

# Annual Report

## 2020/2021



**SHIRE OF SANDSTONE**  
S E R V E T H E P E O P L E

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## Introduction

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### Community Statistics

**SHIRE OF SANDSTONE**  
**23 HACK STREET**  
**SANDSTONE WA 6639**

EMAIL: [ceo@sandstone.wa.gov.au](mailto:ceo@sandstone.wa.gov.au) WEBSITE: [www.sandstone.wa.gov.au](http://www.sandstone.wa.gov.au)

**tel:** (08) 9963 5802 **fax:** (08) 9963 5852

### Shire Statistics

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

### Tourist Attractions

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

### Local Industries

Tourism, pastoral stations, and mining.

### Significant Local Events

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



## Minutes Previous Annual General Meeting of Electors

### SHIRE OF SANDSTONE

#### ANNUAL GENERAL MEETING OF ELECTORS - MINUTES

The Annual General Meeting of Electors was held in the Council Chambers, Hack Street, Sandstone on Thursday 26th August 2021 commencing at 10.30am.

#### Order of Business

##### 1.0 Opening of the Annual Electors Meeting by the Shire President.

The Shire President opened the meeting at 10.30am.

## **2.0 Attendance and apologies**

### Attendance

Cr Beth Walton, Shire President  
Cr Carol Hodshon, Deputy Shire President  
Cr Freda May  
Cr David Lefroy  
Cr Kerry Key  
Charlie Brown  
Margaret Duhig

### Apologies

Cr Vickie McQuie

## **3.0 Confirmation of the minutes of the General Meeting of Electors held on Thursday 27<sup>th</sup> February 2020**

**Moved:** Cr Key                      **Seconded:** Cr Lefroy

That the minutes of the meeting held on 27<sup>th</sup> February 2020 are confirmed as a true and correct record of proceedings

**UNANIMOUS**

## **Receipt of Annual Report 2019-2020**

There were no questions on the Annual Report for 2019-2020.

## **4.0 General Business**

### **1 Sandstone School/Camp School**

Now that the Camp school is almost complete is it going to be advertised.  
The Shire President advised that discussions regarding a brochure had already taken place with the Chief Executive Officer and that advertising on Councils Web site would take place.

### **2 Trucks Parking in the Townsite**

There appears to be a number of trucks parking in town on vacant blocks as well as quads etc going through town.  
The Shire President advised that signs had been placed at either end of town, warning that Oroya Street is not a road train route. There will be an Investigation into smaller trucks parking.

### **3 Footpath Hack Street Caravan Park to Oroya Street**

Consideration be given to the Construction of a Footpath on Hack Street from the Caravan Park to Oroya Street.  
The Shire President advised that this would be considered.

### **4 Questions from the Last Annual Electors Meeting**

The Shire President advised that last Electors Meeting the question of the Community Photos was raised and she wished to advised that we are looking at a purpose build building to house this memorability.

## **5.0 Closure of Meeting**

The Shire President thanked everyone for attending the Annual General Meeting of Electors and closed the meeting at 10.45am.

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## *President's Report*

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I am pleased to present to the Ratepayers and Community Members my annual report for the 2020/2021 financial year.

The Shire was able to progress several Capital Projects in the past Financial Year which were funded by Phase 1 of the Federal Local Roads and Community Infrastructure Program. Projects put forward were painting and repairs to the Town Hall, Recreation Centre, Visitor Centre, and the old School Building. A road project on the Menzies Road was also included. Some of these projects have now been completed and those remaining will be completed in the New Financial Year. It is always a challenge to obtain tradespeople to come out and do our projects, and so it is extremely rewarding when they are finally completed.

Due to border closures, West Australians have been able to freely “Wonder out Yonder” and see the many wonderful things our state has to offer. Sandstone has certainly benefited from this, with many tourists coming to visit and holiday in our little town. The comments in the visitor’s book at the Museum and Visitor Centre have been extremely positive, with Visitors declaring Sandstone to be a very friendly, safe, clean, and tidy Community.

In December we said farewell to our CEO Harry Hawkins. Harry resigned from his position due to health reasons and on behalf of Council I would like to thank Harry for his contribution to the Shire of Sandstone and the community over the past 4 years. Harry was involved with the Golf Club and the bowls and always attended all Community Events. Harry also operated the Astro Dome in his own time which was very much appreciated by those who wanted a star gazing experience.

Council was lucky once again to have Eddie Piper fill in as acting CEO until we recruited a new CEO. Thank you, Eddie. Council resolved to offer the CEO position to Charlie Brown who accepted the position and commenced in February 2021. We hope Charlie and his wife Kristine enjoy the experience of living in our small Community in the outback.

I would like to thank my fellow Councillors for their support and contribution throughout the year, and although there have been some challenges, it is also rewarding when we see some progress happening with our town projects and our roads being maintained to a safe standard for people to drive on. Thank you also to all the Shire of Sandstone Staff for their contribution towards helping the Shire achieve their objectives.

We are always open to suggestions or queries from the Community or Visitors, and we encourage you to contact myself, other Councillors, or the CEO to discuss or raise any issues that may be of benefit to our town.

It is always a privilege to serve this Community as Shire President and I look forward to 2021/2022 to progressing projects and maintaining that our community remains a safe, tidy and pleasant place to live, work and visit.

Beth Walton,

Shire President



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## *Chief Executive Officers Report*

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Firstly, I would like to extend my thanks to Harry Hawkins and Eddie Piper who filled this role until I commenced duties in mid-February 2021.

As an employee in a complex business, providing a multitude of services, we continue to have to be more resilient, more adaptable, more flexible, more innovative, and sometimes more patient.

Our town crew, consisting of Banjo, Julian and Paul continue to provide a high standard of service which is acknowledged by the many compliments we receive.

The roads crew continue to maintain our roads infrastructure, maintaining over 890 kilometres of gravel roads, in addition to \$1.3M of construction works.

Rounding off the shire employees are the Visitors Centre, Caravan Park and the Administration Office, all of whom continue to provide a great service and are seen to go over and above what's required of them.

Looking forward I see a bright future with the completion of projects that seem to have lingered around for a while.

Also on next year's radar is a review of the Community Strategic Plan and Corporate Business Plan which drives Council's direction for the next 10 years.

Finally, I would like to thank the Elected Members and the Shire President for their support during my first four and a half months of service.

Charlie Brown  
**Chief Executive Officer.**

## Finance

### Rates

The 2020/21 Annual Budget was adopted by Council at the Council Meeting held on the 26<sup>th</sup> of August 2020 with a nil rate increase. Minor changes were made to fees and charges and the minimum rates charged by Council remained the same.

### Reserve Funds

Council continues to maintain healthy reserve accounts to help with major projects and plant and equipment purchases.

As at 30 June 2021, the balance in the Reserve Accounts was \$5,021,632 comprised as listed below:

Housing Reserve	\$ 322,995
Building Reserve	\$ 1,407,335
Plant Reserve	\$ 1,172,127
Employee Entitlements Reserve	\$ 225,506
Airport Reserve	\$ 295,511
Road & Flood Damage Reserve	\$ 689,923
Information Technology Reserve	\$ 48,463
Refuse Disposal Reserve	\$ 41,674
Community Development Projects Reserve	\$ 818,098
<b>TOTAL</b>	<b>\$ 5,021,632</b>

### Loan Liability

As at 30 June 2021, Council had no loan liabilities.

