



SHIRE OF SANDSTONE
SERVE THE PEOPLE

ANNUAL REPORT 2022/2023

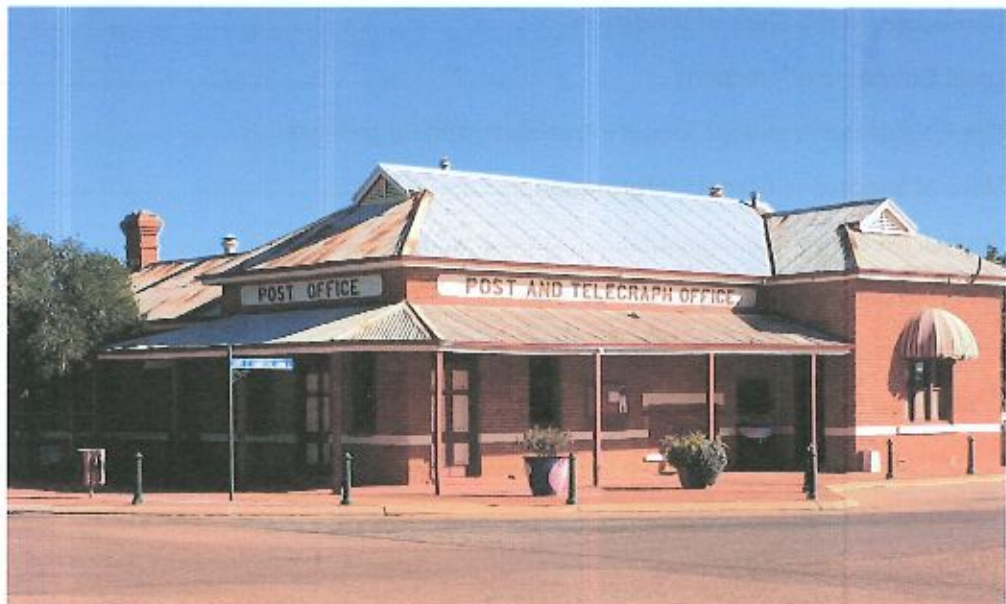


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PURPOSE OF THE ANNUAL REPORT

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;
- 2022/2023 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, animal control, cemeteries, caravan parks and camping grounds, 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 ordinary elections are held every two years, with the next ordinary election being held in October 2025. 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 Vickie McQuie	Councillor	To October 2023
Cr James Allison	Councillor	To October 2023
Cr Carol Hodshon	Deputy Shire President	To October 2025
Cr David Lefroy	Councillor	To October 2025
Cr Mark Taylor	Councillor	Resigned June 2023

