

**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
		\$	\$	\$
<b>Revenue</b>				
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
<b>Expenses</b>				
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
<b>Net result for the period</b>		<b>3,295,050</b>	<b>(526,238)</b>	<b>1,300,994</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	5,173,292	0	6,924,404
<b>Total other comprehensive income for the period</b>	13	<b>5,173,292</b>	<b>0</b>	<b>6,924,404</b>
<b>Total comprehensive income for the period</b>		<b>8,468,342</b>	<b>(526,238)</b>	<b>8,225,398</b>

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
		\$	\$
<b>CURRENT ASSETS</b>			
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
<b>TOTAL CURRENT ASSETS</b>		<b>9,467,551</b>	<b>8,551,938</b>
<b>NON-CURRENT ASSETS</b>			
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
<b>TOTAL NON-CURRENT ASSETS</b>		<b>62,967,993</b>	<b>55,220,748</b>
<b>TOTAL ASSETS</b>		<b>72,435,544</b>	<b>63,772,686</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	712,880	494,970
Other liabilities	11	482,688	502,688
Employee related provisions	12	191,909	120,684
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,387,477</b>	<b>1,118,342</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee related provisions	12	16,704	91,323
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,704</b>	<b>91,323</b>
<b>TOTAL LIABILITIES</b>		<b>1,404,181</b>	<b>1,209,665</b>
<b>NET ASSETS</b>		<b>71,031,363</b>	<b>62,563,021</b>
<b>EQUITY</b>			
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
<b>TOTAL EQUITY</b>		<b>71,031,363</b>	<b>62,563,021</b>

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 \$
<b>Balance as at 1 July 2021</b>		<b>35,723,978</b>	<b>5,021,632</b>	<b>13,592,013</b>	<b>54,337,623</b>
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
<b>Balance as at 30 June 2022</b>		<b>37,113,115</b>	<b>4,933,489</b>	<b>20,516,417</b>	<b>62,563,021</b>
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
<b>Balance as at 30 June 2023</b>		<b>40,106,267</b>	<b>5,235,387</b>	<b>25,689,709</b>	<b>71,031,363</b>

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 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
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
		6,477,305	5,998,516
<b>Payments</b>			
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)
		(3,910,213)	(3,355,890)
<b>Net cash provided by (used In) operating activities</b>		2,567,092	2,642,619
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net cash provided by (used In) Investing activities</b>		(1,556,063)	(1,253,046)
<b>Net increase in cash held</b>		1,011,029	1,389,573
Cash at beginning of year		8,177,237	6,787,664
<b>Cash and cash equivalents at the end of the year</b>	3	9,188,266	8,177,237

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 \$	
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
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>
<b>Expenditure from operating activities</b>				
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
<b>Amount attributable to operating activities</b>		<u>2,273,763</u>	<u>(556,870)</u>	<u>2,209,881</u>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
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>
<b>Outflows from investing activities</b>				
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
<b>Amount attributable to investing activities</b>		<u>(1,532,123)</u>	<u>(3,149,650)</u>	<u>(1,253,046)</u>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
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>
<b>Outflows from financing activities</b>				
Transfers to reserve accounts	22	(545,369)	(504,552)	(482,326)
		<u>(545,369)</u>	<u>(504,552)</u>	<u>(482,326)</u>
<b>Amount attributable to financing activities</b>		<u>(301,898)</u>	<u>630,448</u>	<u>88,143</u>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
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
<b>Surplus or deficit after imposition of general rates</b>	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 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied 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	2,369,927	0	0	2,369,927
<b>Total</b>	<b>1,422,101</b>	<b>2,369,927</b>	<b>1,491,135</b>	<b>3,130,066</b>	<b>8,413,229</b>

**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
<b>Total</b>	<b>1,474,027</b>	<b>685,900</b>	<b>1,209,045</b>	<b>2,738,274</b>	<b>6,107,246</b>

**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
	\$	\$
<b>Interest revenue</b>		
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
	160,845	19,815

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
	44,528	41,600

**Employee Costs**

Employee benefit costs	1,447,925	1,228,729
Other employee costs		
	1,447,925	1,228,729

**Other Expenditure**

Other expenses	107,961	109,684
	107,961	109,684

**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
<b>Total cash and cash equivalents</b>	<b>9,188,266</b>	<b>8,177,237</b>
Held as		
- Unrestricted cash and cash equivalents	3,470,191	2,741,060
- Restricted cash and cash equivalents	5,718,075	5,436,177
14	<b>9,188,266</b>	<b>8,177,237</b>

**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**

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 attributed to fair value movement  
Units in Local Government House Trust - closing balance

2023	2022
\$	\$
20,372	20,372
<b>20,372</b>	<b>20,372</b>
20,372	17,517
0	2,855
<b>20,372</b>	<b>20,372</b>