### Audit

The Annual Audit was conducted during the period September 2020 and May 2021. The delay in the finalisation of the previous financial year audit contributed to the lateness this year. A copy of the audit report is included within this Annual Report.

### Grant Funding

Council's general purpose and road grants through the WA Local Government Grants Commission are invaluable to the Shire of Sandstone and smaller country Local Governments. This year Sandstone received a total of \$2,003,260.

Total Main Road WA funding for this year was \$412,680 to reform, re-sheet and improve drainage on various roads.

Roads to Recovery funding was \$348,450.

Flood Damage Income for reinstatement of roads totalling \$1,016,820.

COVID Stimulus Grant Funding of \$342,623.

This funding was expended on the re-sheeting of a section of the Sandstone Menzies Road and reroofing of the Visitors Centre, Community Centre and Town Hall, and renewal of the shade sails over the water park.



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## Road Works

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Improvements and re-sheeting have been carried out on the following roads by Council's workforce:

Sandstone Paynes Find Road	\$ 625,461
Sandstone Menzies Road	\$ 249,873
Lake Barlee Road	\$ 86,111
Meekatharra Road	\$ 400,556
<b>Total</b>	<b>\$1,362,001</b>

In addition, Council also expended \$1,004,327 on Road Maintenance and a further \$1,139,153 on Flood Damage Reinstatements.



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## *Town Works*

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Works continued on the parks and gardens in town and the street sweeper is brought out each fortnight to sweep the streets and paths.

Visitors continue to leave positive comments about how clean and tidy the town looks.



## Plant Replacement

### Major Plant

Major plant replacements during the year:

Tri Axel Drop Deck Widener Loader Trailer  
Tri Axel Side Tipper A Trailer  
30,000 Water Tanker.

All these items plus all Council's fleet are able to be kept up to date by Council's diligence in funding the Plant Replacement Reserve each year.

### Minor Plant

Various items of minor plant were upgraded on an as needed basis

## Statutory Reports

### Strategic Plans

Council adopted its Community Strategic Plan, Workforce Plan, Corporate Business Plan, and Strategic Resource Plan, incorporating the Long-Term Financial Plan and Workforce plan in 2017/2018.

The Community Strategic Plan and Corporate Business plans are to be reviewed in 2021/2022 and the Workforce Plan in 2022/2023.

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

### Freedom of Information Act 1992

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

During the 2020/2021 financial year, no applications were received for information under the terms of this legislation.

### State Records Act 2000

The State Records Act 2000 requires that the Shire of Sandstone maintains and disposes of all records in the prescribed manner. During 2019/2020 a revised Record Keeping Plan was adopted by Council and submitted to the State Records Commission for approval. The plan was subsequently approved by the State Records Office.

Council is continuing to utilise an electronic record keeping system and formally archiving old records. A new Record Keeping Plan has been prepared and approved by the State Records Office.

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

#### **Rationale:**

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

#### Minimum Compliance Requirements:

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

1. The efficiency and effectiveness of the organisation's Record Keeping System is evaluated not less than once every 5 years
2. The organisation conducts a Record Keeping Training Program.
3. The efficiency and effectiveness of the Record Keeping Training Program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities regarding their compliance with the organisation's Record Keeping Plan.

The Shire has complied with items 1 to 4.

### Public Interest Disclosures

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information and provides protection for those making such disclosure and those who are the subject of disclosures.

The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Council has complied with all obligations under the Act including:

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

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

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## Legislative Review

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

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

A review of all local laws concluded in 2016/2017

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

### Structural Reform

The Shire of Sandstone did not privatise any activities during 2020-2021.

A major review of the Strategic Plans was undertaken in 2019-2020.

### Disability Access and Inclusion Plan

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

Council adopted a revised DAIP in October 2016 covering the period 2016 – 2020.

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

The Shire of Sandstone has adopted a revised **Disability Access and Inclusion Plan** that meets the requirements of the Disability Services Act. The Plan assists in the provision and allocation of resources to improve access and delivery of services for people with disabilities. Existing facilities in the Shire are reviewed and assessed continually to allow for improved access for all persons in the Community.

*Shire of Sandstone Annual Report 2020/21*



## Employee Remuneration

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

<b>Salary Range \$</b>	<b>2020</b>	<b>2021</b>
140,000 – 149,999	1	
150,000 – 159,999	0	1

## Complaints

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

## National Strategic Plan (NSP) for Asbestos Awareness and Management 2019 - 2023

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

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

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

During the year the Shire;

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

## Elected Member Demographics

Elected member demographics as required by regulation 19B(2)(h) Local Government (Administration) Regulations 1996.

Gender	4 Female, 2 Male
Linguistic Background	6 English
Country of Birth	6 Australia
Identifying as Aboriginal or Torres Strait Islander	Nil
Ages	
Between 18 & 24 Years	
Between 25 & 34 Years	
Between 35 & 44 Years	
Between 45 & 54 Years	
Between 55 & 64 Years	3
Over the Age of 64 Years	3

## Attendance at Council and Committee Meetings

The Council of the Shire of Sandstone meets monthly for information sessions and workshops on various topics. In the fourth week of the month, council convenes an Ordinary Council Meeting, where decisions are made on all report items in the best interest of the Community (Regulation 19B(2)(f) Local Government (Administration) regulations 1996)

Below is a table outlining individual Elected Members attendance for the financial year, on Council Committee as a member in their capacity as an Elected Member.

No of Meetings	Council Meetings 12	Audit Committee 1 Meeting
Shire President Cr B Walton	12	1
Deputy Shire President Cr C Hodshon	9	1
Cr F May	12	1
Cr D Lefroy	12	1
Cr K Key	10	1
Cr V McQuie	12	1

