

SHIRE OF SANDSTONE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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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 2024**

*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 2024 and the financial position as at 30 June 2024.

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

Signed on the 17th day of December 2024



CEO

Peter Money

Peter Money

**SHIRE OF SANDSTONE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),21	1,485,340	1,481,200	1,330,290
Grants, subsidies and contributions	2(a)	2,597,256	144,767	3,305,360
Fees and charges	2(a)	326,152	312,275	426,380
Interest revenue	2(a)	199,597	187,071	160,845
Other revenue	2(a)	862,090	700,450	820,427
		5,470,435	2,825,763	6,043,302
Expenses				
Employee costs	2(b)	(1,702,497)	(802,448)	(1,447,925)
Materials and contracts		(1,596,600)	(2,931,756)	(1,942,672)
Utility charges		(170,197)	(146,800)	(139,023)
Depreciation		(1,519,630)	(1,594,347)	(1,487,474)
Insurance		(133,088)	(162,279)	(128,564)
Other expenditure	2(b)	(112,495)	(109,775)	(107,961)
		(5,234,507)	(5,747,405)	(5,253,619)
		235,928	(2,921,642)	789,683
Capital grants, subsidies and contributions	2(a)	1,589,311	1,509,251	2,369,927
Profit on asset disposals		21,062	357,334	161,205
Loss on asset disposals		0	0	(25,765)
Fair value adjustments to financial assets at fair value through profit or loss	4	421	0	0
		1,610,794	1,866,585	2,505,367
Net result for the period		1,846,722	(1,055,057)	3,295,050
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	0	0	5,173,292
Total other comprehensive income for the period	13	0	0	5,173,292
Total comprehensive income for the period		1,846,722	(1,055,057)	8,468,342

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

Please refer to Note 25 "Correction of Error" for the restatement of prior year figures.

**SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024	2023	Restated 2023
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	8,395,970	9,188,266	8,900,079
Trade and other receivables	5	70,479	68,989	68,989
Inventories	6	444,555	210,296	210,296
TOTAL CURRENT ASSETS		8,911,004	9,467,551	9,179,364
NON-CURRENT ASSETS				
Other financial assets	4	20,793	20,372	20,372
Property, plant and equipment	7	8,958,033	9,272,896	9,272,896
Infrastructure	8	55,279,320	53,674,725	53,674,725
TOTAL NON-CURRENT ASSETS		64,258,146	62,967,993	62,967,993
TOTAL ASSETS		73,169,150	72,435,544	72,147,357
CURRENT LIABILITIES				
Trade and other payables	10	166,464	712,880	424,693
Other liabilities	11	0	482,688	482,688
Employee related provisions	12	107,560	191,909	191,909
TOTAL CURRENT LIABILITIES		274,024	1,387,477	1,099,290
NON-CURRENT LIABILITIES				
Employee related provisions	12	17,041	16,704	16,704
TOTAL NON-CURRENT LIABILITIES		17,041	16,704	16,704
TOTAL LIABILITIES		291,065	1,404,181	1,115,994
NET ASSETS		72,878,085	71,031,363	71,031,363
EQUITY				
Retained surplus		41,841,001	40,106,267	40,106,267
Reserve accounts	23	5,347,375	5,235,387	5,235,387
Revaluation surplus	13	25,689,709	25,689,709	25,689,709
TOTAL EQUITY		72,878,085	71,031,363	71,031,363

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

Please refer to Note 25 "Correction of Error" for the change in comparative figures.