COUNCIL STATISTICS

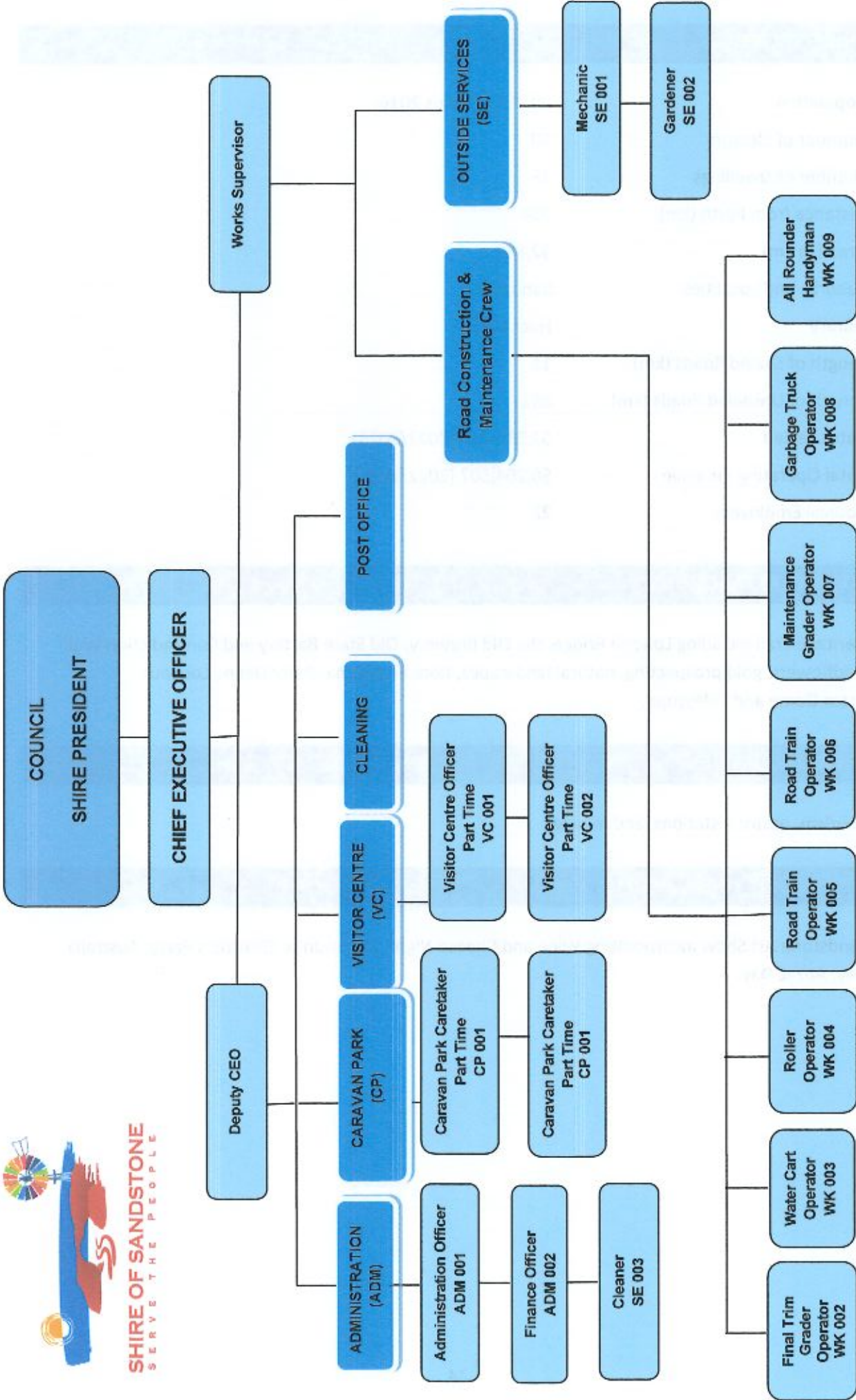
Name	Ordinary Council Meetings Attended	Committee Meetings Attended	Gender	Linguistic Background	Country of Birth
Cr Beth Walton	11/11	2/2	Female	English	Australia
Cr Carol Hodshon	9/11	5/5*	Female	English	England
Cr David Lefroy	10/11	7/7*	Male	English	Australia
Cr Vickie McQuie	10/11	2/2	Female	English	Australia
Cr James Allison	8/11	2/2	Male	English	Australia
Cr Mark Taylor	8/11	1/1	Male	English	Australia

*Includes MRVC Meetings & MCZ Meeting

COUNCILLOR ANNUAL PAYMENTS

Name	Pres & Deputy Allow \$	Presidents Meeting Fee \$	Councillor Meeting Fee \$	ICT Allowance \$	Travelling Allowance \$
Cr Beth Walton	3500	4190	0	500	0
Cr Carol Hodshon	875	0	1950	500	737
Cr David Lefroy	0	0	2150	500	1838
Cr Vickie McQuie	0	0	2225	500	1308
Cr James Allison	0	0	1750	500	0
Cr Mark Taylor			1675	375	620

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	\$1,330,290 (2022/2023)
Total Operating Revenue	\$6,204,507 (2022/2023)
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.



On behalf of Council, I am pleased to present the Shire of Sandstone's Annual Report to the Ratepayers and Community Members for the 2022/2023 financial year.

Some projects completed during 2022/2023 included the following:

- Trees around the bypass.
- Replacing and painting of ceiling in the town hall.
- Paving at ANZAC Park.
- Walls built at the entrances of town and ANZAC Park for Murals to be painted.
- Commissioned Mural Nomad artist Patrycja Hannagan to paint the murals.
- Restorations were carried out at the old Post and Telegraph Office including the attached residence.

Mural Artist Patrycja Hannagan transformed the Town Entry Statement walls into beautiful welcoming murals, depicting a day and night scene showcasing our iconic London Bridge in the background, with flora and fauna from our region, with the stars and milky way included in the night mural. The ANZAC Mural with vibrant poppies, light horseman, wartime nurse, and silhouette of a soldier kneeling at a cross of a fallen soldier is a wonderful tribute to all past and present service personnel.

These murals add vibrancy, tell stories, bring beauty to a location where there was none, to and install a sense of pride within the community. Patrycja also engaged talented local resident Tegan Brown to help paint these murals.

The Post and Telegraph Office opened in April as the "Post Office Café" giving new life to this lovely old iconic building for generations to come. The repurposing of historic buildings, gives us a glimpse into our past, and an opportunity to appreciate the significance of the workmanship that went into these amazing built structures. We have had lots of very positive feedback from locals, and visitors to town enjoying what the café has to offer and wonderful staff.

Our annual events of Australia Day, Anzac Day and our Art Show were all once again well attended. With the town hall ceiling being replaced the Art Show was able to be hosted back in the hall and, was the most successful since the Art Event started several years ago, with around 70 people enjoying the evening.