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## Staff

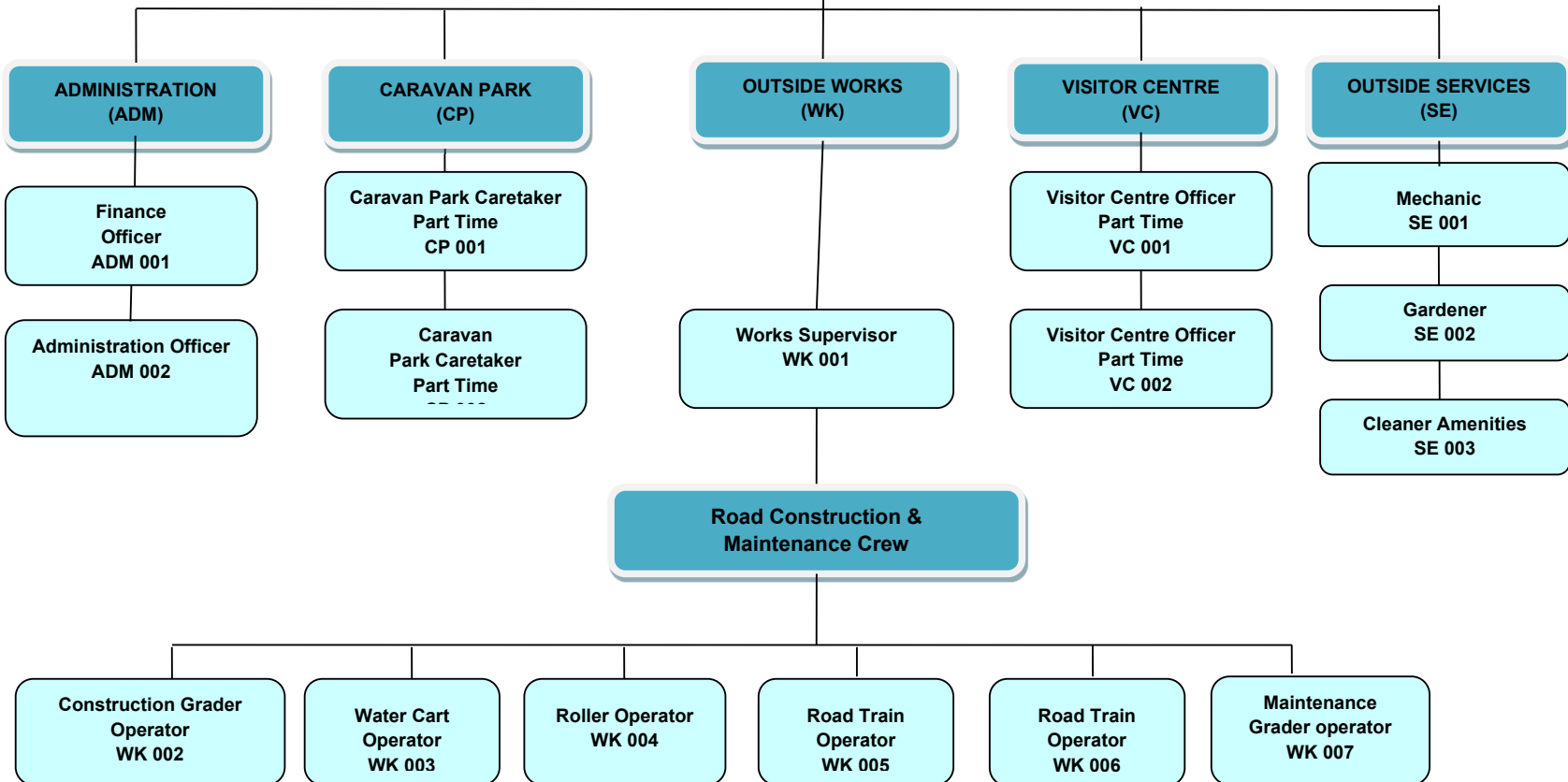
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Chief Executive Officer	Charlie Brown
Environmental Health Officer	David Hadden
Finance Officer	Rhonda Miles
Administration Officer	Margaret Duhig
Caravan Park Manager	Margaret Dixon
Caravan Park Officer	Sandy Jubb
Visitor Centre/Museum Officer	Jo Brown Tegan Brown Dot Whittington
Works Supervisor	Norbert Marwick
Construction Grader Operator	Will Marwick
Maintenance Grader Operator	Don Whittington
Plant Operator	George Christie
Plant Operator	Vacant
Plant Operator	Vic Taylor
Plant Operator	Mary Baillie
Mechanical Fitter	John McCormack
Gardener	Julian Day
Rubbish Collection/General Hand	Robert (Banjo) Patterson
Casual Allrounder	Paul Dixon
Cleaner	Jill Marwick



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

**CHIEF EXECUTIVE OFFICER**  
**MAN 001**



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## *Environmental Health Officer / Building Surveyor's Report*

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This annual report provides a summary of the main activities and duties carried out by the Council's Environmental Health /Building Officer (EHO/BS) Mr Dave Hadden for the 2020/21 financial year.

### **Building works in the Shire of Sandstone**

Two building permits have been issued to date being 1 storage unit and 1 shade structure (Middle Island).

The total Value of Building Works to date is \$13,093,720.  
Last year this was \$48,720.

### **Demolition licences**

There were Nil (0) demolition permits issued.

### **Reporting of Building Statistics to ABS**

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

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

### **Private Swimming Pool Inspections.**

Local Government is required under the Building Regulations 2012 to carry out compliance inspections of swimming pool barriers within each Shire, every four years. Currently there are four private swimming pools that the Shire is aware of that have been inspected to date. The swimming pool barriers were eventually approved as compliant with one pending approval once removed or filled in.

The next inspection period will be carried out in the 2022/2026 financial year.

## **Environmental Health**

### **Food Businesses**

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

### **Food recalls**

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

### **Waste management/recycling programmes**

- Waste metal is still being collected at the landfill site.
- The tip continues to be maintained at a good level.

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

## New Public Health Act 2016

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

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

## **Principal Objectives**

### **Outcomes, Strategies and Achievements**

#### **Economic - A prosperous, diverse and thriving local economy**

1.1 An attractive destination for Visitors

**Achievements:**

*Continue to provide a well presented town and inviting Visitors Centre and Caravan Park*

1.2 A diverse and Stable economy

**Achievements:**

*Continue to provide low rating, whilst still able to provide all essential services to ratepayers & electors*

1.3 An efficient transport network

**Achievements:**

*Council prides itself on its roads network and the expenditure of \$11.6M over the last 8 years is testament to this. Continue to maintain the Sandstone Airport*

#### **Environment - A natural and built environment, recognising our heritage for the benefit of present and future generations**

2.1 An effectively managed natural environment.

**Achievements:**

*Including managing, Peter Denny lookout, London Bridge and the Brewery as well as other*

2.2 A built environment supporting the community and retaining our heritage

**Achievements:**

*Preservation of our Heritage and Heritage Buildings on an ongoing basis*

#### **Social - A safe, welcoming and resilient community**

3.1 A welcoming and resilient community

**Achievements:**

*Our motto is "Service the People" which is key in dealing with customers in the Administration Building, Visitors Centre & Caravan Park.*

*Held a raft of events including, Australia Day, Art Show and Live Performances.*

3.2 A healthy and safe community

**Achievements:**

*Council continues to provide a fortnightly Bus service to Mount Magnet.*

*Ensure RFDS service to the townsite on a fortnightly basis*

#### **Leadership - A strong governance and leadership**

#### 4.1 A strategically focussed Council

**Achievements:**

*Council's Community Strategic Plan is always considered when making decisions*

#### 4.2 An efficient and effective organisation

**Achievements:**

*We continue to work as best we can in our remote location, with regards to Staff, Tradespersons etc.*



**SHIRE OF SANDSTONE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**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 2021**

