inspections
Swimming Pool Inspections
Food Inspections
Building Planning and Health Approvals
Environment Health Regulations

THE COUNCIL AND THE ORGANISATION

Local Government is one of Australia's three tiers of government (federal, state and local). Western Australia alone has 138 local governments, the Shire Council does not have wards and has a total of six (6) elected members. The Shire is responsible for making decisions on behalf of the local community.

DEMOCRACY IN THE SHIRE OF SANDSTONE

The Act outlines the responsibilities of the Local Government, providing for the constitution of the elected local governments in the state. It describes the functions of the Local Governments, providing for the conduct of elections and polls, and provides a framework for the administration and financial management of the local governments and the scrutiny of their affairs.

LOCAL GOVERNMENT ELECTIONS

Local Government elections are held every two years, with the next election being held in October 2023. All persons registered on the state roll are eligible to vote for their local government. Non-resident owners and occupiers can also apply for eligibility to vote. Any eligible elector can stand to nominate for election, with no requirement for a candidate to belong to a political party or other organisation. Councillors are voted in for a four-year term, with the Council electing the offices of President and Deputy President every second year.

THE ROLE OF THE PRESIDENT, DEPUTY PRESIDENT, AND COUNCILLORS

Councillor Beth Walton is the serving President of the Shire of Sandstone.

The role of president is to:

- Preside at Council meetings in accordance with the *Local Government Act 1995*;
- Provide leadership and guidance to the community;
- Carry out civic and ceremonial duties;
- Speak on behalf of the Local Government;
- Liaise with the Chief Executive Officer on the performance of the Shire's function.

Councillor Carol Hodshon is the serving Deputy President and performs the functions of President in the absence of the President.

Councillors make important decisions relating to the whole of the Shire, taking into account the views of the community. They work together with the community, the Chief Executive Officer and the Shire's administration to set the strategic direction of the Shire.

The specific role of councillors is to:

- Represent the interests of electors, ratepayers and residents of the Shire;
- Provide leadership and guidance to the community;
- Facilitate communication between the community and Council;
- Participate in the Shire's decision making process at Council meetings.

SHIRE OF SANDSTONE CONTACT INFORMATION

Office Hours Monday to Friday
8:00AM to 5:00PM
Closed on Public Holidays.

Phone (08) 9963 5802

Email reception@sandstone.wa.gov.au

Web Page <https://www.sandstone.wa.gov.au>

Address Hack Street,
Sandstone WA 6639

COUNCIL MEETINGS

Council meetings are generally held on the fourth Thursday of each month at 1:00PM and the public are welcome to attend. The dates do change from time to time due to unforeseen circumstances, any changes are advertised in accordance with the act and regulations.

WHERE TO VIEW COUNCIL AGENDA / MINUTES

AGENDAS

Copies of all non-confidential items are tabled at a Council meeting and are normally available the Friday prior to Council meeting. They can also be found on the shire's website.

<https://www.sandstone.wa.gov.au>

MINUTES

Minutes of all Council meetings are available free to the public online in PDF format on

<https://www.sandstone.wa.gov.au>

COUNCIL MEMBERS

| Name | Position | Status |
|------------------|------------------------|-------------------------|
| Cr Beth Walton | Shire President | To October 2023 |
| Cr Carol Hodshon | Deputy Shire President | To October 2025 |
| Cr David Lefroy | Councillor | To October 2025 |
| Cr Vickie McQuie | Councillor | To October 2023 |
| Cr Freda May | Councillor | Resigned September 2021 |
| Cr Kerry Keys | Councillor | Resigned May 2022 |
| Cr James Allison | Councillor | To October 2023 |

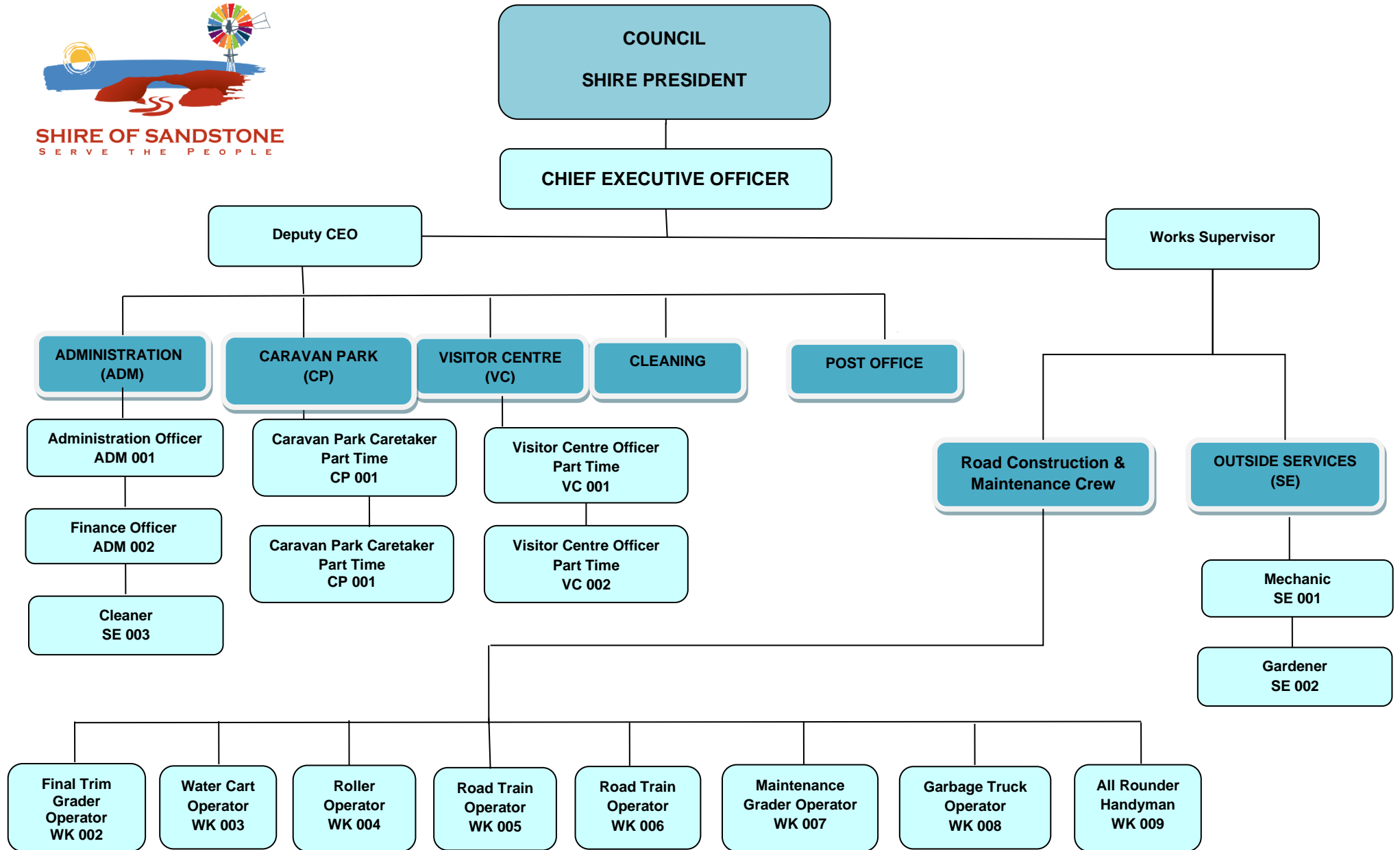
COUNCIL STATISTICS

| Name | Ordinary Council Meetings Attended | Committee Meetings Attended | Gender | Linguistic Background | Country of Birth |
|------------------|---|------------------------------------|---------------|------------------------------|-------------------------|
| Cr Beth Walton | 11/11 | 2/2 | Female | English | Australia |
| Cr Carol Hodshon | 9/11 | 2/2 | Female | English | England |
| Cr David Lefroy | 11/11 | 2/2 | Male | English | Australia |
| Cr Vickie McQuie | 8/11 | 2/2 | Female | English | Australia |
| Cr Freda May | 3/3 | 0/0 | Female | English | Australia |
| Cr Kerry Keys | 8/9 | 1/1 | Male | English | Australia |
| Cr James Allison | 6/6 | 1/1 | Male | English | Australia |

COUNCILLOR ANNUAL PAYMENTS

| Name | Pres & Deputy Allow | Presidents Meeting Fee | Councillor Meeting Fee | ICT Allowance | Travelling Allowance |
|------------------|--------------------------------|-------------------------------|-------------------------------|----------------------|-----------------------------|
| Cr Beth Walton | 3500 | 5400 | 0 | 500 | 0 |
| Cr Carol Hodshon | 875 | 0 | 2225 | 500 | 1021 |
| Cr David Lefroy | 0 | 0 | 2625 | 500 | 2100 |
| Cr Vickie McQuie | 0 | 0 | 1675 | 500 | 1497 |
| Cr Freda May | 0 | 0 | 875 | 125 | 0 |
| Cr James Allison | 0 | 0 | 1350 | 291 | 0 |
| Cr Kerry Key | 0 | 0 | 1750 | 458 | 1337 |

ORGANISATION STRUCTURE



SHIRE STATISTICS

| | |
|-------------------------------|-------------------------|
| Population | 89 (ABS Census 2016) |
| Number of Electors | 60 |
| Number of Dwellings | 78 |
| Distance from Perth (km) | 724 |
| Area (sq km) | 32,889 |
| Suburbs and Localities | Sandstone |
| Library | Hack Street |
| Length of Sealed Roads (km) | 11 |
| Length of Unsealed Roads (km) | 891 |
| Rates Levied | \$1,101,137 (2020/2021) |
| Total Operating Revenue | \$5,198,962 (2020/2021) |
| Council Employees | 22 |

TOURIST ATTRACTIONS

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

LOCAL INDUSTRIES

Tourism, pastoral stations, and mining.