I would like to thank my fellow councillors for their support and contributions over the past 12 months, and I take this opportunity sincerely thank staff members for their service to the shire in working towards the Shire achieving its objectives.

The Shire welcomes suggestions from the community or visitors that may be of benefit to the town, and we encourage you to contact myself, other Councillors or the CEO to discuss.

It is an honour to serve on council and I look forward to 2023/2024 to completing unfinished projects, progressing onto new ones and working towards keeping roads maintained to a good standard and ensuring our community is a safe, tidy, pleasant environment in which to reside, work and visit.

Beth Walton
Shire President

CEO'S MESSAGE

The Shire continued to perform exceptionally well over the 2022/2023 financial year and like many smaller local governments increasing compliance requirements add to the administrative tasks to be carried out by internal staff and often external contractors.

The State Government is continuing with its ongoing amendments to Local Government legislation which inevitably increases administrative compliances and reporting. This will continue for some years.

There have been changes to the rostering systems applied to the external workforce; these amendments are aimed at creating greater efficiencies and ensuring compliance with workplace health and safety considerations.

As the Shire's Chief Executive Officer my role is to work with the Shire President and the Council to ensure the completion of works and projects that the Council approves. In this regard I employ the most efficient and effective means to do so.

Residents of Sandstone Shire are invited to discuss operational matters of concern with the administration and discuss any ideas and suggestions for improvements or projects with Elected Members who may chose to refer these ideas and suggestions for budget considerations.

Additional accommodation in the Caravan Park has been approved by the Council and a tendering process is currently underway. However due to delays in the building industry it is likely these buildings will arrive late in 2024 or even early in 2025.

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 2023 Council's reserve funds are as below.

CASH BACKED RESERVE

<u>Reserve name</u>	<u>Balance</u>
Leave reserve	\$ 251,607
Plant Replacement Reserve	\$ 1,068,985
Building Reserve	\$ 1,395,695
Airport Reserve	\$ 303,176
Road Reserve	\$ 707,818
ICT Reserve	\$ 150,914
Refuse Disposal Reserve	\$ 42,755
Housing Reserve	\$ 535,841
Community Development Reserve	\$ 778,596
	<hr/>
	\$5,235,387

ROADWORKS

Road's Reconstruction was carried out on the following roads during 2022/2023:

Roads Construction Council		
C0004B	Sandstone Meekatharra Rd	\$78,196.18
C0005	Sandstone - Wiluna - Construction (Council)	\$77,138.82
C0007	Youanmi - Mt Magnet - Construction (Council)	\$49,323.70
Regional Road Group		
RG0002	Paynes Find Sandstone Road	\$492,093.24
Roads to Recovery Construction		
CR0003	Menzies - Sandstone Road - Construction (R2R)	\$137,865.63
		<hr/> \$834,617.57 <hr/>

Peter Money
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 2030/2031 and the Workforce Plan in 2025/2026.

However, these plans are reviewed annually and form the basis of the Shire budget deliberations. 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 2022/2023 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. It is a legislative requirement that a Local Law be reviewed within 8 years of implementation to determine whether or not the local government considers that it should be repealed or amended.

A review of all local laws concluded in 2016/2017

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 which ensures:

- 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 \$	2023
140,000 – 149,999	1
100,000 – 110,000	1

NB: these figures relate to the cash component of the CEO and DCEO salaries.

Under regulation 19B (9) of the *Local Government (Administration) regulation 1996* requires that the CEO's Total Remuneration Package be reported. During the 2022/2023 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.

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.

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.

Many smaller communities struggle to attract new businesses as travel and internet make remote services more economically feasible.

However Council always seeks new opportunities and encourages business developments that will benefit the community socially and economically.

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

Council sees the necessity of best utilisation of its built and natural resources, always open to workable partnerships and cooperation with external organisations.

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-habitated.

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 advocates 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 Councils Environmental Health /Building officer (EHO/BS) Mr Dave Hadden for the 2022/2023 financial year.

BUILDING WORKS WITHIN THE SHIRE OF SANDSTONE

Two building permits have been issued to date being 2 steel sheds and an Occupancy Certificate for a small temporary exploration camp.

The total Value of Building works to date is \$45,000.00 when last year it was \$1,399,000

DEMOLITION LICENCES

There were Nil (0) demolition permit issued.