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

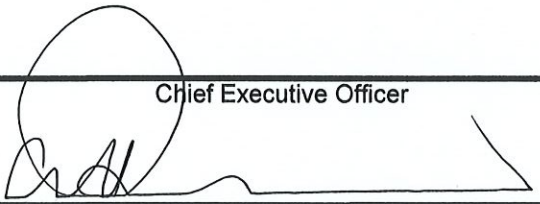
**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Sandstone for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Sandstone at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 31st

day of May

2022

  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Charles Brown



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**SHIRE OF SANDSTONE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	22(a)	1,101,137	1,069,247	1,015,725
Operating grants, subsidies and contributions	2(a)	3,153,163	2,525,730	2,325,626
Fees and charges	2(a)	203,045	220,229	112,067
Interest earnings	2(a)	37,425	54,096	85,117
Other revenue	2(a)	704,192	548,399	581,712
		5,198,962	4,417,701	4,120,247
<b>Expenses</b>				
Employee costs		(1,224,207)	(1,055,213)	(1,243,788)
Materials and contracts		(2,410,866)	(2,874,637)	(1,103,749)
Utility charges		(111,605)	(142,376)	(118,780)
Depreciation on non-current assets	10(c)	(1,459,088)	(1,451,775)	(1,443,554)
Insurance expenses		(145,817)	(169,490)	(123,044)
Other expenditure	2(b)	(105,789)	(86,306)	(99,222)
		(5,457,372)	(5,779,797)	(4,132,137)
		(258,410)	(1,362,096)	(11,890)
Non-operating grants, subsidies and contributions	2(a)	991,073	906,704	505,308
Profit on asset disposals	10(a)	117,767	67,007	52,618
(Loss) on asset disposals	10(a)	0	0	(58,505)
		1,108,840	973,711	499,421
<b>Net result for the period</b>		<b>850,430</b>	<b>(388,385)</b>	<b>487,531</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>850,430</b>	<b>(388,385)</b>	<b>487,531</b>

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

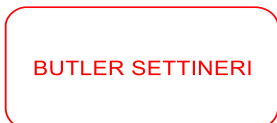


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**SHIRE OF SANDSTONE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Governance		1,000	0	0
General purpose funding		3,145,426	2,153,711	3,214,427
Law, order, public safety		11,068	13,626	11,571
Health		327	0	0
Housing		1,008	0	1,933
Community amenities		10,382	12,921	9,735
Recreation and culture		20,931	790	9,412
Transport		1,129,658	1,487,314	108,775
Economic services		754,725	640,216	574,473
Other property and services		124,436	109,123	189,921
		5,198,961	4,417,701	4,120,247
<b>Expenses</b>				
Governance		(179,410)	(206,215)	(142,557)
General purpose funding		(122,721)	(136,694)	(123,622)
Law, order, public safety		(153,911)	(148,229)	(170,930)
Health		(28,028)	(43,194)	(27,449)
Housing		(8,964)	0	(259,025)
Community amenities		(160,358)	(207,398)	(128,719)
Recreation and culture		(439,562)	(682,395)	(444,052)
Transport		(2,946,977)	(3,263,539)	(1,701,385)
Economic services		(1,311,417)	(1,092,133)	(1,134,398)
Other property and services		(106,023)	0	0
		(5,457,371)	(5,779,797)	(4,132,137)
		(258,410)	(1,362,096)	(11,890)
Non-operating grants, subsidies and contributions	2(a)	991,073	906,704	505,308
Profit on disposal of assets	10(a)	117,767	67,007	52,618
(Loss) on disposal of assets	10(a)	0	0	(58,505)
		1,108,840	973,711	499,421
<b>Net result for the period</b>		<b>850,430</b>	<b>(388,385)</b>	<b>487,531</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>850,430</b>	<b>(388,385)</b>	<b>487,531</b>

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



**SHIRE OF SANDSTONE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	6,787,664	4,889,922
Trade and other receivables	6	41,801	76,219
Other financial assets	5(a)	0	1,320,723
Inventories	7	134,964	123,884
<b>TOTAL CURRENT ASSETS</b>		<b>6,964,429</b>	<b>6,410,748</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	17,517	17,517
Property, plant and equipment	8	8,187,829	8,603,799
Infrastructure	9	39,718,887	38,820,445
<b>TOTAL NON-CURRENT ASSETS</b>		<b>47,924,233</b>	<b>47,441,761</b>
<b>TOTAL ASSETS</b>		<b>54,888,662</b>	<b>53,852,509</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	278,276	154,941
Contract liabilities	13	98,614	0
Employee related provisions	15	110,775	154,202
<b>TOTAL CURRENT LIABILITIES</b>		<b>487,665</b>	<b>309,143</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee related provisions	15	63,374	56,173
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>63,374</b>	<b>56,173</b>
<b>TOTAL LIABILITIES</b>		<b>551,039</b>	<b>365,316</b>
<b>NET ASSETS</b>		<b>54,337,623</b>	<b>53,487,193</b>
<b>EQUITY</b>			
Retained surplus		35,723,978	35,953,858
Reserves - cash backed	4	5,021,632	3,941,322
Revaluation surplus	11	13,592,013	13,592,013
<b>TOTAL EQUITY</b>		<b>54,337,623</b>	<b>53,487,193</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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,127,961	1,069,247	978,787
Operating grants, subsidies and contributions		3,248,148	2,525,730	2,321,122
Fees and charges		203,045	220,229	112,067
Interest received		37,425	54,096	85,117
Goods and services tax received		352,956	261,331	280,264
Other revenue		704,192	548,399	581,712
		<u>5,673,727</u>	<u>4,679,032</u>	<u>4,359,069</u>
<b>Payments</b>				
Employee costs		(1,272,727)	(1,055,213)	(1,163,321)
Materials and contracts		(2,301,181)	(2,698,982)	(1,248,398)
Utility charges		(111,605)	(142,376)	(118,780)
Insurance paid		(145,817)	(169,490)	(123,044)
Goods and services tax paid		(326,869)	(261,331)	(81,074)
Other expenditure		(105,789)	(86,306)	(99,222)
		<u>(4,263,988)</u>	<u>(4,413,698)</u>	<u>(2,833,839)</u>
<b>Net cash provided by operating activities</b>	16	<u>1,409,739</u>	<u>265,334</u>	<u>1,525,230</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		0	0	(495,966)
Payments for purchase of property, plant & equipment	8(a)	(596,222)	(514,530)	(1,182,529)
Payments for construction of infrastructure	9(a)	(1,487,484)	(1,983,677)	(1,225,029)
Non-operating grants, subsidies and contributions	2(a)	991,073	906,704	505,308
Proceeds from financial assets at amortised cost	5(a)	1,320,723	0	2,620,599
Proceeds from sale of property, plant & equipment	10(a)	259,913	135,000	443,090
<b>Net cash provided by (used in) investment activities</b>		<u>488,003</u>	<u>(1,456,503)</u>	<u>665,473</u>
<b>Net increase (decrease) in cash held</b>		<u>1,897,742</u>	<u>(1,191,169)</u>	<u>2,190,703</u>
Cash at beginning of year		4,889,922	2,267,689	2,699,219
<b>Cash and cash equivalents at the end of the year</b>	16	<u><u>6,787,664</u></u>	<u><u>1,076,520</u></u>	<u><u>4,889,922</u></u>