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
	\$	\$
<b>Current</b>		
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  
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**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:			
<b>Balance at beginning of year</b>		305,705	134,964
Inventories expensed during the year		(428,109)	(240,309)
Additions to inventory		332,700	411,050
<b>Balance at end of year</b>		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  
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**7. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

Note	Land	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	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		(279,840)	(279,840)	(279,840)	(8,082)	(582,218)	(870,140)
<b>Balance at 30 June 2022</b>	422,000	6,526,470	6,948,470	6,948,470	19,702	2,490,070	9,458,243
<b>Comprises:</b>							
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)
<b>Balance at 30 June 2022</b>	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	0	(299,972)	(299,972)	(299,972)	(7,052)	(413,747)	(720,771)
<b>Balance at 30 June 2023</b>	427,080	6,464,027	6,891,107	6,891,107	11,019	2,370,770	9,272,896
<b>Comprises:</b>							
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)
<b>Balance at 30 June 2023</b>	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**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
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.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		N/A	Cost	Not Applicable	Not Applicable
<b>Plant and equipment</b>		N/A	Cost	Not Applicable	Not Applicable



**SHIRE OF SANDSTONE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**8. INFRASTRUCTURE**

**(a) Movements in Balances**

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

Note	Infrastructure - roads	Other infrastructure Footpaths	Other infrastructure Airport	Other infrastructure Parks & Gardens	Other infrastructure Others	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	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)
<b>Balance at 30 June 2022</b>	<b>43,574,559</b>	<b>150,224</b>	<b>624,200</b>	<b>797,990</b>	<b>595,160</b>	<b>45,742,133</b>
<b>Comprises:</b>						
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)
<b>Balance at 30 June 2022</b>	<b>43,574,559</b>	<b>150,224</b>	<b>624,200</b>	<b>797,990</b>	<b>595,160</b>	<b>45,742,133</b>
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)
<b>Balance at 30 June 2023</b>	<b>51,686,432</b>	<b>143,830</b>	<b>594,906</b>	<b>733,055</b>	<b>516,502</b>	<b>53,674,727</b>
<b>Comprises:</b>						
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)
<b>Balance at 30 June 2023</b>	<b>51,686,432</b>	<b>143,830</b>	<b>594,906</b>	<b>733,055</b>	<b>516,502</b>	<b>53,674,725</b>

**SHIRE OF SANDSTONE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**8. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - roads</b>	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
<b>Other infrastructure Footpaths</b>	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
<b>Other infrastructure Airport</b>	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
<b>Other infrastructure Parks &amp; Gardens</b>	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
<b>Other infrastructure Others</b>	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  
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**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:

<b>Asset Class</b>	<b>Useful life</b>
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 seal	40 years
- bituminous seals	20 years
- asphalt surfaces	20 years
Gravel roads formation	not depreciated
pavement	16 to 22 years
Footpaths - slab	40 years
Infrastructure other	5-40 years
Footpaths - slab	40 years
Parks and ovals	5 - 40 years
Airport	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  
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**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  
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**11. OTHER LIABILITIES**

**Current**

Contract liabilities

**Reconciliation of changes in contract liabilities**

Opening balance

Additions

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

	2023	2022
	\$	\$
	482,688	502,688
	482,688	502,688
	502,688	0
	482,688	502,688
	(502,688)	0
	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  
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**12. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

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

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  
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**13. REVALUATION SURPLUS**

	<b>2023 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2023 Closing Balance</b>	<b>2022 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2022 Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
	<b>20,516,413</b>	<b>5,173,292</b>	<b>25,689,705</b>	<b>13,592,014</b>	<b>6,924,407</b>	<b>20,516,413</b>



**SHIRE OF SANDSTONE  
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**14. NOTES TO THE STATEMENT OF CASH FLOW**

	Note	2023 Actual \$	2022 Actual \$
<b>(a) Restrictions</b>			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	5,718,075	5,436,177
		5,718,075	5,436,177
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
<b>Total restricted financial assets</b>		5,718,075	5,436,177
<b>(b) UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS</b>			
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)
<b>Total amount of credit unused</b>		34,908	35,846

**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**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- plant & equipment purchases	122,597	0
	122,597	0
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	25,695	29,104
18(a)	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  
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**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:

	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
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  
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**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  
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20. RATING INFORMATION