REPORTING OF BUILDING PERMITS TO ABS

ABS reporting is now carried out by the Western Australian Building Commission on Councils 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 Shires 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. Three 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 2025/2026 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. Llew 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 2023

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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 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Sandstone has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the Fifteenth day of November 2023



Chief Executive Officer

Charles Brown

Name of Chief Executive Officer



**SHIRE OF SANDSTONE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),20	1,330,290	1,325,084	1,189,230
Grants, subsidies and contributions	2(a)	3,305,360	687,254	2,869,958
Fees and charges	2(a)	426,380	402,015	560,955
Interest revenue	2(a)	160,845	56,638	19,815
Other revenue	2(a)	820,427	668,200	781,388
		6,043,302	3,139,191	5,421,346
Expenses				
Employee costs	2(b)	(1,447,925)	(1,147,042)	(1,228,729)
Materials and contracts		(1,942,672)	(2,132,377)	(1,641,226)
Utility charges		(139,023)	(149,950)	(137,434)
Depreciation		(1,487,474)	(1,614,835)	(1,616,094)
Insurance		(128,564)	(151,817)	(122,341)
Other expenditure	2(b)	(107,961)	(114,875)	(109,684)
		(5,253,619)	(5,310,896)	(4,855,508)
		789,683	(2,171,705)	565,838
Capital grants, subsidies and contributions	2(a)	2,369,927	1,285,572	685,900
Profit on asset disposals		161,205	362,821	46,401
Loss on asset disposals		(25,765)	(2,926)	0
Share of net profit of associates accounted for using the equity method	4(a)	0	0	2,855
		2,505,367	1,645,467	735,156
Net result for the period		3,295,050	(526,238)	1,300,994
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	5,173,292	0	6,924,404
Total other comprehensive income for the period	13	5,173,292	0	6,924,404
Total comprehensive income for the period		8,468,342	(526,238)	8,225,398

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



**SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	9,188,266	8,177,237
Trade and other receivables	5	68,989	68,996
Inventories	6	210,296	305,705
TOTAL CURRENT ASSETS		9,467,551	8,551,938
NON-CURRENT ASSETS			
Other financial assets	4(a)	20,372	20,372
Property, plant and equipment	7	9,272,896	9,458,243
Infrastructure	8	53,674,725	45,742,133
TOTAL NON-CURRENT ASSETS		62,967,993	55,220,748
TOTAL ASSETS		72,435,544	63,772,686
CURRENT LIABILITIES			
Trade and other payables	10	712,880	494,970
Other liabilities	11	482,688	502,688
Employee related provisions	12	191,909	120,684
TOTAL CURRENT LIABILITIES		1,387,477	1,118,342
NON-CURRENT LIABILITIES			
Employee related provisions	12	16,704	91,323
TOTAL NON-CURRENT LIABILITIES		16,704	91,323
TOTAL LIABILITIES		1,404,181	1,209,665
NET ASSETS		71,031,363	62,563,021
EQUITY			
Retained surplus		40,106,267	37,113,115
Reserve accounts	22	5,235,387	4,933,489
Revaluation surplus	13	25,689,709	20,516,417
TOTAL EQUITY		71,031,363	62,563,021

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 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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 reserve accounts	22	570,469	(570,469)	0	0
Transfers to reserve accounts	22	(482,326)	482,326	0	0
Balance as at 30 June 2022		37,113,115	4,933,489	20,516,417	62,563,021
Comprehensive income for the period					
Net result for the period		3,295,050	0	0	3,295,050
Other comprehensive income for the period	13	0	0	5,173,292	5,173,292
Total comprehensive income for the period		3,295,050	0	5,173,292	8,468,342
Transfers from reserve accounts	22	243,471	(243,471)	0	0
Transfers to reserve accounts	22	(545,369)	545,369	0	0
Balance as at 30 June 2023		40,106,267	5,235,387	25,689,709	71,031,363

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 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		1,357,850	1,181,304
Operating grants, subsidies and contributions		3,285,398	3,261,743
Fees and charges		426,562	560,955
Interest revenue		160,845	19,815
Goods and services tax received		426,223	193,311
Other revenue		820,427	781,388
		<u>6,477,305</u>	<u>5,998,516</u>
Payments			
Employee costs		(1,455,875)	(1,251,398)
Materials and contracts		(1,667,331)	(1,523,108)
Utility charges		(139,023)	(137,434)
Insurance paid		(128,564)	(122,341)
Goods and services tax paid		(411,459)	(211,924)
Other expenditure		(107,961)	(109,685)
		<u>(3,910,213)</u>	<u>(3,355,890)</u>
Net cash provided by (used In) operating activities		<u>2,567,092</u>	<u>2,642,619</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	7(a)	(594,214)	(860,626)
Payments for construction of infrastructure	8(a)	(3,550,140)	(1,231,143)
Capital grants, subsidies and contributions		2,369,927	685,900
Proceeds from sale of property, plant & equipment		218,364	152,823
Net cash provided by (used In) Investing activities		<u>(1,556,063)</u>	<u>(1,253,046)</u>
Net increase in cash held		1,011,029	1,389,573
Cash at beginning of year		8,177,237	6,787,664
Cash and cash equivalents at the end of the year	3	<u>9,188,266</u>	<u>8,177,237</u>