SHIRE OF SANDSTONE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	23	243,471	(243,471)	0	0
Transfers to reserve accounts	23	(545,369)	545,369	0	0
Other comprehensive income for the period		0	0	0	0
Balance as at 30 June 2023		40,106,267	5,235,387	25,689,709	71,031,363
Comprehensive income for the period		0	0	0	0
Net result for the period		1,846,722	0	0	1,846,722
Total comprehensive income for the period		1,846,722	0	0	1,846,722
Transfers to reserve accounts	23	(111,988)	111,988	0	0
Balance as at 30 June 2024		41,841,001	5,347,375	25,689,709	72,878,085

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 2024**

NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	1,447,668	1,357,850
Grants, subsidies and contributions	2,114,568	3,285,398
Fees and charges	363,194	426,562
Interest revenue	236,756	160,845
Goods and services tax received	254,967	426,223
Other revenue (restated)	862,090	532,240
	5,279,243	6,189,118
Payments		
Employee costs	(1,746,218)	(1,455,875)
Materials and contracts	(2,181,199)	(1,667,331)
Utility charges	(170,197)	(139,023)
Insurance paid	(133,088)	(128,564)
Goods and services tax paid	(252,799)	(411,459)
Other expenditure	(100,863)	(107,961)
	(4,584,364)	(3,910,213)
Net cash provided by operating activities	694,879	2,278,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	7(a) (474,636)	(594,214)
Payments for construction of infrastructure	8(a) (2,347,528)	(3,550,140)
Capital grants, subsidies and contributions	1,589,311	2,369,927
Proceeds from sale of property, plant & equipment	33,865	218,364
Net cash (used in) investing activities	(1,198,988)	(1,556,063)
Net increase (decrease) in cash held	(504,109)	722,842
Cash at beginning of year	8,900,079	8,177,237
Cash and cash equivalents at the end of the year	8,395,970	8,900,079

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

Please refer to Note 25 "Correction of Error" for the change in comparative figures.

SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	21	1,485,340	1,481,201	1,330,290
Grants, subsidies and contributions		2,597,256	144,767	3,305,360
Fees and charges		326,152	312,275	426,380
Interest revenue		199,597	187,071	160,845
Other revenue		862,090	700,450	820,427
Profit on asset disposals		21,062	357,334	161,205
Fair value adjustments to financial assets at fair value through profit or loss	4	421	0	0
		<u>5,491,918</u>	<u>3,183,098</u>	<u>6,204,507</u>
Expenditure from operating activities				
Employee costs		(1,702,497)	(802,448)	(1,447,925)
Materials and contracts		(1,596,600)	(2,931,756)	(1,942,672)
Utility charges		(170,197)	(146,800)	(139,023)
Depreciation		(1,519,630)	(1,594,347)	(1,487,474)
Insurance		(133,088)	(162,279)	(128,564)
Other expenditure		(112,495)	(109,775)	(107,961)
Loss on asset disposals		0	0	(25,765)
		<u>(5,234,507)</u>	<u>(5,747,405)</u>	<u>(5,279,384)</u>
Non cash amounts excluded from operating activities	22(a)	1,414,149	1,165,788	1,348,640
Amount attributable to operating activities		<u>1,671,560</u>	<u>(1,398,519)</u>	<u>2,273,763</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,589,311	1,509,251	2,369,927
Proceeds from disposal of assets		33,865	495,000	218,364
		<u>1,623,176</u>	<u>2,004,251</u>	<u>2,588,291</u>
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(474,636)	(2,345,000)	(594,214)
Purchase and construction of infrastructure	8(a)	(2,347,528)	(1,961,683)	(3,550,140)
		<u>(2,822,164)</u>	<u>(4,306,683)</u>	<u>(4,144,354)</u>
Non-cash amounts excluded from investing activities	22(b)	0	0	23,940
Amount attributable to investing activities		<u>(1,198,988)</u>	<u>(2,302,432)</u>	<u>(1,532,123)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	23	0	1,095,000	243,471
		<u>0</u>	<u>1,095,000</u>	<u>243,471</u>
Outflows from financing activities				
Transfers to reserve accounts	23	(111,988)	(440,215)	(545,369)
		<u>(111,988)</u>	<u>(440,215)</u>	<u>(545,369)</u>
Amount attributable to financing activities		<u>(111,988)</u>	<u>654,785</u>	<u>(301,898)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	22(c)	3,036,581	3,046,166	2,596,843
Amount attributable to operating activities		1,671,560	(1,398,519)	2,273,763
Amount attributable to investing activities		(1,198,988)	(2,302,432)	(1,532,123)
Amount attributable to financing activities		(111,988)	654,785	(301,899)
Surplus or deficit after imposition of general rates	22(c)	<u>3,397,165</u>	<u>0</u>	<u>3,036,581</u>

This statement is to be read in conjunction with the accompanying notes.
Please refer to Note 25 "Correction of Error" for the restatement of prior year figures.