SIGNIFICANT LOCAL EVENTS

Sandstone Art Show incorporating Wine and Cheese Night, Community Christmas Party, Australia Day, Anzac Day.



I am pleased to present to the Ratepayers and community Members my Annual Report for the 2021/2022 financial year.

The Shire was able to progress and complete a number of projects during the 2021/22 financial year, including the following:

- New shade sail for the water park;
- Replacing roof, ceiling, and painting interior at the Recreation Centre;
- Replacing roof Community Town Hall;
- Purchased and installed an additional 30,000L fuel tank;
- Commissioned Outback Grave Markers to install new plaques at the Youanmi Cemetery.


In June 2022, the Shire purchased the Old Post and Telegraph Office. This is a beautiful historical old building built in 1909, and I think this will be a wonderful asset for the Shire to own. Council plans to do some restorations to the building and have it up and running as a Café sometime in 2023.

A new water treatment plant was installed and completed by November 2021 by Water Corporation, to improve the town's water quality by reducing nitrate levels and improving the salinity and hardness of the water. Water pressure has also been very much improved.

Cr Freda May resigned in September 2021. Cr May was elected in 2015 and had served on Council for 6 years. On behalf of Council, I would like to thank her for her contribution and support whilst on Council. Ordinary Council elections were held on the 16th October 2021. There were 3 vacant positions and 4 nominations. Congratulations to Cr Lefroy, Cr Hodshon, and Cr Kerry Key for being re-elected. Nominations were called for an Extraordinary Election on the 25th November to replace Cr May. There being only one nomination, Cr James Allison was elected unopposed. Congratulations James.

Sandstone is still a popular place for tourists to visit, with very positive feedback about the town in the visitor's book. Thank you to the ladies at the Visitor Centre, who are always very informative, and helpful to tourists visiting our little town.

Civic functions such as Australia Day, ANZAC Day and the Art Show have been once again well attended. This year due to the Town hall ceiling needing replacing, the Art Show was held in the Old School building. The ceiling will be replaced in the new financial year, and the 2023 Art Show will go back to being showcased in the Town Hall.



I acknowledge and thank my fellow Councillors for their contribution and support throughout the year. It has been pleasing to see a number of large town projects completed and the roads still being maintained for safe driving conditions. I would like to sincerely thank the Shire of Sandstone staff for their input over the past twelve months in helping the Shire progress and complete projects.

It is a privilege to serve on Council, and I look forward to the next 12 months working towards further enhancing our town by completing ongoing projects, we welcome anyone from the community who has any questions or ideas to put them forward to the shire. How lucky are we to live in, and be able to give our visitors a safe, clean, community surrounded by nature with beautiful sunsets, sunrises and amazing night skies.

Beth Walton
Shire President

CEO'S MESSAGE

The Shire continues to perform exceptionally well over the 2021/2022 financial year despite the residual effects of COVID 19, with stressed supply lines, high inflation, and a difficult labour market.

October 2021 elections saw the return of Councillors Lefroy, Keys and Hodshon. Councillor May resigned in September, unfortunately we could not fill this vacancy at the October elections, so an extraordinary election was conducted with Councillor Allison being elected in December 2021. Cr Kerry Keys resigned in May 2022, with the extraordinary elections to be carried out in the new financial year.

FINANCE

The Shire completed the year in a sound financial position as well as having reserve funds that finished with healthy balances. At the 30 June 2022 Council's reserve funds are as below.

CASH BACKED RESERVE

| <u>Reserve name</u> | <u>Balance</u> |
|-------------------------------|-----------------------|
| Leave reserve | \$ 246,086.00 |
| Plant Replacement Reserve | \$ 990,990.00 |
| Building Reserve | \$ 1,410,762.00 |
| Airport Reserve | \$ 296,249.00 |
| Road Reserve | \$ 691,644.00 |
| ICT Reserve | \$ 98,608.00 |
| Refuse Disposal Reserve | \$ 41,778.00 |
| Housing Reserve | \$ 523,597.00 |
| Community Development Reserve | \$ 633,775.00 |
| | <u>\$4,933,489.00</u> |

ROADWORKS

Road's Reconstruction was carried out on the following roads during 2021/2022:

| Roads Construction Council | | |
|---------------------------------------|---|---------------------------------|
| C0004B | Sandstone Meekatharra Rd | |
| C0005 | Sandstone - Wiluna - Construction (Council) | \$124,582.24 |
| C0007 | Youanmi - Mt Magnet - Construction (Council) | \$34,659.05 |
| Regional Road Group | | |
| RG0002 | Paynes Find Sandstone Road | \$476,626.83 |
| Roads to Recovery Construction | | |
| CR0003 | Menzies - Sandstone Road - Construction (R2R) | \$297,015.73 |
| | | <hr/> \$932,883.85 <hr/> |

Charlie Brown
Chief Executive Officer

STATUTORY REPORTING

STRATEGIC PLANS

Council adopted its Community Strategic Plan, Workforce Plan, Corporate Business Plan, and Strategic Resource Plan, incorporating the Long-Term Financial Plan and Workforce plan in 2021/2022.

The Community Strategic Plan and Corporate Business plans are to be reviewed in 2022/2023 and the Workforce Plan in 2022/2023.

These plans are all part of the legislative requirements for local governments to enter an Integrated Planning Process.

FREEDOM OF INFORMATION ACT 1992

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

During the 2021/2022 financial year, no applications were received for information under the terms of this legislation.

STATE RECORDS ACT 2000

The State Records Act 2000 requires that the Shire of Sandstone maintains and disposes of all records in the prescribed manner. During 2019/2020 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 and formally archiving old records. A new Record Keeping Plan has been prepared and approved by 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 regarding their compliance with the organisation's Record Keeping Plan.

The Shire has complied with items 1 to 4.

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.

LEGISLATIVE REPORTS

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 have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws.

A review of all local laws concluded in 2016/2017

During the year the Shire of Sandstone Public Health Plan was adopted. The purpose of this plan is to protect, improve and promote public health and wellbeing for all residents and ratepayers in the Shire of Sandstone. The Plan's intent is to support all members of the Community, through various life stages, to enable good health and wellbeing to be enjoyed across a range of identified health issues.

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 October 2016 covering the period 2016 – 2020.

- a) Council is continually adapting its 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.
- b) Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
- c) Wherever possible, people with disability 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 a larger font size.
- d) The Staff are always encouraged to be aware of the needs of people with disability to ensure they receive the same level and quality of service as other people. We are also working with our contractors to ensure they are aware of their responsibilities.
- e) 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.
- f) 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.
- g) People with disabilities have the same opportunities as other people to obtain and maintain employment with the Shire of Sandstone.

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.

NB: This plan was reviewed and updated in October 2022

EMPLOYEE RENUMERATION

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

| Salary Range \$ | 2022 |
|------------------------|-------------|
| 140,000 – 149,999 | 1* |

NB: this figure relates to the cash component of the CEO's salary.

Under regulation 19B (9) of the *Local Government (Administration) regulation 1996* requires that the CEO's Total Remuneration Package be reported. During the 2021/2022 financial period the current CEO, Mr Charles Brown's total rewards package was made up of the following elements as provided by the Salaries & Wages Tribunal:

| | |
|------------------------------|----------------|
| Cash Component | 147,000 |
| Superannuation 10% | 14,700 |
| Council Superannuation 6% | 8,820 |
| Utilities (Contractual) | 3,000 |
| FBT (Contractual) | 8,500 |
| Communications (Contractual) | 2,000 |
| Total Rewards Package | 184,020 |

COMPLAINTS

There were no entries made that required recording in the complaints register under section 5.121 of the *Local Government Act 1996*.

NATIONAL STRATEGIC PLAN (NSP) FOR ASBESTOS AWARENESS AND MANAGEMENT 2019 - 2023

The NSP 2019-2023 is consistent with the Western Australian Government policy on occupational safety and health.

In November 2020, the Western Australian Government endorsed targets one to seven (targets eight and nine are federal targets) of the NSP 2019 -2023 which aims to eliminate asbestos-related diseases in Australia by preventing exposure to asbestos fibres.

Each State and Western Australian local government department, agency, authority, and government enterprise is required to report on its progress in achieving the relevant targets of the NSP 2019 – 2023.

During the year the Shire:

- Made provisions for a review of its Asbestos Register to identify and assess the risk associated with asbestos containing material within local government owned or controlled buildings, land, and infrastructure.
- Made provision to undertake staff awareness, including training, publication, and guidance material.

REPORTING TO THE STRATEGIC COMMUNITY PLAN

Integrated Planning was introduced in the Shire of Sandstone in 2012/2013 and comprises,

- Strategic Community Plan;
- Corporate Business Plan;
- Long Term Financial Plan;
- Asset Management Plan;
- Workforce Plan.

As part of the Integrated Planning process a full review of the Community Strategic Plan and associated plans was undertaken during the year. This has provided the opportunity for the broader community to review the previous document and make any changes that reflect the current time period.

A report to the progress of our community strategic plan is as follows.

SOCIAL

OBJECTIVE

A safe, welcoming, and resilient community.

1.1.1 SUPPORT FOR COMMUNITY EVENTS AND GROUPS

Council has continued to support community events and groups throughout the year.