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



SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	20	1,330,290	1,325,084	1,189,230
Grants, subsidies and contributions		3,305,360	687,254	2,869,958
Fees and charges		426,380	402,015	560,955
Interest revenue		160,845	56,638	19,815
Other revenue		820,427	668,200	781,388
Profit on asset disposals		161,205	362,821	46,401
Share of net profit of associates accounted for using the equity method	4(a)	0	0	2,855
		<u>6,204,507</u>	<u>3,502,012</u>	<u>5,470,602</u>
Expenditure from operating activities				
Employee costs		(1,447,925)	(1,147,042)	(1,228,729)
Materials and contracts		(1,942,672)	(2,132,377)	(1,641,226)
Utility charges		(139,023)	(149,950)	(137,434)
Depreciation		(1,487,474)	(1,614,835)	(1,616,094)
Insurance		(128,564)	(151,817)	(122,341)
Other expenditure		(107,961)	(114,875)	(109,684)
Loss on asset disposals		(25,765)	(2,926)	0
		<u>(5,279,384)</u>	<u>(5,313,822)</u>	<u>(4,855,508)</u>
Non-cash amounts excluded from operating activities	21(a)	1,348,640	1,254,940	1,594,787
Amount attributable to operating activities		<u>2,273,763</u>	<u>(556,870)</u>	<u>2,209,881</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,369,927	1,285,572	685,900
Proceeds from disposal of assets		218,364	0	152,823
		<u>2,588,291</u>	<u>1,285,572</u>	<u>838,723</u>
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(594,214)	(2,742,000)	(860,626)
Purchase and construction of infrastructure	8(a)	(3,550,140)	(1,717,162)	(1,231,143)
		<u>(4,144,354)</u>	<u>(4,459,162)</u>	<u>(2,091,769)</u>
Non-cash amounts excluded from investing activities	21(b)	23,940	23,940	0
Amount attributable to investing activities		<u>(1,532,123)</u>	<u>(3,149,650)</u>	<u>(1,253,046)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	22	243,471	1,135,000	570,469
		<u>243,471</u>	<u>1,135,000</u>	<u>570,469</u>
Outflows from financing activities				
Transfers to reserve accounts	22	(545,369)	(504,552)	(482,326)
		<u>(545,369)</u>	<u>(504,552)</u>	<u>(482,326)</u>
Amount attributable to financing activities		<u>(301,898)</u>	<u>630,448</u>	<u>88,143</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	21(c)	2,596,843	0	1,551,880
Amount attributable to operating activities		2,273,763	(556,870)	2,209,881
Amount attributable to investing activities		(1,532,123)	(3,149,650)	(1,253,046)
Amount attributable to financing activities		(301,898)	630,448	88,143
Surplus or deficit after imposition of general rates	21(c)	<u>3,036,581</u>	<u>(3,076,072)</u>	<u>2,596,858</u>

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



**SHIRE OF SANDSTONE
FOR THE YEAR ENDED 30 JUNE 2023
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**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. BASIS OF PREPARATION

The financial report of the Shire of Sandstone which is a class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1995* 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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 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.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
 - AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
 - AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
 - AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
 - AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
 - AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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	None	When Rates Notice is Issued
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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 of goods or services is provided in the table below:

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,330,290	0	1,330,290
Grants, subsidies and contributions	181,245	0	0	3,124,115	3,305,360
Fees and charges	426,236	0	0	144	426,380
Interest revenue	0	0	160,845	0	160,845
Other revenue	814,620	0	0	5,807	820,427
Capital grants, subsidies and contributions	0	2,389,927	0	0	2,389,927
Total	1,422,101	2,389,927	1,491,135	3,130,066	8,413,229

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,189,230	0	1,189,230
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 revenue	0	0	19,815	0	19,815
Other revenue	781,388	0	0	0	781,388
Capital 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

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Interest on reserve account funds	115,368	12,625
Trade and other receivables overdue interest	5,650	5,015
Other interest revenue	39,827	2,175
	<u>160,845</u>	<u>19,815</u>

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$5,000.

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	43,435	41,600
- Other services – grant acquittals	1,093	0
	<u>44,528</u>	<u>41,600</u>
Employee Costs		
Employee benefit costs	1,447,925	1,228,729
Other employee costs		
	<u>1,447,925</u>	<u>1,228,729</u>
Other Expenditure		
Other expenses	107,961	109,684
	<u>107,961</u>	<u>109,684</u>

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	3,775,531	1,354,260
Term deposits	5,412,735	6,822,977
Total cash and cash equivalents	9,188,266	8,177,237
Held as		
- Unrestricted cash and cash equivalents	3,470,191	2,741,060
- Restricted cash and cash equivalents	14 5,718,075	5,436,177
	9,188,266	8,177,237

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Non-current assets

	2023	2022
	\$	\$
Financial assets at fair value through profit or loss	20,372	20,372
	20,372	20,372
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	20,372	17,517
Movement attributed to fair value movement	0	2,855
Units in Local Government House Trust - closing balance	20,372	20,372