**SHIRE OF SANDSTONE
FOR THE YEAR ENDED 30 JUNE 2024
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SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, 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 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 Leases which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls ;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 7
 - Infrastructure - note 8
 - Measurement of employee benefits - note 12

Fair value hierarchy information can be found in note 20

The local government reporting entity

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

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

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 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

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 2021-7c 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

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

These amendments may result in additional disclosures in the case of applicable finance arrangements.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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
Grants, subsidies and contributions	Community events, minor facilities.	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
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
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 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,485,340	0	1,485,340
Grants, subsidies and contributions	0	0	0	2,597,256	2,597,256
Fees and charges	326,152	0	0	0	326,152
Interest revenue	0	0	199,597	0	199,597
Other revenue	862,090	0	0	0	862,090
Capital grants, subsidies and contributions	0	1,589,311	0	0	1,589,311
Total	1,188,242	1,589,311	1,684,937	2,597,256	7,059,746

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	426,238	0	0	142	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	2,369,927	0	0	2,369,927
Total	1,422,101	2,369,927	1,491,135	3,130,064	8,413,229

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Interest revenue

Interest on reserve account
Trade and other receivables overdue interest
Other interest revenue

111,988
4,988
82,621

115,368
5,650
39,827

199,597
160,845

The 2024 original budget estimate in relation to:
Trade and other receivables overdue interest was \$2,356.

The 2024 original budget estimate in relation to:
Charges on instalment plan was \$2,285.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services – grant acquittals

53,000
3,000

43,435
1,093

56,000
44,528

Employee Costs

Employee benefit costs
Other employee costs

1,009,965
692,532

946,541
501,384

1,702,497
1,447,925

Other expenditure

Sundry expenses

112,495
112,495

107,961
107,961

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	3,048,595	3,487,344
Term deposits	5,347,375	5,412,735
Total cash and cash equivalents	8,395,970	8,900,079
Held as		
- Unrestricted cash and cash equivalents	3,048,595	3,182,004
- Restricted cash and cash equivalents	14 5,347,375	5,718,075
	8,395,970	8,900,079

MATERIAL 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.

4. OTHER FINANCIAL ASSETS

2024	2023
\$	\$
20,793	20,372
20,793	20,372
20,372	20,372
421	0
20,793	20,372

Non-current assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

MATERIAL ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

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 2024

5. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
Current		
Rates and statutory receivables	68,377	29,845
Trade receivables	2,102	39,144
	70,479	68,989

MATERIAL 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 or for the construction of recognisable non financial assets 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 and amounts received as 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 2024

6. INVENTORIES

Current

	2024	2023
	\$	\$
Fuel and materials	86,399	16,341
Visitor centre stock	17,793	23,606
Road Making Materials	340,363	170,349
	<u>444,555</u>	<u>210,296</u>

The following movements in inventories occurred during the year:

Balance at beginning of year	210,296	305,705
Inventories expensed during the year	(433,985)	(482,109)
Additions to inventory	668,244	322,700
Balance at end of year	<u>444,555</u>	<u>210,296</u>

MATERIAL 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 2024

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.