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

**SHIRE OF SANDSTONE  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	2,314,485	2,443,344	1,474,268
		2,314,485	2,443,344	1,474,268
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,000	0	0
General purpose funding		2,044,289	1,084,464	2,198,523
Law, order, public safety		11,068	13,626	11,571
Health		327	0	0
Housing		5,843	17,007	1,933
Community amenities		10,382	12,921	9,735
Recreation and culture		20,931	790	9,412
Transport		1,242,590	1,537,314	161,393
Economic services		754,725	640,216	574,473
Other property and services		124,437	109,123	189,921
		4,215,592	3,415,461	3,156,961
<b>Expenditure from operating activities</b>				
Governance		(179,410)	(206,215)	(142,557)
General purpose funding		(122,721)	(136,694)	(123,622)
Law, order, public safety		(153,911)	(148,229)	(170,930)
Health		(28,028)	(43,194)	(27,449)
Housing		(8,964)	0	(259,025)
Community amenities		(160,358)	(207,398)	(128,719)
Recreation and culture		(439,562)	(682,395)	(444,052)
Transport		(2,946,977)	(3,263,539)	(1,759,890)
Economic services		(1,311,417)	(1,092,133)	(1,134,398)
Other property and services		(106,024)	0	0
		(5,457,372)	(5,779,797)	(4,190,642)
Non-cash amounts excluded from operating activities	23(a)	1,291,064	1,384,768	1,513,039
<b>Amount attributable to operating activities</b>		2,363,769	1,463,776	1,953,626
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	991,073	906,704	505,308
Proceeds from disposal of assets	10(a)	259,913	135,000	443,090
Purchase of property, plant and equipment	8(a)	(596,222)	(514,530)	(1,182,529)
Purchase and construction of infrastructure	9(a)	(1,487,484)	(1,983,677)	(1,225,029)
<b>Amount attributable to investing activities</b>		(832,720)	(1,456,503)	(1,459,160)
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	4	(1,080,310)	(1,076,520)	(98,417)
Transfers from reserves (restricted assets)	4	0	0	902,532
<b>Amount attributable to financing activities</b>		(1,080,310)	(1,076,520)	804,115
<b>Surplus/(deficit) before imposition of general rates</b>		450,739	(1,069,247)	1,298,581
<b>Total amount raised from general rates</b>	22(a)	1,101,137	1,069,247	1,015,904
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	1,551,879	0	2,314,485

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



**SHIRE OF SANDSTONE**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is 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.

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

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The impact of adoption of these standards is described at Note 26.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Provisions

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	1,000	0	0
General purpose funding	2,003,260	1,025,481	2,110,731
Law, order, public safety	10,738	12,935	11,319
Housing	1,008	0	1,933
Recreation and culture	0	0	9,091
Transport	1,123,410	1,487,314	108,775
Other property and services	13,747	0	83,777
	3,153,163	2,525,730	2,325,626
<b>Non-operating grants, subsidies and contributions</b>			
Transport	991,073	906,704	505,308
	991,073	906,704	505,308
<b>Total grants, subsidies and contributions</b>	4,144,236	3,432,434	2,830,934
<b>Fees and charges</b>			
Governance	3,219	2,162	2,666
Law, order, public safety	330	691	252
Health	327	0	0
Community amenities	10,382	12,921	9,735
Recreation and culture	20,931	790	321
Economic services	160,167	197,621	97,112
Other property and services	7,689	6,044	1,981
	203,045	220,229	112,067

There were no changes to the amounts of fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

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

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees and charges	203,045	220,229	112,067
Other revenue	595,797	541,117	511,901
Non-operating grants, subsidies and contributions	991,073	906,704	505,308
	<u>1,789,915</u>	<u>1,668,050</u>	<u>1,129,276</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers recognised during the year	798,842	761,346	623,968
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	991,073	906,704	505,308
	<u>1,789,915</u>	<u>1,668,050</u>	<u>1,129,276</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	0	0	200
Contract liabilities from contracts with customers	(98,614)	0	0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates

**Other revenue**

Reimbursements and recoveries

Sale of inventory

Other

**Interest earnings**

Interest on reserve funds

Rates instalment and penalty interest (refer Note 21(c))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,101,137	1,069,247	1,015,904
	<u>1,101,137</u>	<u>1,069,247</u>	<u>1,015,904</u>
Other revenue			
Reimbursements and recoveries	108,395	7,282	69,811
Sale of inventory	584,233	541,117	466,792
Other	11,564	0	45,109
	<u>704,192</u>	<u>548,399</u>	<u>581,712</u>
Interest earnings			
Interest on reserve funds	22,921	31,496	65,785
Rates instalment and penalty interest (refer Note 21(c))	8,350	11,800	10,461
Other interest earnings	6,154	10,800	8,871
	<u>37,425</u>	<u>54,096</u>	<u>85,117</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset 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).

**Interest earnings (continued)**

Interest income is presented as interest income where it is earned from financial assets that are held for cash management purposes.

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

(b) Expenses

**Auditors remuneration**

Audit Annual Financial Statements

**Other expenditure**

Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	44,149	46,280	40,250
	44,149	46,280	40,250
	105,789	86,306	99,222
	105,789	86,306	99,222

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

REVENUE RECOGNITION POLICY								
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	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Fees & Charges	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Fees & Charges	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Fuel and visitor centre stock	Single point in time	In full at time of sale	Refund for faulty goods	Adopted by Council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions / Other Revenue	Commissions on licencing	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements / Other Revenue	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed
Grants contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output methods based on project milestones and/or completion date matched to performance obligations as input are shared
Grants, subsidies or contributions for the construction of non financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the LG	Over time	Fixed terms transfer of funds based on milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output methods based on project milestones and/or completion date matched to performance obligations as input are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitments	No obligations	Not Applicable	Not Applicable	Cash Received	On receipt of funds	Not applicable	When assets are controlled

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. CASH AND CASH EQUIVALENTS**

<b>NOTE</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Cash at bank and on hand	961,148	864,556
Term deposits	5,826,516	4,025,366
<b>Total cash and cash equivalents</b>	<b>6,787,664</b>	<b>4,889,922</b>
<b>Restrictions</b>		
The following classes of 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	5,120,246	2,620,599
- Financial assets at amortised cost	0	1,320,723
	<b>5,120,246</b>	<b>3,941,322</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:		
Reserves - cash backed	4	5,021,632
Contract liabilities from contracts with customers	13	98,614
<b>Total restricted assets</b>	<b>5,120,246</b>	<b>3,941,322</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.