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 19 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

Note	2023 \$	2022 \$
Current		
Rates and statutory receivables	29,845	29,961
Trade receivables	39,144	20,240
Other receivables	0	18,613
Allowance for credit losses of rates and statutory receivables	0	182
	68,989	68,996

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Current	Note	2023 \$	2022 \$
Fuel and materials		210,296	305,705
		210,296	305,705

The following movements in inventories occurred during the year:

Balance at beginning of year	305,705	134,964
Inventories expensed during the year	(428,109)	(240,309)
Additions to inventory	332,700	411,050
Balance at end of year	210,296	305,705

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 2023**

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	Total land and buildings		Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		specialised	not subject to operating lease					
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		430,883	5,193,790	5,624,673	5,624,673	27,784	2,535,371	8,187,829
Additions		10,000	278,590	288,590	288,590	0	572,036	860,626
Disposals		(20,000)	(51,303)	(71,303)	(71,303)	0	(35,119)	(106,422)
Revaluation increments / (decrements) transferred to revaluation surplus		1,117	1,385,233	1,386,350	1,386,350	0	0	1,386,350
Depreciation	10(a)		(279,840)	(279,840)	(279,840)	(8,082)	(582,218)	(870,140)
Balance at 30 June 2022		422,000	6,526,470	6,948,470	6,948,470	19,702	2,490,070	9,458,243
Comprises:								
Gross balance amount at 30 June 2022		422,000	6,526,470	6,948,470	6,948,470	597,612	5,211,554	12,757,636
Accumulated impairment loss at 30 June 2022		0	0	0	0	(577,910)	(2,721,483)	(3,299,393)
Balance at 30 June 2022		422,000	6,526,470	6,948,470	6,948,470	19,702	2,490,071	9,458,243
Additions		27,080	237,529	264,609	264,609	0	329,605	594,214
Disposals		(22,000)	0	(22,000)	(22,000)	(1,631)	(35,159)	(58,790)
Assets classified as held for sale		0	0	0	0	0	0	0
Depreciation	10(a)		(299,972)	(299,972)	(299,972)	(7,052)	(413,747)	(720,771)
Balance at 30 June 2023		427,080	6,464,027	6,891,107	6,891,107	11,019	2,370,770	9,272,896
Comprises:								
Gross balance amount at 30 June 2023		427,080	6,763,999	7,191,079	7,191,079	535,412	5,387,604	13,114,095
Accumulated impairment loss at 30 June 2023		0	(299,972)	(299,972)	(299,972)	(524,393)	(3,016,834)	(3,841,199)
Balance at 30 June 2023		427,080	6,464,027	6,891,107	6,891,107	11,019	2,370,770	9,272,896

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Land and buildings						
Land		2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodologies	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 costs and current condition, residual values and remaining useful 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.

(ii) Cost

Furniture and equipment			N/A	Cost	Not Applicable	Not Applicable
Plant and equipment			N/A	Cost	Not Applicable	Not Applicable

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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			Other infrastructure		Total Infrastructure
		Footpaths	Airport	Parks & Gardens	Others	Others	
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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	43,574,559	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 impairment loss 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	
Additions	3,541,050	0	0	9,090	0	3,550,140	
(Disposals)			(4,129)	(11,345)	(8,661)	(24,135)	
Revaluation increments / (decrements) transferred to revaluation surplus	5,217,107	(18)	0	0	(43,797)	5,173,292	
Depreciation	(646,283)	(6,375)	(25,165)	(62,680)	(26,200)	(766,703)	
Balance at 30 June 2023	51,686,432	143,830	594,906	733,055	516,502	53,674,727	
Comprises:							
Gross balance at 30 June 2023	51,686,432	143,830	620,000	795,580	547,735	53,793,577	
Accumulated impairment loss at 30 June 2023	0	0	(25,094)	(62,525)	(31,233)	(118,852)	
Balance at 30 June 2023	51,686,432	143,830	594,906	733,055	516,502	53,674,725	

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	June 2023	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 2023	Construction costs and current conditions, residual values ad remaining useful life assessments inputs
	Other infrastructure Airport	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 Others	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 2023**

9. FIXED ASSETS

(a) Depreciation

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	20 years
Footpaths - slab	not depreciated
Infrastructure other	16 to 22 years
Footpaths - slab	40 years
Parks and ovals	5-40 years
Airport	40 years
	5 - 40 years
	30 years

Revision of useful lives of plant and equipment

During the year the estimated total of useful life of certain items in Infrastructure related to roads and footpaths were revised.

The net effect of the change is a net decrease in depreciation of \$726,852

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 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.