	Assets not subject to operating lease		Total Property		Plant and equipment		Total property, plant and equipment
	Land	Buildings - specialised	Land	Buildings - specialised	Furniture and equipment	Plant and equipment	
Balance at 1 July 2022	\$ 422,000	\$ 6,526,470	\$ 422,000	\$ 6,526,470	\$ 19,702	\$ 2,490,070	\$ 9,458,243
Additions	27,080	237,529	27,080	237,529	0	329,605	594,214
Disposals	(22,000)	0	(22,000)	0	(1,631)	(35,159)	(58,790)
Depreciation	0	(299,972)	0	(299,972)	(7,052)	(413,747)	(720,771)
Balance at 30 June 2023	427,080	6,464,027	427,080	6,464,027	11,019	2,370,770	9,272,896
Comprises:							
Gross balance amount at 30 June 2023	427,080	6,763,999	427,080	6,763,999	535,412	5,387,604	13,114,095
Accumulated depreciation at 30 June 2023	0	(299,972)	0	(299,972)	(524,393)	(3,016,834)	(3,841,199)
Balance at 30 June 2023	427,080	6,464,027	427,080	6,464,027	11,019	2,370,770	9,272,896
Additions	0	337,216	0	337,216	23,038	114,382	474,636
Disposals	0	0	0	0	0	(12,803)	(12,803)
Depreciation	0	(310,229)	0	(310,229)	(7,274)	(459,193)	(776,696)
Balance at 30 June 2024	427,080	6,491,014	427,080	6,491,014	26,783	2,013,156	8,958,033
Comprises:							
Gross balance amount at 30 June 2024	427,080	7,101,215	427,080	7,101,215	558,450	5,447,142	13,533,887
Accumulated depreciation at 30 June 2024	0	(610,201)	0	(610,201)	(531,667)	(3,433,986)	(4,575,854)
Balance at 30 June 2024	427,080	6,491,014	427,080	6,491,014	26,783	2,013,156	8,958,033

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2022	Price per square metre
Buildings - specialised	3	Cost approach using current replacement cost.	Independent Registered Valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessment inputs.

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

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

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Parks and Ovals	Infrastructure - Other	Infrastructure - Other infrastructure - Airport	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	43,574,559	150,224	797,988	595,160	624,200	45,742,131
Additions	3,541,050	0	9,090	0	0	3,550,140
(Disposals)	0	0	(11,345)	(8,661)	(4,129)	(24,135)
Revaluation increments / (decrements) transferred to revaluation surplus	5,217,107	(18)	0	(43,797)	0	5,173,292
Depreciation	(646,283)	(6,375)	(62,680)	(26,200)	(25,165)	(766,703)
Balance at 30 June 2023	51,686,432	143,830	733,055	516,502	594,906	53,674,725
Comprises:						
Gross balance at 30 June 2023	51,686,432	143,830	795,580	547,735	620,000	53,793,577
Accumulated depreciation at 30 June 2023	0	0	(62,525)	(31,233)	(25,094)	(118,852)
Balance at 30 June 2023	51,686,432	143,830	733,055	516,502	594,906	53,674,725
Comprises:						
Additions	2,271,333	0	0	76,195	0	2,347,528
Depreciation	(610,685)	(4,113)	(62,828)	(39,818)	(25,489)	(742,933)
Balance at 30 June 2024	53,347,080	139,717	670,228	552,878	569,417	55,279,320
Comprises:						
Gross balance at 30 June 2024	53,957,765	143,830	795,580	623,930	620,000	56,141,105
Accumulated depreciation at 30 June 2024	(610,685)	(4,113)	(125,352)	(71,052)	(50,583)	(861,785)
Balance at 30 June 2024	53,347,080	139,717	670,228	552,878	569,417	55,279,320

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	June 2023	Construction costs and current conditions, residual values and remaining useful life assessment inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	June 2023	Construction costs and current conditions, residual values and remaining useful life assessment inputs.
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	June 2022	Construction costs and current conditions, residual values and remaining useful life assessment inputs.
Infrastructure - Other	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Management Valuation	June 2022	Construction costs and current conditions, residual values and remaining useful life assessment 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 and remaining useful life assessment 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 2024**

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	not depreciated
pavement	40 years
seal	
- bituminous seals	20 years
- asphalt surfaces	20 years
Gravel roads	
formation	not depreciated
pavement	16 to 22 years
Footpaths - slab	40 years
Infrastructure - Other	5 to 40 years
Parks & Ovals	5 to 40 years
Airport	30 years

Revision of useful lives of plant and equipment

During the year an internal review of the useful life of assets was carried out and it was noted no change had been applied with regards to the revision performed in the previous year.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

9. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure 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 reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are *land and buildings classified as property, plant and equipment*, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings 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.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 2024**