A successfully arts show incorporating the wine and cheese night was held after a two-year break due to COVID 19.

Council also recently contracted “Evan Eyre’s” to perform to a lively audience.

Council staff are constantly on the lookout for events that could be attracted to Sandstone.

1.2.1 MAINTAIN AND IMPROVE HEALTH CARE FACILITIES AND SERVICES

Council has advocated for a tele-health service in the town of Sandstone.

Our latest talks proved hopeful with Council agreeing to supply a building and internet.

Council has also advocated to bring Meals on Wheels to some of our older community members and have recently enquired about Home & Community care (Gardening & Cleaning) for other.

1.2.2 MAINTAIN AND PROMOTE A SAFE COMMUNITY

1.2.3 SUPPORT AND PLAN FOR A HEALTHY, ACTIVE COMMUNITY

Council recently adopted a Public Health & Wellbeing plan.

ECONOMIC

OBJECTIVE

A prosperous and thriving economy.

2.1.1 PROVIDE QUALITY TOURISM FACILITIES, EVENTS, AND INFORMATION

Council maintains quality tourism facilities in the form of the Visitor's Centre, Caravan Park, also the heritage trail featuring the Old Brewery, London Bridge and the State Battery, along with numerous other tourist attraction, maintained by Council.

Recently Sandstone was the subject of a spot on the Channel 10 network, the Project, which was positive advertising for Sandstone.

2.2.1 SUPPORT LOCAL BUSINESS AND OPEN TO NEW LOCAL START UP INITIATIVES.

2.2.2 EXPLORE OPPORTUNITIES TO PARTNER WITH INDUSTRY FOR THE DEVELOPMENT OF THE DISTRICT

Council is open to any new development within the shire that is beneficial to the town and paints Sandstone in a positive light.

2.2.3 MAINTAIN KEY STAKEHOLDER AND INDUSTRY RELATIONSHIPS FOR THE BENEFIT OF SANDSTONE

This is done in conjunction with item 2.2.2

2.3.1 ENHANCE AND MAINTAIN OUR TRANSPORT NETWORK

Over the last 5 years Council has spent an average of \$2.033M on Roads Construction and Maintenance.

Council maintains a modern fleet of plant to assist with this.

2.3.2 ADVOCATE FOR ADEQUATE ROAD INFRASTRUCTURE

Council maintains a strong voice on the Regional Road Group for the Mid West and have used forums such as the Murchison Country Zone of WALGA to advocate for various matters.

ENVIRONMENT

OBJECTIVE

A natural and built environment, recognising our heritage for the benefit of present and future generations.

3.1.1 SUPPORT ENVIRONMENTAL DIVERSITY AND BIOSECURITY OF THE DISTRICT

Council is an active member of the Murchison Region Vermin Council, and our Pastoral elected members are active in the control of “Pest Plants” etc.

3.1.2 EFFECTIVE AND EFFICIENT RESOURCE UTILISATION

3.1.3 EFFICIENT AND EFFECTIVE WASTE MANAGEMENT

Council maintains a landfill site. We are the only Council (to our knowledge) that line the domestic and commercial mobile bins with a plastic bag that contains refuse in the bin and the landfill site and alleviates the problem of the foul-smelling bins over the summer periods.

3.2.1 MAINTAIN COMMUNITY AND HERITAGE INFRASTRUCTURE

As discussed in 2.1.1 Council maintains several heritage sites.

3.2.2 PROVIDE MULTI-PURPOSE COMMUNITY FACILITIES

Council is constantly looking at resources required in and around Sandstone and if any facilities Council be multi-purpose or co-habituated.

LEADERSHIP

OBJECTIVE

Strong governance and leadership

4.1.1 ENGAGE AND COMMUNICATE WITH THE ECONOMY.

Engagement takes place on an as needed basis. Council’s monthly publication also has a precise of the Council meeting and the Chief Executive Officer has an open-door policy.

4.1.2 STRONGLY ADVOCATE FOR THE SHIRE’S INTEREST.

Council always, whenever the chance arises advocate for issues in the Shire’s interest. There are several forums that this can be done as well as using our State and Federal Politicians.

4.2.1 PROVIDE APPROPRIATE SERVICES TO THE COMMUNITY IN A PROFESSIONAL AND EFFICIENT MANNER.

Council will always, whenever requested provide the appropriate service to the community as long as it is within legislation or Council’s policy.

ENVIRONMENTAL HEALTH / BUILDING

This annual report provides a summary of the main activities and duties carried out by the Council's Environmental Health /Building officer (EHO/BS) Mr Dave Hadden for the 2021/22 financial year.

BUILDING WORKS IN THE SHIRE OF SANDSTONE

Two building permits have been issued by myself to date being 2 steel sheds and 2 applications for the NGI Pipeline project.

The total Value of Building works to date is \$1,399,000.00 when last year it was \$13,093,720.00.

DEMOLITION LICENCES

There were Nil (0) demolition permit issued.

REPORTING OF BUILDING STATISTICS TO ABS

ABS reporting is now carried out by the Western Australian Building Commission on Council's behalf. The Building Commission have created a building data portal that local governments now use to record building permit data annually.

The building permit data system is now the central record keeper for building data state-wide with other government agencies accessing their data requirement directly from the new BPD system which reduces the Shire's responsibility to provide this data independently.

PRIVATE SWIMMING POOL INSPECTIONS.

Local Government is required under the Building Regulations 2012 to carry out compliance inspections of swimming pool barriers within each shire every four years. Currently there are four private swimming pools that the shire is aware of that have been inspected to date. The swimming pool barriers were eventually approved as compliant with one pending approval once removed or filled in. The next inspection period will be carried out in the 2022/2026 financial year.

ENVIRONMENTAL HEALTH

FOOD BUSINESSES

- Food premises within the shire are being monitored in accordance with the Food Act 2002.
- All are registered under the Food Act with the Community Kitchen and Hotel making up the 5 Registered Food Premises under the Food Act.

FOOD RECALLS

- Food recalls are many and varied annually but rarely affect food premises in the Shire of Sandstone. If a recall notice relates to products sold locally the recall advice is forwarded to relevant premises for advice.

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 has been closed and the license allowed to lapse as it has not received any recent disposals in the last couple of years while the management and administrative cost associated with compliance with the license conditions was increasing annually.
- Most small local authorities operate ponds under the 100 tonne threshold by restricting disposals at the ponds to shire or townsite only. If Council breaches the 100 tonne threshold DWER will require an environmental assessment of the facility through the license application process which will increase costs significantly.

NEW PUBLIC HEALTH ACT 2016

The new Public Health Act 2016 has come into force, but certain sections are yet to be activated. In the meantime, we now work with the new Act and specific sections of the old Public Health Act which is now referred to as the Heath (Miscellaneous Provisions) Act 1911 as amended.

The main sections we work with are contained within the Heath (Miscellaneous Provisions) Act 1911 such as Nuisance provisions and housing. Council engaged Mr. Lew Withers to prepare Councils Health Plan which has been completed and approved by Council. The Public Health Plan has since been forwarded to the Health Department of WA for lodgment and assessment and is now listed on the Departments website as an approved health plan.

SHIRE OF SANDSTONE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

A welcoming and friendly community recognising our rich heritage and embracing economic opportunity, whilst nurturing our natural and built environment

Principal place of business:
Hack Street
Sandstone WA 6639

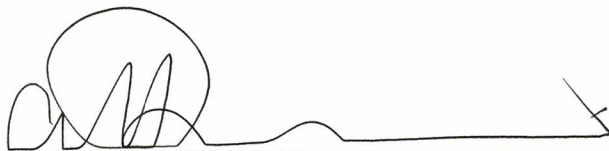
**SHIRE OF SANDSTONE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

***Local Government Act 1995
Local Government (Financial Management) Regulations 1996***

Statement By Chief Executive Officers

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

Signed on the First day of May 2023



Chief Executive Officer

Charles Brown

Name of Chief Executive Officer



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

| | NOTE | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------|------------------|--------------------|----------------|
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Rates | 22(a),2(a) | 1,189,230 | 1,144,180 | 1,101,137 |
| Operating grants, subsidies and contributions | 2(a) | 2,869,958 | 1,089,750 | 3,153,163 |
| Fees and charges | 21(b),2(a) | 560,955 | 318,180 | 203,045 |
| Interest earnings | 2(a) | 19,815 | 36,000 | 37,425 |
| Other revenue | 2(a) | 781,388 | 525,500 | 704,192 |
| | | 5,421,346 | 3,113,610 | 5,198,962 |
| Expenses | | | | |
| Employee costs | | (1,228,729) | (1,255,417) | (1,224,207) |
| Materials and contracts | | (1,641,226) | (1,719,943) | (2,410,866) |
| Utility charges | | (137,434) | (129,122) | (111,605) |
| Depreciation | 9(a) | (1,616,094) | (2,306,368) | (1,459,088) |
| Insurance | | (122,341) | (189,684) | (145,817) |
| Other expenditure | 2(b) | (109,684) | (86,050) | (105,789) |
| | | (4,855,508) | (5,686,584) | (5,457,372) |
| | | 565,838 | (2,572,974) | (258,410) |
| Capital grants, subsidies and contributions | 2(a) | 685,900 | 831,837 | 991,073 |
| Profit on asset disposals | 9(b) | 46,401 | 40,210 | 117,767 |
| Loss on asset disposals | 9(b) | 0 | (20,685) | 0 |
| Fair value adjustments to Financial Assets at fair value through profit or loss | | 2,855 | 0 | 0 |
| | | 735,156 | 851,362 | 1,108,840 |
| Net result for the period | 21(b) | 1,300,994 | (1,721,612) | 850,430 |
| Other comprehensive income for the period | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 13 | 6,924,404 | 0 | 0 |
| Total other comprehensive income for the period | 13 | 6,924,404 | 0 | 0 |
| Total comprehensive income for the period | | 8,225,398 | (1,721,612) | 850,430 |