**Restricted assets**

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



**SHIRE OF SANDSTONE**  
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**4. RESERVES - CASH BACKED**

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	223,510	1,996	0	225,506	223,510	1,788	0	225,298	217,205	6,305	0	223,510
(b) Plant Replacement Reserve	171,214	1,000,913	0	1,172,127	170,669	1,046,394	0	1,217,063	1,061,761	11,985	(902,532)	171,214
(c) Building Reserve	1,345,577	61,758	0	1,407,335	1,342,906	10,743	0	1,353,649	1,301,760	43,817	0	1,345,577
(d) Airport Reserve	292,894	2,617	0	295,511	292,894	2,343	0	295,237	289,341	3,553	0	292,894
(e) Road & Flood Damage Reserve	684,969	4,954	0	689,923	684,969	5,480	0	690,449	673,441	11,528	0	684,969
(f) Information Technology Reserve	48,034	429	0	48,463	48,034	384	0	48,418	46,679	1,355	0	48,034
(g) Refuse Disposal Reserve	41,305	369	0	41,674	41,305	330	0	41,635	40,140	1,165	0	41,305
(h) Housing Reserve	320,723	2,272	0	322,995	320,723	2,566	0	323,289	315,030	5,693	0	320,723
(i) Community Development Reserve	813,096	5,002	0	818,098	811,464	6,492	0	817,956	800,080	13,016	0	813,096
	3,941,322	1,080,310	0	5,021,632	3,936,474	1,076,520	0	5,012,994	4,745,437	98,417	(902,532)	3,941,322

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

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

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

#### Other financial assets at amortised cost

Term deposits

### (b) Non-current assets

Financial assets at fair value through profit and loss

#### Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	0	1,320,723
	0	1,320,723
	0	1,320,723
	0	1,320,723
	17,517	17,517
	17,517	17,517
	17,517	17,517
	17,517	17,517

## SIGNIFICANT ACCOUNTING POLICIES

### Other financial assets at amortised cost

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

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

### Financial assets at fair value through profit and loss

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

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

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable
Trade and other receivables
GST receivable
Accrued Income

2021	2020
\$	\$
33,668	45,631
8,133	200
0	26,084
0	4,304
41,801	76,219

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

Trade receivables are held with the objective to collect the contractual cashflows and therefore 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.

## 7. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Balance at beginning of year

Inventories expensed during the year

Additions to inventory

### Balance at end of year

	2021	2020
	\$	\$
	134,964	123,884
	134,964	123,884
	123,884	141,875
	(183,581)	(160,121)
	194,661	142,130
	134,964	123,884

## 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.

## 8. 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.

	Land	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	458,300	5,680,252	6,138,552	48,449	2,518,828	8,705,829
Additions	0	0	0	0	1,182,529	1,182,529
(Disposals)	0	0	0	0	(448,977)	(448,977)
Depreciation (expense)	0	(292,264)	(292,264)	(11,582)	(531,736)	(835,582)
<b>Balance at 30 June 2020</b>	458,300	5,387,988	5,846,288	36,867	2,720,644	8,603,799
<b>Comprises:</b>						
Gross balance at 30 June 2020	458,300	6,246,890	6,705,190	597,612	4,410,935	11,713,737
Accumulated depreciation at 30 June 2020	0	(858,902)	(858,902)	(560,745)	(1,690,291)	(3,109,938)
<b>Balance at 30 June 2020</b>	458,300	5,387,988	5,846,288	36,867	2,720,644	8,603,799
Additions	22,583	130,056	152,639	0	443,583	596,222
(Disposals)	(50,000)	(34,665)	(84,665)	0	(57,481)	(142,146)
Depreciation (expense)	0	(289,589)	(289,589)	(9,083)	(571,374)	(870,046)
<b>Balance at 30 June 2021</b>	430,883	5,193,790	5,624,673	27,784	2,535,372	8,187,829
<b>Comprises:</b>						
Gross balance at 30 June 2021	430,883	6,280,946	6,711,829	597,612	4,709,518	12,018,959
Accumulated depreciation at 30 June 2021	0	(1,087,156)	(1,087,156)	(569,828)	(2,174,146)	(3,831,130)
<b>Balance at 30 June 2021</b>	430,883	5,193,790	5,624,673	27,784	2,535,372	8,187,829

**SHIRE OF SANDSTONE**  
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**8. 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 methodology	Independent Registered Valuer	June 2017	Price per Hectare / Market Borrowing Rate
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost (Gross Valuation Method)	Independent Registered Valuer	June 2017/2018	Improvements to land using construction cost and current condition, residual values and remaining usefull life.

**(ii) Cost**

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

**SHIRE OF SANDSTONE**  
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**9. 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 Parks & Gardens	Infrastructure Footpaths	Infrastructure Airport	Infrastructure Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	36,087,015	969,452	79,480	721,205	346,236	38,203,388
Additions	1,148,891	38,949	0	7,439	29,750	1,225,029
Depreciation (expense)	(432,414)	(109,147)	(3,769)	(30,846)	(31,796)	(607,972)
<b>Balance at 30 June 2020</b>	36,803,492	899,254	75,711	697,798	344,190	38,820,445
<b>Comprises:</b>						
Gross balance at 30 June 2020	46,357,328	1,112,663	131,807	759,489	401,232	48,762,519
Accumulated depreciation at 30 June 2020	(9,553,836)	(213,409)	(56,096)	(61,691)	(57,042)	(9,942,074)
<b>Balance at 30 June 2020</b>	36,803,492	899,254	75,711	697,798	344,190	38,820,445
Additions	1,362,002	113,977	0	0	11,505	1,487,484
Depreciation (expense)	(409,865)	(110,777)	(3,866)	(31,589)	(32,945)	(589,042)
<b>Balance at 30 June 2021</b>	37,755,629	902,454	71,845	666,209	322,750	39,718,887
<b>Comprises:</b>						
Gross balance at 30 June 2021	47,719,330	1,226,640	131,807	759,489	412,737	50,250,003
Accumulated depreciation at 30 June 2021	(9,963,701)	(324,186)	(59,962)	(93,280)	(89,987)	(10,531,116)
<b>Balance at 30 June 2021</b>	37,755,629	902,454	71,845	666,209	322,750	39,718,887

**SHIRE OF SANDSTONE**  
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**9. 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)	Independent registered valuers	June 2014	Construction costs and current conditions, residual values ad remaining useful life assessments inputs
<b>Infrastructure Parks &amp; Gardens</b>	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2018	Construction costs and current conditions, residual values ad remaining useful life assessments inputs
<b>Infrastructure Footpaths</b>	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2014	Construction costs and current conditions, residual values ad remaining useful life assessments inputs
<b>Infrastructure Airport</b>	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2018	Construction costs and current conditions, residual values ad remaining useful life assessments inputs
<b>Infrastructure Other</b>	3	Cost approach using depreciated replacement cost (Gross Valuation Method)	Independent registered valuers	June 2018	Construction costs and current conditions, residual values ad remaining useful life assessments inputs

Level 3 Inputs are based on assumption with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the ptoential 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.



## **10. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

#### **Initial recognition and measurement between mandatory revaluation dates**

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

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

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

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

#### **Revaluation**

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

#### **Revaluation (Continued)**

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

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

#### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

##### **Land under roads from 1 July 2019**

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

##### **Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

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**10. FIXED ASSETS (Continued)**

**(a) Disposals of Assets**

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$	2021 Budget Net Book Value \$	2021 Budget Sale Proceeds \$	2021 Budget Profit \$	2021 Budget Loss \$	2020 Actual Net Book Value \$	2020 Actual Sale Proceeds \$	2020 Actual Profit \$	2020 Actual Loss \$
Land - freehold land	50,000	50,000	0	0	0	0	0	0	0	0	0	0
Buildings - specialised	34,665	39,500	4,835	0	47,993	65,000	17,007	0	0	0	0	0
Plant and equipment	57,481	170,413	112,932	0	20,000	70,000	50,000	0	448,977	443,090	52,618	(58,505)
	142,146	259,913	117,767	0	67,993	135,000	67,007	0	448,977	443,090	52,618	(58,505)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Housing</b>				
Old Police House	34,665	39,500	4,835	0
<b>Transport</b>				
S741 Low Loader	29,628	59,608	29,980	0
S793 GTE Water Tanker	0	42,102	42,102	0
S774 A Trailer Side Tipper	14,110	34,964	20,854	0
S763 Roadwest Side Tipper	13,743	31,219	17,476	0
Bobcat Trailer	0	2,520	2,520	0
<b>Other property and services</b>				
LND996 Lot 163 Oroya Street	10,000	10,000	0	0
LND516 Lot 516 Payne Street	10,000	10,000	0	0
LND099 Lot 99 Payne Street	10,000	10,000	0	0
LND246 Lot 246 Green Street	10,000	10,000	0	0
LND247 Lot 247 Green Street	10,000	10,000	0	0
	142,146	259,913	117,767	0
	142,146	259,913	117,767	0