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued payroll liabilities	
ATO liabilities/(assets)	
Receipts in Advance - Pre Paid Rates	
Other payables - Bonds	

2024	2023
\$	\$
77,524	367,375
59,794	19,500
(2,386)	(4,552)
31,532	30,672
0	11,698
166,464	424,693

MATERIAL 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 2024**

11. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Contract liabilities	0	482,688
	0	482,688
Reconciliation of changes in contract liabilities		
Opening balance	482,688	502,688
Additions	0	482,688
Revenue from contracts with customers included as a contract liability at the start of the period	(482,688)	(502,688)
	0	482,688

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was NIL (2023: \$482,688)

The Shire met the performance obligations, from contracts with customers with no unsatisfied balance at the end of the reporting period.

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.

MATERIAL 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.

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	94,732	126,382
Long service leave	0	55,189
	94,732	181,571
Employee related other provisions		
Employment on-costs	12,828	10,338
	12,828	10,338
Total current employee related provisions	107,560	191,909
Non-current provisions		
Employee benefit provisions		
Long service leave	13,977	14,095
	13,977	14,095
Employee related other provisions		
Employment on-costs	3,064	2,609
	3,064	2,609
Total non-current employee related provisions	17,041	16,704
Total employee related provisions	124,601	208,613

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.

MATERIAL 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 2024

13. REVALUATION SURPLUS

	2024 Opening Balance	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	270,140	270,140	270,140	0	270,140
Revaluation surplus - Buildings - specialised	2,822,960	2,822,960	2,822,960	0	2,822,960
Revaluation surplus - Furniture and equipment	9,112	9,112	9,112	0	9,112
Revaluation surplus - Infrastructure - Roads	20,691,883	20,691,883	15,524,966	5,166,917	20,691,883
Revaluation surplus - Infrastructure - Footpaths	82,149	82,149	82,149	0	82,149
Revaluation surplus - Infrastructure - Parks and Ovals	566,057	566,057	566,057	0	566,057
Revaluation surplus - Infrastructure - Other	520,347	520,347	513,972	6,375	520,347
Revaluation surplus - Other infrastructure - Airport	727,061	727,061	727,061	0	727,061
	25,689,709	25,689,709	20,516,417	5,173,292	25,689,709

The movement in the revaluation surplus for infrastructure roads relates to an impairment loss as a result of a flood event. Refer to Note 8(a).

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

14. RESTRICTIONS OVER FINANCIAL ASSETS

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

Note	2024 Actual \$	2023 Actual \$
3	5,347,375	5,718,075
	5,347,375	5,718,075
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
23	5,347,375	5,235,387
11	0	482,688
Total restricted financial assets	5,347,375	5,718,075

**15. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

0	0
0	0
20,000	20,000
(4,391)	(5,092)
15,609	14,908

**SHIRE OF SANDSTONE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024**

16 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 Environment Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities from the 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.

17. CAPITAL COMMITMENTS

Contracted for:

- plant & equipment purchases

	2024	2023
	\$	\$
	0	122,597
	0	122,597

**SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
President's annual allowance	3,500	3,500	3,500
President's meeting attendance fees	4,375	4,625	0
President's ICT expenses	500	500	0
	8,375	8,625	3,500
Deputy President's annual allowance	1,675	875	875
Deputy President's meeting attendance fees	0	2,425	0
Deputy President's other expenses	318	0	0
Deputy President's ICT expenses	500	500	0
Deputy President's travel and accommodation expenses	844	1,408	0
	3,337	5,208	875
All other council member's meeting attendance fees	6,625	9,700	13,940
All other council member's All other council member expenses	239	0	0
All other council member's ICT expenses	1,667	2,000	2,875
All other council member's travel and accommodation expenses	1,927	5,911	4,505
	10,458	17,611	21,320
18(b)	22,170	31,444	25,695

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	402,911		399,181
Post-employment benefits	58,144		63,495
Employee - other long-term benefits	36,391		52,054
Council member costs	22,170		25,695
18(a)	519,616		540,425

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 2024**

18. 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:

	2024 Actual	2023 Actual
	\$	\$
Purchase of goods and services	0	4,727

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 Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 18(a) and 18(b).

ii. Other Related Parties

During the previous year, a 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 contract involved roadworks in the Shire, and amounted to NIL in the current year (\$4,727 in the prior year).