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



SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 8,177,237 | 6,787,664 |
| Trade and other receivables | 5 | 68,996 | 41,801 |
| Inventories | 6 | 305,705 | 134,964 |
| TOTAL CURRENT ASSETS | | 8,551,938 | 6,964,429 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4(a) | 20,372 | 17,517 |
| Property, plant and equipment | 7 | 9,458,243 | 8,187,829 |
| Infrastructure | 8 | 45,742,133 | 39,718,887 |
| TOTAL NON-CURRENT ASSETS | | 55,220,748 | 47,924,233 |
| TOTAL ASSETS | | 63,772,686 | 54,888,662 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 494,970 | 278,276 |
| Other liabilities | 11 | 502,688 | 98,614 |
| Employee related provisions | 12 | 120,684 | 110,775 |
| TOTAL CURRENT LIABILITIES | | 1,118,342 | 487,665 |
| NON-CURRENT LIABILITIES | | | |
| Employee related provisions | 12 | 91,323 | 63,374 |
| TOTAL NON-CURRENT LIABILITIES | | 91,323 | 63,374 |
| TOTAL LIABILITIES | | 1,209,665 | 551,039 |
| NET ASSETS | | 62,563,021 | 54,337,623 |
| EQUITY | | | |
| Retained surplus | | 37,113,115 | 35,723,978 |
| Reserve accounts | 24 | 4,933,489 | 5,021,632 |
| Revaluation surplus | 13 | 20,516,417 | 13,592,013 |
| TOTAL EQUITY | | 62,563,021 | 54,337,623 |

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



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

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 35,953,858 | 3,941,322 | 13,592,013 | 53,487,193 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 850,430 | 0 | 0 | 850,430 |
| Total comprehensive income for the period | | 850,430 | 0 | 0 | 850,430 |
| Transfers to reserves | 24 | (1,080,310) | 1,080,310 | 0 | 0 |
| Balance as at 30 June 2021 | | 35,723,978 | 5,021,632 | 13,592,013 | 54,337,623 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 1,300,994 | 0 | 0 | 1,300,994 |
| Other comprehensive income for the period | 13 | 0 | 0 | 6,924,404 | 6,924,404 |
| Total comprehensive income for the period | | 1,300,994 | 0 | 6,924,404 | 8,225,398 |
| Transfers from reserves | 24 | 570,469 | (570,469) | 0 | 0 |
| Transfers to reserves | 24 | (482,326) | 482,326 | 0 | 0 |
| Balance as at 30 June 2022 | | 37,113,115 | 4,933,489 | 20,516,417 | 62,563,021 |

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



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

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 1,181,304 | 1,144,180 | 1,127,961 |
| Operating grants, subsidies and contributions | | 3,261,743 | 1,089,750 | 3,248,148 |
| Fees and charges | | 560,955 | 318,180 | 203,045 |
| Interest received | | 19,815 | 36,000 | 37,425 |
| Goods and services tax received | | 193,311 | 0 | 352,956 |
| Other revenue | | 781,388 | 525,500 | 704,192 |
| | | 5,998,516 | 3,113,610 | 5,673,727 |
| Payments | | | | |
| Employee costs | | (1,251,398) | (1,255,417) | (1,272,727) |
| Materials and contracts | | (1,523,108) | (1,726,471) | (2,301,181) |
| Utility charges | | (137,434) | (129,122) | (111,605) |
| Insurance paid | | (122,341) | (189,684) | (145,817) |
| Goods and services tax paid | | (211,924) | 0 | (326,869) |
| Other expenditure | | (109,685) | (86,050) | (105,789) |
| | | (3,355,890) | (3,386,744) | (4,263,988) |
| Net cash provided by (used in) operating activities | 14(b) | 2,642,619 | (273,134) | 1,409,739 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 7(a) | (860,626) | (866,860) | (596,222) |
| Payments for construction of infrastructure | 8(a) | (1,231,143) | (1,356,252) | (1,487,484) |
| Non-operating grants, subsidies and contributions | | 685,900 | 831,837 | 991,073 |
| Proceeds from financial assets at amortised cost | | 0 | 0 | 1,320,723 |
| Proceeds from sale of property, plant & equipment | 9(b) | 152,823 | 195,000 | 259,913 |
| Proceeds from sale of infrastructure | | 0 | 235,000 | 0 |
| Net cash provided by (used in) investing activities | | (1,253,046) | (961,275) | 488,003 |
| Net increase (decrease) in cash held | | 1,389,573 | (1,234,409) | 1,897,742 |
| Cash at beginning of year | | 6,787,664 | 1,759,732 | 4,889,922 |
| Cash and cash equivalents at the end of the year | 14(a) | 8,177,237 | 525,323 | 6,787,664 |

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



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

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 23(b) | 1,551,874 | 1,555,849 | 2,314,485 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Operating grants, subsidies and contributions | | 2,869,958 | 1,089,750 | 3,153,162 |
| Fees and charges | | 560,955 | 318,180 | 203,046 |
| Interest earnings | | 19,815 | 36,000 | 37,425 |
| Other revenue | | 781,388 | 525,500 | 704,192 |
| Profit on asset disposals | 9(b) | 46,401 | 40,210 | 117,767 |
| Fair value adjustments to investment property | | 2,855 | 0 | 0 |
| | | 4,281,372 | 2,009,640 | 4,215,592 |
| Expenditure from operating activities | | | | |
| Employee costs | | (1,228,729) | (1,255,417) | (1,224,207) |
| Materials and contracts | | (1,641,226) | (1,719,943) | (2,410,866) |
| Utility charges | | (137,434) | (129,122) | (111,605) |
| Depreciation | | (1,616,094) | (2,306,368) | (1,459,088) |
| Insurance | | (122,341) | (189,684) | (145,817) |
| Other expenditure | | (109,684) | (86,050) | (105,789) |
| Loss on asset disposals | 9(b) | 0 | (20,685) | 0 |
| | | (4,855,508) | (5,707,269) | (5,457,372) |
| Non-cash amounts excluded from operating activities | 23(a) | 1,594,787 | 2,190,099 | 1,291,064 |
| Amount attributable to operating activities | | 2,572,525 | 48,319 | 2,363,769 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 685,900 | 831,837 | 991,073 |
| Proceeds from disposal of assets | 9(b) | 152,823 | 195,000 | 259,913 |
| Purchase of property, plant and equipment | 7(a) | (860,626) | (866,860) | (596,222) |
| Purchase and construction of infrastructure | 8(a) | (1,231,143) | (1,356,252) | (1,487,484) |
| | | (1,253,046) | (1,196,275) | (832,720) |
| Amount attributable to investing activities | | (1,253,046) | (1,196,275) | (832,720) |
| FINANCING ACTIVITIES | | | | |
| Transfers to reserves (restricted assets) | 24 | (482,326) | (489,696) | (1,080,310) |
| Transfers from reserves (restricted assets) | 24 | 570,469 | 500,000 | 0 |
| Amount attributable to financing activities | | 88,143 | 10,304 | (1,080,310) |
| Surplus/(deficit) before imposition of general rates | | 1,407,622 | (1,137,652) | 450,739 |
| Total amount raised from general rates | 22(a) | 1,189,230 | 1,144,180 | 1,101,137 |
| Surplus/(deficit) after imposition of general rates | 23(b) | 2,596,858 | 6,528 | 1,551,871 |

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



**SHIRE OF SANDSTONE
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT**

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Timing of revenue recognition |
|---|--|--------------------------------------|---|---|--|
| Rates | General Rates | Over time | Payment dates adopted by Council during the year | None | When rates notice is issued |
| Grants, subsidies or contributions for the construction of non financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the LG | Over time | Fixed terms transfer of funds based on milestones and reporting | Contract obligation if project not complete | Output methods based on project milestones and/or completion date matched to performance obligations as input are shared |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitments | No obligations | Not Applicable | Not Applicable | When assets are controlled |
| Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | On payment and issue of the licence, registration or approval |
| Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | After inspection complete based on a 4 year cycle |
| Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Revenue recognised after inspection event occurs |
| Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | On entry or at conclusion of hire |
| Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Output method based on provision of service or completion of works |
| Sale of stock | Fuel and visitor centre stock | Single point in time | In full at time of sale | Refund for faulty goods | Output method based on goods |
| Commissions | Commissions on licencing | Over time | Payment in full on sale | None | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | When claim is agreed |

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

Revenue Recognition

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

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 1,189,230 | 0 | 1,189,230 |
| Operating grants, subsidies and contributions | 131,684 | 0 | 0 | 2,738,274 | 2,869,958 |
| Fees and charges | 560,955 | 0 | 0 | 0 | 560,955 |
| Interest earnings | 0 | 0 | 19,815 | 0 | 19,815 |
| Other revenue | 781,388 | 0 | 0 | 0 | 781,388 |
| Non-operating grants, subsidies and contributions | 0 | 685,900 | 0 | 0 | 685,900 |
| Total | 1,474,027 | 685,900 | 1,209,045 | 2,738,274 | 6,107,246 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 1,101,137 | 0 | 1,101,137 |
| Operating grants, subsidies and contributions | 0 | 0 | 0 | 3,153,163 | 3,153,163 |
| Fees and charges | 203,045 | 0 | 0 | 0 | 203,045 |
| Interest earnings | 0 | 0 | 37,425 | 0 | 37,425 |
| Other revenue | 704,192 | 0 | 0 | 0 | 704,192 |
| Non-operating grants, subsidies and contributions | 0 | 991,073 | 0 | 0 | 991,073 |
| Total | 907,237 | 991,073 | 1,138,562 | 3,153,163 | 6,190,035 |