(a) General Rates

RATE TYPE		2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Reassessed Rates	Actual Total Revenue	Budget Rate Revenue	Budget Reassessed Rate	Budget Total Revenue	Actual Total Revenue
Townsites	Gross rental valuation	0.0674	34	252,800	16,930	0	16,930	17,040	0	17,040	14,403
Transient Workers Accommodation	Gross rental valuation	0.38125	4	66,300	25,277	0	25,277	25,277	0	25,277	26,788
Rural	Unimproved valuation	0.0624	19	685,741	42,792	0	42,792	42,791	0	42,791	36,016
Mining	Unimproved valuation	0.27563	174	4,456,381	1,238,044	0	1,238,044	1,233,327	0	1,233,327	1,102,594
<b>Total general rates</b>			231	5,461,222	1,323,043	0	1,323,043	1,318,435	0	1,318,435	1,179,801
<b>Minimum payment</b>											
Townsites	Gross rental valuation	200	34	14,191	6,800	0	6,800	6,800	0	6,800	6,800
Transient Workers Accommodation	Gross rental valuation	200	0	0	0	0	0	0	0	0	0
Rural	Unimproved valuation	355	6	7,933	2,130	0	2,130	2,130	0	2,130	2,070
Mining	Unimproved valuation	355	64	42,644	22,720	0	22,720	22,720	0	22,720	20,010
<b>Total minimum payments</b>			104	64,768	31,650	0	31,650	31,650	0	31,650	28,880
<b>Total general rates and minimum payments</b>			335	5,525,990	1,354,693	0	1,354,693	1,350,085	0	1,350,085	1,208,681
Discounts							(24,361)			(25,000)	(18,749)
Concessions							(42)			0	(702)
<b>Total Rates</b>							1,330,290			1,325,085	1,189,230

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**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)
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	(161,205)	(362,821)	(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	25,765	2,926	0	0
Add: Depreciation	9(a) 1,487,474	1,614,835	1,616,094	1,616,094
Non-cash movements in non-current assets and liabilities: Employee benefit provisions	(74,619)	0	27,949	27,949
<b>Non-cash amounts excluded from operating activities</b>	<b>1,348,640</b>	<b>1,254,940</b>	<b>1,594,787</b>	<b>1,594,787</b>
<b>(b) Non-cash amounts excluded from investing activities</b>				
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> .				
<b>Adjustments to investing activities</b>				
Movement in current capital expenditure provision associated with restricted cash	23,940	23,940		0
<b>Non-cash amounts excluded from investing activities</b>	<b>23,940</b>	<b>23,940</b>	<b>0</b>	<b>0</b>
<b>(c) Surplus or deficit after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	22 (5,235,387)	(4,303,041)	(4,933,489)	(4,933,489)
Add: Current liabilities not expected to be cleared at end of year - Employee benefit provisions	191,909	120,684	96,748	96,748
<b>Total adjustments to net current assets</b>	<b>(5,043,478)</b>	<b>(4,182,357)</b>	<b>(4,836,741)</b>	<b>(4,836,741)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets	9,467,551	4,779,244	8,551,938	8,551,938
Less: Total current liabilities	(1,387,477)	(596,888)	(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)
<b>Surplus or deficit after imposition of general rates</b>	<b>3,036,581</b>	<b>0</b>	<b>2,596,840</b>	<b>2,596,855</b>



**SHIRE OF SANDSTONE  
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**22. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave reserve	246,086	5,521	0	251,607	246,086	2,460	0	248,546	225,506	20,580	0	246,086
(b) Plant Replacement Reserve	990,987	271,069	(193,071)	1,068,985	990,990	259,908	(635,000)	615,898	1,172,127	202,965	(384,105)	990,987
(c) Buildings Reserve	1,410,766	35,329	(50,400)	1,395,695	1,410,762	14,104	(300,000)	1,124,866	1,407,335	3,431	0	1,410,766
(d) Airport Reserve	296,248	6,928	0	303,176	296,249	2,962	0	299,211	295,511	737	0	296,248
(e) Roads Reserve	691,644	16,174	0	707,818	691,644	6,915	0	698,559	689,923	1,721	0	691,644
(f) ICT Reserve	98,608	52,306	0	150,914	98,608	50,986	0	149,594	48,463	50,145	0	98,608
(g) Refuse Disposal Reserve	41,778	977	0	42,755	41,778	418	0	42,196	41,674	104	0	41,778
(h) Housing Reserve	523,597	12,244	0	535,841	523,597	5,235	(200,000)	328,832	322,995	200,602	0	523,597
(i) Community Development Reserve	633,775	144,821	0	778,596	633,775	161,564	0	795,339	818,098	2,041	(186,364)	633,775
	4,933,489	545,369	(243,471)	5,235,387	4,933,489	504,552	(1,135,000)	4,303,041	5,021,632	482,326	(570,469)	4,933,489
	4,933,489	545,369	(243,471)	5,235,387	4,933,489	504,552	(1,135,000)	4,303,041	5,021,632	482,326	(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:

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by council</b>	
(a) Leave reserve	To be used to fund annual and long service leave requirements
(b) Plant Replacement Reserve	To be used to used for 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

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**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:

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	\$	\$	\$	\$
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
	<u>41,033</u>	<u>262,184</u>	<u>(3,832)</u>	<u>299,385</u>