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 2024**

19. 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 2024**

20. OTHER MATERIAL 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. enforced) 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 *Fair Value Measurement* 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**SHIRE OF SANDSTONE
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FOR THE YEAR ENDED 30 JUNE 2024**

21. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2023/24		2023/24		2023/24		2023/24		2022/23	
				Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Rate Revenue	Budget Interim Rate	Budget Rate Revenue	Budget Total Revenue	Actual Total Revenue		
Townsites	Gross rental valuation	0.069085	34	250,408	\$ 17,299	\$ 0	0	17,300	0	17,300	\$ 16,930		
Transient Workers Accommodation	Gross rental valuation	0.390781	4	66,300	25,909	0	0	25,910	0	25,910	25,277		
Rural	Unimproved valuation	0.064000	19	686,741	43,951	0	0	43,951	0	43,951	42,792		
Mining	Unimproved valuation	0.282521	183	4,874,662	1,377,194	0	0	1,377,195	5,500	1,382,695	1,238,044		
Total general rates			240	5,878,111	1,464,353	0	0	1,464,356	5,500	1,469,856	1,323,043		
Minimum payment													
Townsites	Gross rental valuation	200	34	14,191	6,800	0	0	6,800	0	6,800	6,800		
Rural	Unimproved valuation	400	6	7,933	2,330	0	0	2,400	0	2,400	2,130		
Mining	Unimproved valuation	400	67	42,644	26,800	0	0	26,800	0	26,800	22,720		
Total minimum payments			107	64,768	35,930	0	0	36,000	0	36,000	31,650		
Total general rates and minimum payments			347	5,942,879	1,500,283	0	0	1,500,356	5,500	1,505,856	1,354,693		
Discounts													
Concessions										(24,626)	(24,361)		
Total Rates										(30)	(42)		
										1,481,200	1,330,290		

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	2023/24 (1 July 2023 Brought Forward) \$	2022/23 (30 June 2023 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	(21,062)	(357,334)	(161,205)	(161,205)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(421)	0	0	0
Less: Movement in liabilities associated with restricted cash	0	0	71,225	71,225
Add: Loss on disposal of assets	0	0	25,765	25,765
Add: Depreciation	1,519,630	1,594,347	1,487,474	1,487,474
Non-cash movements in non-current and current assets and liabilities:				
Employee benefit provisions	(83,998)	(71,225)	(74,619)	(74,619)
Non-cash amounts excluded from operating activities	1,414,149	1,165,788	1,348,640	1,348,640
(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	0	0	23,940	23,940
Non-cash amounts excluded from investing activities	0	0	23,940	23,940
(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	23 (5,347,375)	(4,580,603)	(5,235,387)	(5,235,387)
Add: Current liabilities not expected to be cleared at end of year				
- Employee benefit provisions	107,560	120,684	191,894	191,894
Total adjustments to net current assets	(5,239,815)	(4,459,919)	(5,043,493)	(5,043,493)
Net current assets used in the Statement of Financial Activity				
Total current assets	8,911,004	5,382,462	9,467,551	9,179,364
Less: Total current liabilities	(274,024)	(922,543)	(1,387,477)	(1,099,290)
Less: Total adjustments to net current assets	(5,239,815)	(4,459,919)	(5,043,493)	(5,043,493)
Surplus or deficit after imposition of general rates	3,397,165	0	3,036,581	3,036,581

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FOR THE YEAR ENDED 30 JUNE 2024**