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

2. REVENUE AND EXPENSES (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| Interest earnings | | | |
| Interest on reserve funds | 12,625 | 20,000 | 22,921 |
| Rates instalment and penalty interest (refer Note 22(c)) | 5,015 | 8,500 | 8,350 |
| Other interest earnings | 2,175 | 7,500 | 6,154 |
| | 19,815 | 36,000 | 37,425 |
| (b) Expenses | | | |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 41,600 | 45,000 | 44,149 |
| | 41,600 | 45,000 | 44,149 |
| Other expenditure | | | |
| Sundry expenses | 109,684 | 86,050 | 105,789 |
| | 109,684 | 86,050 | 105,789 |

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

3. CASH AND CASH EQUIVALENTS

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

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

| Note | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 1,354,260 | 961,148 |
| | 6,822,977 | 5,826,516 |
| 14(a) | 8,177,237 | 6,787,664 |
| | | |
| | 2,741,060 | 1,667,418 |
| 14(a) | 5,436,177 | 5,120,246 |
| | 8,177,237 | 6,787,664 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the Shire due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 14.

4. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit & loss

Units in Local Government House Trust

| 2022 | 2021 |
|--------|--------|
| \$ | \$ |
| 20,372 | 17,517 |
| 20,372 | 17,517 |
| | |
| 20,372 | 17,517 |
| 20,372 | 17,517 |

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature.

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 18.

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

5. TRADE AND OTHER RECEIVABLES

Current

| Note | 2022 | 2021 |
|-----------------------------|--------|--------|
| | \$ | \$ |
| Rates receivable | 29,961 | 33,668 |
| Trade and other receivables | 20,240 | 8,133 |
| GST receivable | 18,613 | 0 |
| Payroll costs overpaid | 182 | 0 |
| | 68,996 | 41,801 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 18.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

| Note | 2022 | 2021 |
|--------------------|---------|---------|
| | \$ | \$ |
| Fuel and materials | 305,705 | 134,964 |
| | 305,705 | 134,964 |

The following movements in inventories occurred during the year:

| | | |
|--------------------------------------|-----------|-----------|
| Balance at beginning of year | 134,964 | 123,884 |
| Inventories expensed during the year | (240,309) | (183,581) |
| Additions to inventory | 411,050 | 194,661 |
| Balance at end of year | 305,705 | 134,964 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| Note | Land | Buildings - specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|--|----------|-------------------------|--------------------------|-------------------------|---------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 458,300 | 5,387,988 | 5,846,288 | 36,867 | 2,720,644 | 8,603,799 |
| Additions | 22,583 | 130,056 | 152,639 | 0 | 443,583 | 596,222 |
| Disposals | (50,000) | (34,665) | (84,665) | 0 | (57,481) | (142,146) |
| Depreciation | 0 | (289,589) | (289,589) | (9,083) | (571,374) | (870,046) |
| Balance at 30 June 2021 | 430,883 | 5,193,790 | 5,624,673 | 27,784 | 2,535,371 | 8,187,829 |
| Comprises: | | | | | | |
| Gross balance amount at 30 June 2021 | 430,883 | 6,280,946 | 6,711,829 | 597,612 | 4,709,518 | 12,018,959 |
| Accumulated depreciation at 30 June 2021 | 0 | (1,087,156) | (1,087,156) | (569,828) | (2,174,146) | (3,831,130) |
| Balance at 30 June 2021 | 430,883 | 5,193,790 | 5,624,673 | 27,784 | 2,535,372 | 8,187,829 |
| Additions | 10,000 | 278,590 | 288,590 | 0 | 572,036 | 860,626 |
| Disposals | (20,000) | (51,303) | (71,303) | 0 | (35,119) | (106,422) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 1,117 | 1,385,233 | 1,386,350 | 0 | 0 | 1,386,350 |
| Depreciation | 0 | (279,840) | (279,840) | (8,082) | (582,218) | (870,140) |
| Balance at 30 June 2022 | 422,000 | 6,526,470 | 6,948,470 | 19,702 | 2,490,071 | 9,458,243 |
| Comprises: | | | | | | |
| Gross balance amount at 30 June 2022 | 422,000 | 6,526,470 | 6,948,470 | 597,612 | 5,211,554 | 12,757,636 |
| Accumulated depreciation at 30 June 2022 | 0 | 0 | 0 | (577,910) | (2,721,483) | (3,299,393) |
| Balance at 30 June 2022 | 422,000 | 6,526,470 | 6,948,470 | 19,702 | 2,490,071 | 9,458,243 |

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---------------------------|-----------------------------|--|-------------------------------|-------------------------------|---|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | 2 | Market Approach using recent observable market data for similar properties / income approach using discounted cashflow methodology | Independent Registered Valuer | June 2022 | Price per Hectare / Market Borrowing Rate |
| Buildings - specialised | 2 & 3 | Improvements to land valued using cost approach using depreciated replacement cost (Gross Valuation Method) | Independent Registered Valuer | June 2022 | Improvements to land using construction cost and current condition, residual values and remaining usefull life. |

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 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

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

| Note | Infrastructure - roads | Other infrastructure Footpaths | Other infrastructure Airports | Other infrastructure Parks & Gardens | Other infrastructure Other | Total Infrastructure |
|--|---------------------------|--------------------------------------|-------------------------------------|--|----------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 36,803,492 | 75,711 | 697,798 | 899,253 | 344,190 | 38,820,444 |
| Additions | 1,362,002 | 0 | 0 | 113,977 | 11,505 | 1,487,484 |
| Depreciation | (409,865) | (3,866) | (31,589) | (110,777) | (32,945) | (589,042) |
| Balance at 30 June 2021 | 37,755,629 | 71,845 | 666,209 | 902,453 | 322,750 | 39,718,887 |
| Comprises: | | | | | | |
| Gross balance at 30 June 2021 | 47,719,330 | 131,807 | 759,489 | 1,226,640 | 412,737 | 50,250,003 |
| Accumulated depreciation at 30 June 2021 | (9,963,701) | (59,962) | (93,280) | (324,187) | (89,987) | (10,531,117) |
| Balance at 30 June 2021 | 37,755,629 | 71,845 | 666,209 | 902,453 | 322,750 | 39,718,887 |
| Additions | 1,169,616 | 0 | 0 | 61,527 | 0 | 1,231,143 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 5,205,864 | 82,149 | (10,420) | (45,661) | 306,122 | 5,538,058 |
| Depreciation | (556,554) | (3,770) | (31,589) | (120,329) | (33,712) | (745,954) |
| Balance at 30 June 2022 | 43,574,555 | 150,224 | 624,200 | 797,990 | 595,160 | 45,742,133 |
| Comprises: | | | | | | |
| Gross balance at 30 June 2022 | 43,574,559 | 150,224 | 624,200 | 797,990 | 600,432 | 45,747,405 |
| Accumulated depreciation at 30 June 2022 | 0 | 0 | 0 | 0 | (5,272) | (5,272) |
| Balance at 30 June 2022 | 43,574,559 | 150,224 | 624,200 | 797,990 | 595,160 | 45,742,133 |

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|-----------------------------|---|---------------------------|-------------------------------|--|
| (i) Fair Value | | | | | |
| Infrastructure - roads | 3 | Cost approach using depreciated replacement cost (Gross Valuation Method) | Management Valuation | June 2022 | Construction costs and current conditions, residual values ad remaining useful life assessments inputs |
| Other infrastructure Footpaths | 3 | Cost approach using depreciated replacement cost (Gross Valuation Method) | Management Valuation | June 2022 | Construction costs and current conditions, residual values ad remaining useful life assessments inputs |
| Other infrastructure Airports | 3 | Cost approach using depreciated replacement cost (Gross Valuation Method) | Management Valuation | June 2022 | Construction costs and current conditions, residual values ad remaining useful life assessments inputs |
| Other infrastructure Parks & Gardens | 3 | Cost approach using depreciated replacement cost (Gross Valuation Method) | Management Valuation | June 2022 | Construction costs and current conditions, residual values ad remaining useful life assessments inputs |
| Other infrastructure Other | 3 | Cost approach using depreciated replacement cost (Gross Valuation Method) | Management Valuation | June 2022 | Construction costs and current conditions, residual values ad remaining useful life assessments inputs |

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

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

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

9. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--------------------------------------|------|----------------------|----------------------|----------------------|
| Buildings - specialised | 7(a) | 279,840 | 368,516 | 289,589 |
| Furniture and equipment | 7(a) | 8,082 | 4,120 | 9,083 |
| Plant and equipment | 7(a) | 582,218 | 580,095 | 571,374 |
| Infrastructure - roads | 8(a) | 556,554 | 1,253,459 | 409,865 |
| Other infrastructure Footpaths | 8(a) | 3,770 | 3,846 | 3,866 |
| Other infrastructure Airports | 8(a) | 31,589 | 31,618 | 31,589 |
| Other infrastructure Parks & Gardens | 8(a) | 120,329 | 33,742 | 110,777 |
| Other infrastructure Other | 8(a) | 33,712 | 30,972 | 32,945 |
| | | 1,616,094 | 2,306,368 | 1,459,088 |