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

The fair value of land, buildings, infrastructure and investment properties 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 consistent with *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 asset classes 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.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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 or losses on disposal

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.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
ATO liabilities
Bonds and deposits held
Accrued Wages

	2023	2022
	\$	\$
	367,375	435,665
	30,672	3,228
	(4,552)	0
	299,885	41,033
	19,500	15,044
	712,880	494,970

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 any 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 income 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 2023**

11. OTHER LIABILITIES

Current

Contract liabilities

	2023	2022
	\$	\$
Contract liabilities	482,688	502,688
	<u>482,688</u>	<u>502,688</u>

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

Opening balance	502,688	0
Additions	482,688	502,688
Revenue from contracts with customers included as a contract liability at the start of the period	<u>(502,688)</u>	<u>0</u>
	482,688	502,688

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$482,688 (2022: \$502,688)

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

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, 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 19(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 2023**

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	126,382	102,791
Long service leave	55,189	17,893
Total	181,571	120,684
Employee related other provisions		
Employment on-costs	10,338	0
	10,338	0
Total current employee related provisions	191,909	120,684
Non-current provisions		
Employee benefit provisions		
Long service leave	14,095	91,323
Total	14,095	91,323
Employee related other provisions		
Employment on-costs	2,609	0
	2,609	0
Total non-current employee related provisions	16,704	91,323
Total employee related provisions	208,613	212,007

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.

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 2023**

13. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	270,139	0	270,139	269,022	1,117	270,139
Revaluation surplus - Buildings - specialised	2,822,959	0	2,822,959	1,437,727	1,385,233	2,822,959
Revaluation surplus - Furniture and equipment	9,111	0	9,111	9,111	0	9,111
Revaluation surplus - Infrastructure - roads	15,524,965	5,166,917	20,691,882	10,319,105	5,205,860	15,524,965
Revaluation surplus - Other infrastructure Footpaths	82,149	0	82,149	0	82,149	82,149
Revaluation surplus - Other infrastructure Airport	727,061	0	727,061	737,481	(10,420)	727,061
Revaluation surplus - Other infrastructure Parks & Gardens	566,057	0	566,057	611,718	(45,661)	566,057
Revaluation surplus - Other infrastructure Others	513,972	6,375	520,347	207,850	306,122	513,972
	20,516,413	5,173,292	25,689,705	13,592,014	6,924,407	20,516,413

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. NOTES TO THE STATEMENT OF CASH FLOW

	Note	2023 Actual \$	2022 Actual \$
(a) 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	5,718,075	5,436,177
		<u>5,718,075</u>	<u>5,436,177</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	23	5,235,387	4,933,489
Contract liabilities	11	482,688	502,688
Total restricted financial assets		<u>5,718,075</u>	<u>5,436,177</u>
(b) UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS			
Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		40,000	40,000
Credit card balance at balance date		(5,092)	(4,154)
Total amount of credit unused		<u>34,908</u>	<u>35,846</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

	2023	2022
	\$	\$
Contracted for:		
- plant & equipment purchases	122,597	0
	<u>122,597</u>	<u>0</u>
Payable:		
- not later than one year	122,597	0

The Shire has a Capital Commitments of \$122,597 as at 30 June 2023 (2022 Nil)
This comprises an order for two utilities vehicles to be funded from Plant Reserve

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance		3,500	3,500	3,500
		3,500	3,500	3,500
Deputy President's annual allowance		875	875	875
		875	875	875
All other council member's meeting attendance fees		13,940	16,750	15,900
All other council member's annual allowance for ICT expenses		2,875	3,000	2,874
All other council member's travel and accommodation expenses		4,505	7,500	5,955
		21,320	27,250	24,729
	18(b)	25,695	31,625	29,104

(b) Key Management Personnel (KMP) Compensation

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

	Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits		399,181	301,234
Post-employment benefits		63,495	47,259
Employee - other long-term benefits		52,054	33,541
Council member costs	18(a)	25,695	29,104
		540,425	411,138

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. RELATED PARTY TRANSACTIONS

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:

	<u>2023 Actual</u> \$	<u>2022 Actual</u> \$
Purchase of goods and services	4,727	8,236

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 and are detailed in Notes 17(a) and 17(b)

ii. Other Related Parties

During the previous year, no company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

The purchase of goods and services related to reimbursements and art sales at Councils Art Exhibition.

Short-term employee benefits related to an associate person of the CEO who was employed by the Shire under normal employment terms and conditions.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. 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 report 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 revenue

Interest revenue 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 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.