23. RESERVE ACCOUNTS

	2024		2024		2024		2024		2024		2024		2023		2023	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
Restricted by legislation/agreement																
(a) Leave Reserve	251,607	5,359	0	256,966	251,607	6,530	0	258,137	246,086	5,521	0	251,607	246,086	5,521	0	251,607
(b) Plant Replacement Reserve	1,068,986	20,452	0	1,089,438	1,068,988	282,810	(695,000)	656,798	990,988	271,069	(193,071)	1,068,986	990,988	271,069	(193,071)	1,068,986
(c) Building Reserve	1,395,694	34,294	0	1,429,988	1,395,692	37,490	(200,000)	1,233,182	1,410,765	35,329	(50,400)	1,395,694	1,410,765	35,329	(50,400)	1,395,694
(d) Airport Reserve	303,176	6,725	0	309,901	303,177	7,860	0	311,037	296,248	6,928	0	303,176	296,248	6,928	0	303,176
(e) Road & Flood Damage Reserve	707,818	15,700	0	723,518	707,818	18,365	0	726,183	691,644	16,174	0	707,818	691,644	16,174	0	707,818
(f) ICT Reserve	150,914	2,238	0	153,152	150,914	51,930	0	202,844	98,608	52,306	0	150,914	98,608	52,306	0	150,914
(g) Refuse Reserve	42,755	948	0	43,703	42,755	1,110	0	43,865	41,778	977	0	42,755	41,778	977	0	42,755
(h) Housing Reserve	535,841	11,885	0	547,726	535,841	13,900	(200,000)	349,741	523,597	12,244	0	535,841	523,597	12,244	0	535,841
(i) Community Development Reserve	778,596	14,387	0	792,983	778,596	20,220	0	798,816	633,775	144,821	0	778,596	633,775	144,821	0	778,596
	5,235,387	111,988	0	5,347,375	5,235,388	440,215	(1,095,000)	4,580,603	4,933,489	545,369	(243,471)	5,235,387	4,933,489	545,369	(243,471)	5,235,387

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 legislation/agreement	
(a) Leave Reserve	To be used to fund annual and long service leave requirements.
(b) Plant Replacement Reserve	To be used for the purchase of plant.
(c) Building Reserve	To be used for the construction and maintenance of council buildings.
(d) Airport Reserve	To be used to fund Sandstone Airport upgrades.
(e) Road & Flood Damage Reserve	To be used to fund road infrastructure, rehabilitation of borrow pits and flood damage.
(f) ICT Reserve	To be used to maintain and replace ICT systems.
(g) Refuse 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 as determined.

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24. 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 2023	Amounts Received	Amounts Paid	30 June 2024
	\$	\$	\$	\$
Housing Bonds	8,550	0	(8,550)	0
Overpaid Rates	2,648	0	(2,648)	0
Other Bonds	288,187	10,269	(47,428)	251,028
	<u>299,385</u>	<u>10,269</u>	<u>(58,626)</u>	<u>251,028</u>

**SHIRE OF SANDSTONE
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25 CORRECTION OF ERROR

During the current year it was discovered that trust funds had been incorrectly presented in the statement of financial position resulting in an overstatement of cash and cash equivalents as well as trade and other payables. This had an impact on the comparative balances that were presented as at 30 June 2023. There have been no restated comparatives presented for the opening balances of the comparative year (ie as at 1 July 2022) on the basis that there was no material impact to this period. A summary of the impact of the restatement to 30 June 2023 comparative balances is set out below:-

	2023	Increase (Decrease)	Restated 2023
	\$	\$	\$
Statement of Financial Position			
Cash and Cash equivalents	9,188,266	(288,187)	8,900,079
Trade and other payables	712,880	(288,187)	424,693
Statement of Cash Flows			
Other revenue	820,427	(288,187)	532,240
Cash and Cash equivalents	9,188,266	(288,187)	8,900,079
Note 3 - Cash and cash equivalents			
Cash at bank and on hand	3,775,531	(288,187)	3,487,344
Total cash and cash equivalents	9,188,266	(288,187)	8,900,079
Note 10 - Trade and other payables			
Other payables	299,885	(288,187)	11,698
Total trade and other payables	712,880	(288,187)	424,693
Note 21 - Determination of Surplus or Deficit			
Total current assets	9,467,551	(288,187)	9,179,364
Total current liabilities	(1,387,477)	288,187	(1,099,290)

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