Depreciation rates

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

| Asset Class | Useful life |
|--|-----------------|
| Buildings | 20 to 60 years |
| Furniture and equipment | 4 to 10 years |
| Plant and equipment | 5 to 15 years |
| Sealed roads and streets formation pavement seal | not depreciated |
| - bituminous seals | 40 years |
| - asphalt surfaces | 20 years |
| Gravel roads formation pavement | not depreciated |
| Footpaths - slab | 16 to 22 years |
| Infrastructure other | 40 years |
| Footpaths - slab | 5-40 years |
| Parks and ovals | 40 years |
| Airport | 5 - 40 years |
| | 30 years |

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

9. FIXED ASSETS (Continued)

(b) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|-------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Land - freehold land | \$ 20,000 | \$ 20,000 | \$ 0 | \$ 0 | \$ 10,000 | \$ 10,000 | \$ 0 | \$ 0 | \$ 50,000 | \$ 50,000 | \$ 0 | \$ 0 |
| Buildings - specialised | 51,303 | 65,550 | 14,247 | 0 | 52,528 | 55,000 | 2,472 | 0 | 34,665 | 39,500 | 4,835 | 0 |
| Plant and equipment | 35,119 | 67,273 | 32,154 | 0 | 112,947 | 130,000 | 37,738 | (20,685) | 57,481 | 170,413 | 112,932 | 0 |
| | 106,422 | 152,823 | 46,401 | 0 | 175,475 | 195,000 | 40,210 | (20,685) | 142,146 | 259,913 | 117,767 | 0 |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Housing | | | | |
| Lot 527 Hack Street | 51,303 | 65,550 | 14,247 | 0 |
| Transport | | | | |
| Haulmore Side Tipper | 35,119 | 67,273 | 32,154 | 0 |
| | 86,422 | 132,823 | 46,401 | 0 |
| Land | | | | |
| Other Property and Services | | | | |
| Lot 257 Thaduna Street | 10,000 | 10,000 | 0 | 0 |
| Lot 527 Hack Street | 10,000 | 10,000 | 0 | 0 |
| | 20,000 | 20,000 | 0 | 0 |
| | 106,422 | 152,823 | 46,401 | 0 |

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

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
ATO liabilities
Bonds and deposits held
Accrued Creditors
Accrued wages

| | 2022 | 2021 |
|--|---------|---------|
| | \$ | \$ |
| | 435,665 | 171,409 |
| | 3,228 | 14,861 |
| | 0 | 16,570 |
| | 41,033 | 6,300 |
| | 0 | 43,958 |
| | 15,044 | 25,177 |
| | 494,970 | 278,276 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

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

11. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

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

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

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

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Contract liabilities | 502,688 | 98,614 |
| | 502,688 | 98,614 |
| Opening balance | 98,614 | 0 |
| Additions | 502,688 | 98,614 |
| Revenue from contracts with customers included as a contract liability at the start of the period | (98,614) | 0 |
| | 502,688 | 98,614 |

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

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

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| | 102,791 | 98,533 |
| | 17,893 | 12,242 |
| | <u>120,684</u> | <u>110,775</u> |
| | 91,323 | 63,374 |
| | <u>91,323</u> | <u>63,374</u> |
| | <u>212,007</u> | <u>174,149</u> |

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

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

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

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

More than 12 months from reporting date

| Note | 2022 | 2021 |
|------|----------------|----------------|
| | \$ | \$ |
| | 77,509 | 88,123 |
| | 43,175 | 21,056 |
| | <u>91,323</u> | <u>64,970</u> |
| | <u>212,007</u> | <u>174,149</u> |

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

13. REVALUATION SURPLUS

| | 2022 Opening Balance | 2022 Revaluation Increment | 2022 Revaluation (Decrement) | Total Movement on Revaluation | 2022 Closing Balance | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Closing Balance |
|--|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - freehold land | 269,022 | 1,117 | 0 | 1,117 | 270,139 | 269,022 | 0 | 269,022 |
| Revaluation surplus - Buildings - specialised | 1,437,726 | 1,385,233 | 0 | 1,385,233 | 2,822,959 | 1,437,725 | 0 | 1,437,726 |
| Revaluation surplus - Furniture and equipment | 9,111 | 0 | 0 | 0 | 9,111 | 9,111 | 0 | 9,111 |
| Revaluation surplus - Infrastructure - roads | 10,319,105 | 5,205,860 | 0 | 5,205,860 | 15,524,965 | 10,319,105 | 0 | 10,319,105 |
| Revaluation surplus - Other infrastructure Footpaths | 0 | 82,149 | 0 | 82,149 | 82,149 | 0 | 0 | 0 |
| Revaluation surplus - Other infrastructure Airports | 737,481 | 0 | (10,420) | (10,420) | 727,061 | 737,481 | 0 | 737,481 |
| Revaluation surplus - Other infrastructure Parks & Gardens | 611,718 | 0 | (45,661) | (45,661) | 566,057 | 611,719 | 0 | 611,718 |
| Revaluation surplus - Other infrastructure Other | 207,850 | 306,122 | 0 | 306,122 | 513,972 | 207,849 | 0 | 207,850 |
| | 13,592,013 | 6,980,481 | (56,081) | 6,924,407 | 20,516,413 | 13,592,012 | 0 | 13,592,013 |

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---------------------------|------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 8,177,237 | 525,323 | 6,787,664 |

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

| | | | | |
|-----------------------------|---|------------------|------------------|------------------|
| - Cash and cash equivalents | 3 | 5,436,177 | 5,109,942 | 5,120,246 |
| | | <u>5,436,177</u> | <u>5,109,942</u> | <u>5,120,246</u> |

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

| | | | | |
|--|-------|------------------|------------------|------------------|
| Restricted reserve accounts | 24 | 4,933,489 | 5,011,328 | 5,021,632 |
| Contract Liability | 23(a) | 502,688 | 98,614 | 98,614 |
| Total restricted financial assets | | <u>5,436,177</u> | <u>5,109,942</u> | <u>5,120,246</u> |

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

| | | | | |
|---|--|------------------|------------------|------------------|
| Net result | | 1,300,994 | (1,721,612) | 850,430 |
| Non-cash items: | | | | |
| Depreciation/amortisation | | 1,616,094 | 2,306,368 | 1,459,088 |
| (Profit)/loss on sale of asset | | (46,401) | (19,525) | (117,767) |
| Adjustment to fair value of financial assets at fair value through profit or loss | | (2,855) | 0 | 0 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | (27,195) | 0 | 34,418 |
| (Increase)/decrease in inventories | | (170,741) | 0 | (11,080) |
| Increase/(decrease) in trade and other payables | | 216,691 | 0 | 123,335 |
| Increase/(decrease) in employee related provisions | | 37,858 | 0 | (36,226) |
| Increase/(decrease) in other liabilities | | 404,074 | 0 | 98,614 |
| Non-operating grants, subsidies and contributions | | (685,900) | 831,837 | (991,073) |
| Net cash provided by/(used in) operating activities | | <u>2,642,619</u> | <u>1,397,068</u> | <u>1,409,739</u> |

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

| | | | | |
|--------------------------------------|--|---------------|--|---------------|
| Bank overdraft limit | | 0 | | 0 |
| Bank overdraft at balance date | | 0 | | 0 |
| Credit card limit | | 40,000 | | 20,000 |
| Credit card balance at balance date | | (4,154) | | 0 |
| Total amount of credit unused | | <u>35,846</u> | | <u>20,000</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> |

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. CONTINGENT LIABILITIES

The Shire of Sandstone has in compliance with the Contaminated Sites Act 2003 S11 listed a site to be a possible source of contamination;

- Sandstone Refuse Site.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and degree with the Department of Water and Environmental Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities from potentially contaminated site.

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 Department of Water and Environmental Regulation guidelines.

16. CAPITAL COMMITMENTS

The Shire has no Capital Commitments as at 30 June 2022 (2021 Nil)

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

17. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

| Note | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Councillor Walton | | | |
| President's annual allowance | 3,500 | 3,500 | 3,500 |
| Meeting attendance fees | 5,400 | 4,625 | 5,080 |
| Annual allowance for travel and accommodation expenses | 500 | 500 | 500 |
| | 9,400 | 8,625 | 9,080 |
| Councillor Hodshon | | | |
| Deputy President's annual allowance | 875 | 875 | 875 |
| Meeting attendance fees | 2,225 | 2,425 | 1,985 |
| ICT expenses | 500 | 500 | 500 |
| Travel and accommodation expenses | 1,021 | 1,625 | 1,077 |
| | 4,621 | 5,425 | 4,437 |
| Councillor Lefroy | | | |
| Meeting attendance fees | 2,625 | 2,425 | 2,335 |
| Annual allowance for ICT expenses | 500 | 500 | 500 |
| Travel and accommodation expenses | 2,100 | 0 | 2,100 |
| | 5,225 | 2,925 | 4,935 |
| Councillor McQuie | | | |
| Meeting attendance fees | 1,675 | 2,425 | 2,570 |
| Annual allowance for ICT expenses | 500 | 500 | 500 |
| Travel and accommodation expenses | 1,497 | 0 | 2,495 |
| | 3,672 | 2,925 | 5,565 |
| Councillor Allison | | | |
| Meeting attendance fees | 1,350 | 1,550 | 0 |
| Annual allowance for ICT expenses | 291 | 375 | 0 |
| | 1,641 | 1,925 | 0 |
| Councillor Key | | | |
| Meeting attendance fees | 1,750 | 2,425 | 2,160 |
| Annual allowance for ICT expenses | 458 | 500 | 500 |
| Travel and accommodation expenses | 1,337 | 0 | 1,188 |
| | 3,545 | 2,925 | 3,848 |
| Councillor May | | | |
| Meeting attendance fees | 875 | 875 | 2,570 |
| Annual allowance for ICT expenses | 125 | 125 | 500 |
| | 1,000 | 1,000 | 3,070 |
| | 29,104 | 25,750 | 30,935 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | 2022 Actual | 2022 Budget | 2021 Actual |
| | \$ | \$ | \$ |
| President's annual allowance | 3,500 | 3,500 | 3,500 |
| Deputy President's annual allowance | 875 | 875 | 875 |
| Meeting attendance fees | 15,900 | 16,750 | 16,700 |
| ICT expenses | 500 | 500 | 500 |
| Annual allowance for ICT expenses | 1,874 | 2,000 | 2,000 |
| Travel and accommodation expenses | 5,955 | 1,625 | 6,860 |
| Annual allowance for travel and accommodation expenses | 500 | 500 | 500 |
| 17(b) | 29,104 | 25,750 | 30,935 |