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2022/23	2021/22
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)	(30 June 2022 Carried Forward)
	\$	\$	\$	\$
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	(161,205)	(362,621)	(46,401)	(46,401)
Less: Movement in liabilities associated with restricted cash	71,225	0		0
Less: Share of net profit of associates and joint ventures accounted for using the equity method	0	0	(2,855)	(2,855)
Add: Loss on disposal of assets	25,785	2,928	0	0
Add: Depreciation	1,487,474	1,614,835	1,616,094	1,616,094
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions	(74,819)	0	27,949	27,949
Non-cash amounts excluded from operating activities	1,348,640	1,254,940	1,594,787	1,594,787
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in current capital expenditure provision associated with restricted cash	23,940	23,940		0
Non-cash amounts excluded from investing activities	23,940	23,940	0	0
(c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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	(5,235,387)	(4,303,041)	(4,833,489)	(4,833,489)
Add: Current liabilities not expected to be cleared at end of year				
- Employee benefit provisions	191,909	120,684	96,748	96,748
Total adjustments to net current assets	(5,043,478)	(4,182,357)	(4,836,741)	(4,836,741)
Net current assets used in the Statement of Financial Activity				
Total current assets	9,467,551	4,779,244	8,551,938	8,551,938
Less: Total current liabilities	(1,387,477)	(696,888)	(1,118,357)	(1,118,357)
Less: Total adjustments to net current assets	(5,043,478)	(4,182,357)	(4,836,741)	(4,836,741)
Surplus or deficit after imposition of general rates	3,036,581	0	2,596,840	2,596,855

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. RESERVE ACCOUNTS

	2023		2023		2023		2023		2023		2022		2022		
	Actual Opening Balance	Actual Transfer to (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to (from)	Budget Closing Balance	Budget Opening Balance	Budget Transfer to (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to (from)	Actual Closing Balance	Actual Opening Balance	Actual Transfer to (from)	Actual Closing Balance
Restricted by council															
(a) Leave reserve	246,086	5,521	251,607	246,086	2,460	248,546	246,086	0	248,546	225,506	20,580	246,086	225,506	0	246,086
(b) Plant Replacement Reserve	990,987	271,069	1,068,985	990,990	259,908	615,898	990,990	(635,000)	615,898	1,172,127	202,965	990,987	1,172,127	(384,105)	990,987
(c) Buildings Reserve	1,410,766	35,329	1,395,695	1,410,762	14,104	1,124,866	1,410,762	(300,000)	1,124,866	1,407,335	3,431	1,410,766	1,407,335	0	1,410,766
(d) Airport Reserve	296,248	6,928	303,176	296,249	2,962	299,211	296,249	0	299,211	295,511	737	296,248	295,511	0	296,248
(e) Roads Reserve	691,644	16,174	707,818	691,644	6,915	698,559	691,644	0	698,559	689,923	1,721	691,644	689,923	0	691,644
(f) ICT Reserve	98,608	52,306	150,914	98,608	50,986	149,594	98,608	0	149,594	48,463	50,145	98,608	48,463	0	98,608
(g) Refuse Disposal Reserve	41,778	877	42,755	41,778	418	42,196	41,778	0	42,196	41,674	104	41,778	41,674	0	41,778
(h) Housing Reserve	523,597	12,244	535,841	523,597	5,235	328,632	523,597	(200,000)	328,632	322,995	200,602	523,597	322,995	0	523,597
(i) Community Development Reserve	633,775	144,821	778,596	633,775	161,564	795,339	633,775	0	795,339	818,098	2,041	633,775	818,098	(186,364)	633,775
	4,933,489	545,369	5,235,387	4,933,489	504,552	4,303,041	4,933,489	(1,135,000)	4,303,041	5,021,632	482,326	4,933,489	5,021,632	(570,469)	4,933,489
	4,933,489	545,369	5,235,387	4,933,489	504,552	4,303,041	4,933,489	(1,135,000)	4,303,041	5,021,632	482,326	4,933,489	5,021,632	(570,469)	4,933,489

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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 account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	To be used to fund annual and long service leave requirements
(b) Plant Replacement Reserve	To be used to fund the purchase of plant
(c) Buildings Reserve	To be used for the construction and maintenance of council buildings
(d) Airport Reserve	To be used to fund Sandstone Airport upgrades
(e) Roads Reserve	To be used to fund road infrastructure and rehabilitation of borrow pits and to fund flood damage
(f) ICT Reserve	To be used to maintain and replace computer systems
(g) Refuse Disposal Reserve	To be used to fund the development of refuse disposal
(h) Housing Reserve	To be used to fund maintenance and replacement of council employee housing requirements
(i) Community Development Reserve	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 2023**

23. 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 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Housing Bonds	5,600	6,150	(3,200)	8,550
Nomination Deposits	0	80	(80)	0
Overpaid Rates	2,433	215	0	2,648
Other Bonds	33,000	255,687	(500)	288,187
BCTIF Training Levy	0	52	(52)	0
	41,033	262,184	(3,832)	299,385



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Sandstone

To the Council 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 as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, 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 (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the 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.qv.au/auditors_responsibilities/ar4.pdf.

My independence and quality management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023 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
16 November 2023