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

16 RELATED PARTY TRANSACTIONS (Continued)

(b) Key Management Personnel (KMP) Compensation

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

| | 2022 Actual | 2021 Actual |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 301,234 | 208,418 |
| Post-employment benefits | 47,259 | 23,703 |
| Employee - other long-term benefits | 33,541 | 19,183 |
| Council member costs | 29,104 | 30,935 |
| 17(a) | 411,138 | 282,239 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

(c) Transactions with related parties

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

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

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

| | 2022 Actual | 2021 Actual |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Purchase of goods and services | 8,236 | 107,371 |

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

18. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate % | Carrying Amounts \$ | Fixed Interest Rate \$ | Variable Interest Rate \$ | Non Interest Bearing \$ |
|---------------------------|--|-----------------------------------|--------------------------------------|---|---------------------------------------|
| 2022 | | | | | |
| Cash and cash equivalents | 0.02% | 8,177,237 | 6,822,977 | 520,396 | 833,865 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.55% | 6,787,664 | 5,826,516 | 520,136 | 441,012 |

Sensitivity

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

| | 2022 | 2021 |
|--|-------------|-------------|
| Impact of a 1% movement in interest rates on profit and loss and equity* | \$ 5,204 | \$ 5,201 |

* Holding all other variables constant

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

18. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|--------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0% | |
| Gross carrying amount | 16,798 | 12,438 | 725 | 0 | 29,961 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 10,070 | 22,942 | 656 | 0 | 33,668 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

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

| | Less than 1 year past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total | |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|--------|---|
| 30 June 2022 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 17,948 | 379 | 110 | 1,803 | 20,240 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 6,330 | 0 | 1,803 | 0 | 8,133 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

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

(b) Credit risk

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

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

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

18. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <u>2022</u> | | | | | |
| Trade and other payables | 491,742 | 0 | 0 | 491,742 | 494,970 |
| | 491,742 | 0 | 0 | 491,742 | 494,970 |
| <u>2021</u> | | | | | |
| Trade and other payables | 246,841 | 0 | 0 | 246,841 | 278,276 |
| | 246,841 | 0 | 0 | 246,841 | 278,276 |

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

19. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire did not have any events occurring after the reporting date that have a significant effect on the financial statements.

20. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

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

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

| Objective | Description |
|---|---|
| <p>Governance To Provide a decision making process for the efficient allocation of Scarce resources</p> | Includes the activities of members, council and the administrative support available to the council for the provision of governance of the district. Other costs related to the task of assisting elected members and ratepayers on matters which do not concern specific council services. |
| <p>General purpose funding To collect revenue to allow for the provision of</p> | Rates, general purpose grants and interest revenue |
| <p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community</p> | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. |
| <p>Health To provide an operational framework for environmental and community health</p> | Inspection of food outlets and their control, provision of meat inspection service, noise control and waste disposal compliance. |
| <p>Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.</p> | Maintenance of child minding centre, playground centre, senior citizens centre and aged care centre. Provision and maintenance of home and community care programs and youth services. |
| <p>Housing To provide and maintain elderly residents</p> | Provision and maintenance of elderly residential housing. |
| <p>Community amenities To provide services required by the community</p> | Rubbish Collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban stormwater drains, protection of the environment and administration of town planning scheme, cemetery and public conveniences. |
| <p>Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well-being of the community.</p> | Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities. |
| <p>Transport To provide safe, efficient transport services to the community.</p> | 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. |
| <p>Economic services To help promote the Shire and its economic well being</p> | 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. |
| <p>Other property and services To monitor and control the Shire's overheads operating account.</p> | Private works operations, plant repairs and operation costs and engineering operating costs. |

SHIRE OF SANDSTONE
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FOR THE YEAR ENDED 30 JUNE 2022

21. FUNCTION AND ACTIVITY

(b) Income and expenses

| | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| General purpose funding | 1,212,190 | 1,185,380 | 1,142,166 |
| Law, order, public safety | 160 | 550 | 330 |
| Health | 0 | 0 | 327 |
| Housing | 14,407 | 2,472 | 4,835 |
| Community amenities | 14,299 | 10,180 | 10,382 |
| Recreation and culture | 184,901 | 150,750 | 20,931 |
| Transport | 32,154 | 35,496 | 119,181 |
| Economic services | 826,158 | 629,500 | 754,725 |
| Other property and services | 316,375 | 49,742 | 110,690 |
| | 2,600,644 | 2,064,070 | 2,163,567 |
| Grants, subsidies and contributions | | | |
| Governance | 0 | 0 | 1,000 |
| General purpose funding | 2,738,274 | 950,305 | 2,003,260 |
| Law, order, public safety | 12,389 | 11,970 | 10,738 |
| Housing | 0 | 0 | 1,008 |
| Recreation and culture | 71,331 | 0 | 0 |
| Transport | 706,671 | 959,062 | 2,114,483 |
| Economic services | 26,284 | 0 | 0 |
| Other property and services | 909 | 250 | 13,747 |
| | 3,555,858 | 1,921,587 | 4,144,236 |
| Total Income | 6,156,502 | 3,985,657 | 6,307,803 |
| Expenses | | | |
| Governance | (223,100) | (307,133) | (179,410) |
| General purpose funding | (150,783) | (151,768) | (122,721) |
| Law, order, public safety | (149,617) | (187,117) | (153,911) |
| Health | (31,617) | (41,427) | (28,028) |
| Housing | (230) | 99,802 | (8,964) |
| Community amenities | (170,550) | (187,539) | (160,358) |
| Recreation and culture | (446,212) | (519,906) | (439,562) |
| Transport | (2,079,026) | (2,812,513) | (2,946,977) |
| Economic services | (1,325,744) | (1,286,079) | (1,311,417) |
| Other property and services | (278,629) | (313,589) | (106,024) |
| Total expenses | (4,855,508) | (5,707,269) | (5,457,372) |
| Net result for the period | 1,300,994 | (1,721,612) | 850,434 |

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

21 FUNCTION AND ACTIVITY (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| (b) Fees and Charges | | | |
| General purpose funding | 2,799 | 3,200 | 3,219 |
| Law, order, public safety | 160 | 550 | 330 |
| Health | 0 | 0 | 327 |
| Community amenities | 9,299 | 10,180 | 10,382 |
| Recreation and culture | 184,900 | 150,750 | 20,931 |
| Economic services | 206,396 | 150,000 | 160,168 |
| Other property and services | 157,401 | 3,500 | 7,689 |
| | 560,955 | 318,180 | 203,045 |
| | | | |
| (c) Total Assets | | | |
| Law, order, public safety | 48,690 | 39,660 | |
| Housing | 2,185,800 | 1,500,788 | |
| Community amenities | 22,567 | 17,105 | |
| Recreation and culture | 2,402,147 | 1,980,054 | |
| Transport | 45,383,369 | 38,837,771 | |
| Economic services | 698,868 | 592,297 | |
| Other property and services | 4,458,933 | 4,468,686 | |
| Unallocated | 8,572,312 | 7,452,301 | |
| | 63,772,686 | 54,888,662 | |

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

22. RATING INFORMATION

(a) General Rates

| RATE TYPE | | | 2021/22 Actual Rateable Value * | 2021/22 Actual Rate Revenue | 2021/22 Actual Interim Rates | 2021/22 Actual Back Rates | 2021/22 Actual Total Revenue | 2021/22 Budget Rate Revenue | 2021/22 Budget Interim Rate | 2021/22 Budget Back Rate | 2021/22 Budget Total Revenue | 2020/21 Actual Total Revenue | |
|--|--------------------|-------------------|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|-----------|
| Rate Description | Basis of valuation | Rate in \$ | Number of Properties | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Townsite | | 0.0658 | 33 | 221,193 | 14,263 | 281 | (141) | 14,403 | | | 14,546 | 14,867 | |
| Transient Workers Accommodation | | 0.37195 | 4 | 72,020 | 26,788 | | | 26,788 | | | 26,788 | 26,788 | |
| Rural | | 0.0609 | 19 | 779,894 | 42,393 | (645) | (5,732) | 36,016 | | | 47,478 | 47,478 | |
| Miningg | | 0.26891 | 159 | 3,982,519 | 1,085,276 | 16,167 | 1,151 | 1,102,594 | | | 1,075,943 | 1,049,487 | |
| Sub-Total | | | 215 | 5,055,626 | 1,168,720 | 15,803 | (4,722) | 1,179,801 | 1,159,755 | 5,000 | 0 | 1,164,755 | 1,138,620 |
| Minimum payment | | Minimum \$ | | | | | | | | | | | |
| Townsite | 0 | 200 | 35 | 14,191 | 6,800 | | | 6,800 | 7,000 | | 7,000 | 6,820 | |
| Transient Workers Accommodation | 0 | 200 | 0 | | | | | 0 | | | 0 | 0 | |
| Rural | 0 | 345 | 6 | 7,933 | 2,070 | | | 2,070 | 2,070 | | 2,070 | 2,010 | |
| Miningg | 0 | 345 | 59 | 42,644 | 20,010 | | | 20,010 | 20,355 | | 20,355 | 18,425 | |
| Sub-Total | | | 100 | 64,768 | 28,880 | 0 | 0 | 28,880 | 29,425 | 0 | 0 | 29,425 | 27,255 |
| | | | 315 | 5,120,394 | 1,197,600 | 15,803 | (4,722) | 1,208,681 | 1,189,180 | 5,000 | 0 | 1,194,180 | 1,165,875 |
| Discounts on general rates (Refer note 0(b)) | | | | | | | | (18,749) | | | (50,000) | (64,660) | |
| Concessions on general rates (Refer note 0(b)) | | | | | | | | (702) | | | 0 | (78) | |
| Total amount raised from general rates | | | | | | | | 1,189,230 | | | 1,144,180 | 1,101,137 | |
| | | | | | | | | 1,189,230 | | | 1,144,180 | 1,101,137 | |

* Rateable value is based on the value of properties at the time the rate is raised.

(b) Total Rates

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

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

22. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

| Rate or Fee Discount Granted | Type | Discount % | Discount \$ | 2022 Actual | 2022 Budget | 2021 Actual | Circumstances in which Discount is Granted |
|------------------------------|------|------------|-------------|-------------|-------------|-------------|--|
| Discount on Early Payment | Rate | 3.50% | | \$ 18,749 | \$ 50,000 | \$ 64,660 | Early Payment |
| | | | | 18,749 | 50,000 | 64,660 | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Waiver/Concession | Discount % | Discount \$ | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------|-------------------|------------|-------------|-------------|-------------|-------------|
| Rates | Rate | Concession | | | \$ 702 | \$ 0 | \$ 78 |
| | | | | | 702 | 0 | 78 |
| Total discounts/concessions (Note 22a) | | | | | 19,451 | 50,000 | 64,738 |

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

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge | Instalment Plan Interest Rate | Unpaid Rates Interest Rate |
|---------------------------|-----------------|-------------------------------------|--------------------------------------|-----------------------------------|
| | | \$ | % | % |
| Option One | | | | |
| Single full payment | 07/10/2021 | 0.0 | 0.00% | 7.00% |
| Option Two | | | | |
| First instalment | | 0.0 | 0.00% | 7.00% |
| Second instalment | | 10.0 | 0.00% | 7.00% |
| Option Three | | | | |
| First instalment | 07/10/2021 | 0.0 | 0.00% | 7.00% |
| Second instalment | 08/12/2021 | 10.0 | 3.00% | 7.00% |
| Third instalment | 08/02/2022 | 10.0 | 3.00% | 7.00% |
| Fourth instalment | 11/04/2022 | 10.0 | 3.00% | 7.00% |

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Interest on unpaid rates | 2,683 | 4,000 | 4,238 |
| Interest on instalment plan | 2,332 | 4,500 | 4,112 |
| Charges on instalment plan | 2,760 | 3,200 | 3,180 |
| | 7,775 | 11,700 | 11,530 |

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

23. RATE SETTING STATEMENT INFORMATION

| | 2021/22 (30 June 2022 Carried Forward) | 2021/22 Budget (30 June 2022 Carried Forward) | 2020/21 (30 June 2021 Carried Forward) |
|--|---|---|---|
| Note | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | 9(b) (46,401) | (40,210) | (117,767) |
| Less: Movement in liabilities associated with restricted cash | 0 | 0 | (57,458) |
| Add: Loss on disposal of assets | 9(b) 0 | 20,685 | 0 |
| Add: Depreciation | 9(a) 1,616,094 | 2,306,368 | 1,459,088 |
| Non-cash movements in non-current assets and liabilities: | | | |
| Financial assets at fair value through profit or loss | 7 (2,855) | 0 | 0 |
| Employee benefit provisions | 27,949 | (96,744) | 7,201 |
| Non-cash amounts excluded from operating activities | 1,594,787 | 2,190,099 | 1,291,064 |
| (b) Surplus/(deficit) after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserve accounts | 24 (4,933,489) | (5,011,328) | (5,021,632) |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Employee benefit provisions | 96,748 | 6,528 | 96,745 |
| Total adjustments to net current assets | (4,836,741) | (5,004,800) | (4,924,887) |
| Net current assets used in the Rate Setting Statement | | | |
| Total current assets | 8,551,938 | 5,480,159 | 6,964,429 |
| Less: Total current liabilities | (1,118,342) | (468,831) | (487,665) |
| Less: Total adjustments to net current assets | (4,836,741) | (5,004,800) | (4,924,887) |
| Net current assets used in the Rate Setting Statement | 2,596,855 | 6,528 | 1,551,877 |

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

24. RESERVE ACCOUNTS

| | 2022 Actual Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Transfer (from) | 2022 Budget Closing Balance | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance |
|-----------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Restricted by council | | | | | | | | | | | | |
| (a) Leave reserve | 225,506 | 20,580 | 0 | 246,086 | 225,506 | 20,909 | 0 | 246,415 | 223,510 | 1,996 | 0 | 225,506 |
| (b) Plant Replacement Reserve | 1,172,127 | 202,965 | (384,105) | 990,987 | 1,172,130 | 204,724 | (500,000) | 876,854 | 171,214 | 1,000,913 | 0 | 1,172,127 |
| (c) Buildings Reserve | 1,407,335 | 3,431 | 0 | 1,410,766 | 1,407,331 | 5,445 | 0 | 1,412,776 | 1,345,577 | 61,758 | 0 | 1,407,335 |
| (d) Airport Reserve | 295,511 | 737 | 0 | 296,248 | 295,512 | 1,190 | 0 | 296,702 | 292,894 | 2,617 | 0 | 295,511 |
| (e) Roads Reserve | 689,923 | 1,721 | 0 | 691,644 | 689,923 | 2,778 | 0 | 692,701 | 684,969 | 4,954 | 0 | 689,923 |
| (f) ICT Reserve | 48,463 | 50,145 | 0 | 98,608 | 48,463 | 50,195 | 0 | 98,658 | 48,034 | 429 | 0 | 48,463 |
| (g) Refuse Disposal Reserve | 41,674 | 104 | 0 | 41,778 | 41,674 | 168 | 0 | 41,842 | 41,305 | 369 | 0 | 41,674 |
| (h) Housing Reserve | 322,995 | 200,602 | 0 | 523,597 | 322,995 | 200,997 | 0 | 523,992 | 320,723 | 2,272 | 0 | 322,995 |
| (i) Community Development Reserve | 818,098 | 2,041 | (186,364) | 633,775 | 818,098 | 3,290 | 0 | 821,388 | 813,096 | 5,002 | 0 | 818,098 |
| | 5,021,632 | 482,326 | (570,469) | 4,933,489 | 5,021,632 | 489,696 | (500,000) | 5,011,328 | 3,941,322 | 1,080,310 | 0 | 5,021,632 |

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|-----------------------------------|--------------------------------|---|
| (a) Leave reserve | On going | To be used to fund annual and long service leave requirements |
| (b) Plant Replacement Reserve | On going | To be used to used for the purchase of plant |
| (c) Buildings Reserve | On going | To be used for the construction and maintenance of council buildings |
| (d) Airport Reserve | On going | To be used to fund Sandstone Airport upgrades |
| (e) Roads Reserve | On going | To be used to fund road infrastructure and rehabilitation of borrow pits and to fund flood damage |
| (f) ICT Reserve | On going | To be used to maintain and replace computer systems |
| (g) Refuse Disposal Reserve | On going | To be used to fund the development of refuse disposal |
| (h) Housing Reserve | On going | To be used to fund maintenance and replacement of council employee housing requirements |
| (i) Community Development Reserve | On going | To be used for projects to benefit the community a determined from time to time |

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

25. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

| | 1 July 2021 | Amounts Received | Amounts Paid | 30 June 2022 |
|---------------------|--------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Housing Bonds | 6,300 | 3,200 | (3,900) | 5,600 |
| Nomination Deposits | 0 | 320 | (320) | 0 |
| Overpaid Rates | 0 | 2,433 | 0 | 2,433 |
| Other Bonds | 0 | 33,000 | 0 | 33,000 |
| | 6,300 | 38,953 | (4,220) | 41,033 |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Sandstone

To the Councillors of the Shire of Sandstone

Opinion

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

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

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial report:

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

Basis for Qualified Opinion

Road and footpaths infrastructure assets

My opinion was qualified in the prior period because the Shire had not revalued its roads and footpaths infrastructure assets stated at \$37,755,629 and \$71,845 respectively with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire was unable to make the appropriate corrections for these prior year figures in the current year. Consequently, my opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in Note 8 of the financial report.

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

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

Other information

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

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

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

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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
2 May 2023