**(b) Fully Depreciated Assets in Use**

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2021 \$	2020 \$
Furniture and equipment	520,200	488,200
Plant and equipment	243,700	222,700
Infrastructure - roads	4,369	
	768,269	710,900

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**10. FIXED ASSETS (Continued)**

**(c) Depreciation**

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	\$	\$	\$
Buildings - specialised	289,589	281,968	292,264
Furniture and equipment	9,083	10,903	11,582
Plant and equipment	571,374	603,744	531,736
Infrastructure - roads	409,865	438,392	432,414
Infrastructure Parks & Gardens	110,777	72,516	109,147
Infrastructure Footpaths	3,866	3,991	3,769
Infrastructure Airport	31,589	23,552	30,846
Infrastructure Other	32,945	16,709	31,796
	<b>1,459,088</b>	<b>1,451,775</b>	<b>1,443,554</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation 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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Infrastructure other	5-40 years
Footpaths - slab	40 years
Parks and ovals	5 - 40 years
Airport	30 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 years

**Depreciation on revaluation**

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:  
(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

## 11. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Closing Balance
	\$	\$	\$	\$
Land - freehold land	269,022	269,022	269,022	269,022
Buildings - specialised	1,437,726	1,437,726	1,437,726	1,437,726
Furniture and equipment	9,111	9,111	9,111	9,111
Infrastructure - roads	10,319,105	10,319,105	10,319,105	10,319,105
Infrastructure Parks & Gardens	611,718	611,718	611,718	611,718
Infrastructure Airport	737,481	737,481	737,481	737,481
Infrastructure Other	207,850	207,850	207,850	207,850
	13,592,013	13,592,013	13,592,013	13,592,013

Movements on revaluation of Property, Plant and Equipment (Including Infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1

**12. TRADE AND OTHER PAYABLES**

**Current**

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

2021	2020
\$	\$
171,409	93,703
14,861	0
25,177	25,791
16,570	28,247
6,300	7,200
43,958	0
278,276	154,941

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Prepaid rates**

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

### 13. CONTRACT LIABILITIES

#### Current

Contract liabilities
Total Current
Total Contract Liabilities

2021	2020
\$	\$
98,614	0
98,614	0
98,614	0

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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**14. INFORMATION ON BORROWINGS (Continued)**

	2021	2020
	\$	\$
<b>Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	0	593
<b>Total amount of credit unused</b>	<b>20,000</b>	<b>20,593</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Risk**

Information regarding exposure to risk can be found at Note 24.

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**15. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2020</b>			
Current provisions	114,164	40,038	154,202
Non-current provisions	0	56,173	56,173
	<u>114,164</u>	<u>96,211</u>	<u>210,375</u>
Additional provision	101,044	35,664	136,708
Amounts used	(116,675)	(56,259)	(172,934)
<b>Balance at 30 June 2021</b>	<u>98,533</u>	<u>75,616</u>	<u>174,149</u>
<b>Comprises</b>			
Current	98,533	12,242	110,775
Non-current	0	63,374	63,374
	<u>98,533</u>	<u>75,616</u>	<u>174,149</u>

	2021	2020
	\$	\$
Less than 12 months after the reporting date	88,123	154,202
More than 12 months from reporting date	64,970	22,313
Expected reimbursements from other WA local governments	21,056	33,860
	<u>174,149</u>	<u>210,375</u>

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as 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 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

**Other long-term employee benefits (Continued)**

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.

**Provisions**

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

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



## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	6,787,664	1,076,520	4,889,922
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	850,430	(388,385)	487,531
Non-cash flows in Net result:			
Depreciation on non-current assets	1,459,088	1,451,775	1,443,554
(Profit)/loss on sale of asset	(117,767)	(67,007)	5,887
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	34,418	0	(22,106)
(Increase)/decrease in inventories	(11,080)	0	17,991
Increase/(decrease) in trade and other payables	123,335	175,655	34,083
Increase/(decrease) in employee related provisions	(36,226)	0	63,598
Increase/(decrease) in contract liabilities	98,614	0	0
Non-operating grants, subsidies and contributions	(991,073)	(906,704)	(505,308)
Net cash from operating activities	1,409,739	265,334	1,525,230

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	0	45,633
Law, order, public safety	39,660	141,383
Health	0	41
Housing	1,500,788	1,513,966
Community amenities	17,105	65,444
Recreation and culture	1,980,054	3,244,097
Transport	38,837,771	38,323,168
Economic services	592,297	681,250
Other property and services	4,468,686	1,777,942
Unallocated	7,452,301	8,059,585
	<u>54,888,662</u>	<u>53,852,509</u>

## **18. CONTINGENT LIABILITIES**

The Shire of Sandstone has in compliance with the Contaminated Sites Act 2003 S11 listed 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.



## 20. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Elected Member Walton</b>			
President's annual allowance	3,500	3,500	3,500
Meeting attendance fees	5,080	2,100	5,030
Annual allowance for ICT expenses	500	500	500
	9,080	6,100	9,030
<b>Elected Member Hodshon</b>			
Deputy President's annual allowance	875	875	875
Meeting attendance fees	1,985	2,100	2,515
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	1,077	1,500	1,247
	4,437	4,975	5,137
<b>Elected Member Key</b>			
Meeting attendance fees	2,160	2,100	2,515
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	1,188	1,500	
	3,848	4,100	3,015
<b>Elected Member Lefroy</b>			
Meeting attendance fees	2,335	2,100	2,515
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	2,100	1,500	2,432
	4,935	4,100	5,447
<b>Elected Member May</b>			
Meeting attendance fees	2,570	2,100	2,455
Annual allowance for ICT expenses	500	500	500
	3,070	2,600	2,955
<b>Elected Member McQuie</b>			
Meeting attendance fees	2,570	2,100	2,280
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	2,495	1,500	1,667
	5,565	4,100	4,447
	30,935	25,975	30,031
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	3,500	3,500	3,500
Deputy President's allowance	875	875	875
Meeting attendance fees	16,700	12,600	17,310
Annual allowance for ICT expenses	3,000	3,000	3,000
Travel and accommodation expenses	6,860	6,000	5,346
	30,935	25,975	30,031

**SHIRE OF SANDSTONE**  
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**21. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	208,418	313,379
Post-employment benefits	23,703	29,290
Other long-term benefits	19,183	11,843
Termination benefits	0	5,654
	251,304	360,166

*Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**SHIRE OF SANDSTONE**  
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**21. RELATED PARTY TRANSACTIONS (Continued)**

**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 guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
Purchase of goods and services	\$ 107,371	\$ 5,252

**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 elected member, are considered key management personnel.

*ii. Other Related Parties*

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

**SHIRE OF SANDSTONE**  
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**22. RATING INFORMATION**

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20
			Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>												
Townsite	0.06576	31	210,548	13,846	802	219	14,867	13,846	0	0	13,846	14,369
Transient Workers Accomodation	0.37195	4	72,020	26,788	0	0	26,788	26,788	0	0	26,788	26,788
<b>Unimproved valuations</b>												
Rural	0.06088	19	779,984	47,478	0	0	47,478	47,480	0	0	47,480	42,960
Mining	0.26891	143	3,669,213	1,023,402	16,693	9,392	1,049,487	986,688	20,000	0	1,006,688	919,160
<b>Sub-Total</b>		197	4,731,765	1,111,514	17,495	9,611	1,138,620	1,074,802	20,000	0	1,094,802	1,003,277
<b>Minimum payment</b>	\$											
<b>Gross rental valuations</b>												
Townsite	220	31	19,722	6,820	0	0	6,820	6,820	0	0	6,820	6,820
Transient Workers Accomodation	220	0	0	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>												
Rural	335	6	7,933	2,010	0	0	2,010	2,010	0	0	2,010	1,675
Mining	335	55	39,700	18,425	0	0	18,425	18,425	0	0	18,425	17,455
<b>Sub-Total</b>		92	67,355	27,255	0	0	27,255	27,255	0	0	27,255	25,950
		289	4,799,120	1,138,769	17,495	9,611	1,165,875	1,102,057	20,000	0	1,122,057	1,029,227
Discounts/concessions (Note 22(b))							(64,738)				(52,810)	(13,323)
<b>Total amount raised from general rate</b>							1,101,137				1,069,247	1,015,904
Concessions (Note 20 (b))												(179)
<b>Totals</b>							1,101,137				1,069,247	1,015,725

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

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



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**22 RATING INFORMATION (Continued)**

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

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount %</b>	<b>Discount \$</b>	<b>2021 Actual \$</b>	<b>2021 Budget \$</b>	<b>2020 Actual \$</b>	<b>Circumstances in which Discount is Granted</b>
Discount on Early Payment	3.50%		64,660	52,810	13,323	Early Payment of Current Rates & Arrears within 14 Days of Issue Date
			64,660	52,810	13,323	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Type</b>	<b>Discount %</b>	<b>Discount \$</b>	<b>2021 Actual \$</b>	<b>2021 Budget \$</b>	<b>2020 Actual \$</b>
Rates	Write Off			78	0	179
				78	0	179
Total discounts/concessions (Note 22(a))				64,738	52,810	13,502

## 22. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>	17/09/2020	0	0.00%	8.00%
Single full payment				
<b>Option Two</b>				
First instalment	17/09/2020	0.00	0.00%	8.00%
Second instalment	19/11/2020	10.00	3.00%	8.00%
<b>Option Three</b>				
First instalment	17/09/2020	0.00	0.00%	8.00%
Second instalment	19/11/2020	10.00	3.00%	8.00%
Third instalment	21/01/2021	10.00	3.00%	8.00%
Fourth instalment	25/03/2021	10.00	3.00%	8.00%

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Interest on unpaid rates	4,238	7,300	4,644
Interest on instalment plan	4,112	4,500	5,817
Charges on instalment plan	3,180	2,000	2,550
	11,530	13,800	13,011

SHIRE OF SANDSTONE  
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23. RATE SETTING STATEMENT INFORMATION

	2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 Carried Forward)
Note	\$	\$	\$
<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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) (117,767)	(67,007)	(52,618)
Less: Movement in liabilities associated with restricted cash	(57,458)	0	41,314
Movement in employee benefit provisions (non-current)	7,201	0	22,284
Add: Loss on disposal of assets	10(a) 0	0	58,505
Add: Depreciation on non-current assets	10(c) 1,459,088	1,451,775	1,443,554
<b>Non cash amounts excluded from operating activities</b>	<b>1,291,064</b>	<b>1,384,768</b>	<b>1,513,039</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserves - cash backed	4 (5,021,632)	(5,012,994)	(3,941,322)
Add: Current liabilities not expected to be cleared at end of year	0	0	0
Add - Employee benefit provisions	96,744	112,888	154,202
<b>Total adjustments to net current assets</b>	<b>(4,924,888)</b>	<b>(4,900,106)</b>	<b>(3,787,120)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	6,964,429	5,229,391	6,410,748
Less: Total current liabilities	(487,665)	(329,285)	(309,143)
Less: Total adjustments to net current assets	(4,924,888)	(4,900,106)	(3,787,120)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,551,876</b>	<b>0</b>	<b>2,314,485</b>

## 24. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2021</b>					
Cash and cash equivalents	0.55%	6,787,664	5,826,516	520,136	441,012
<b>2020</b>					
Cash and cash equivalents	1.73%	4,889,922	4,025,366	811,842	52,714
Financial assets at amortised cost	1.73%	1,320,723	1,320,723	0	0

#### Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	5,201	8,118

\* Holding all other variables constant

## 24. FINANCIAL RISK MANAGEMENT (Continued)

**SHIRE OF SANDSTONE**  
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**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	10,070	22,942	656	0	33,668
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	958	31,747	8,061	4,865	45,631
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	6,330	0	1,803	0	8,133
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	200	0	0	0	200
Loss allowance	0	0	0	0	0

## 24. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2021</u></b>					
Payables	246,841	0	0	246,841	278,276
	<u>246,841</u>	<u>0</u>	<u>0</u>	<u>246,841</u>	<u>278,276</u>
<b><u>2020</u></b>					
Payables	126,694	0	0	126,694	154,941
	<u>126,694</u>	<u>0</u>	<u>0</u>	<u>126,694</u>	<u>154,941</u>

## 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

## **26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

### **(a) AASB 1059 Service Concession Arrangements: Grantors**

The Shire adopted AASB 1059 Service Concession Arrangements: Grantors on 1 July 2020, which resulted in no financial impact.



# SHIRE OF SANDSTONE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 27. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) 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.

#### i) Impairment of assets

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

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

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

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

**SHIRE OF SANDSTONE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**28. ACTIVITIES/PROGRAMS**

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**PROGRAM NAME AND OBJECTIVES**

**ACTIVITIES**

**GOVERNANCE**

To Provide a decision making process for the efficient allocation of Scarce resources

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

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of

Rates, general purpose grants and interest revenue

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HEALTH**

To provide an operational framework for environmental and community health

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

**EDUCATION AND WELFARE**

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

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

**HOUSING**

To provide and maintain elderly residents

Provision and maintenance of elderly residential housing.

**COMMUNITY AMENITIES**

To provide services required by the community

Rubbish Collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban stormwater drains, protection of the environment and administration of town planning scheme, cemetery and public conveniences.

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

To provide safe, efficient transport services to the community.

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

**ECONOMIC SERVICES**

To help promote the Shire and its economic well-being

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

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overheads operating account.

Private works operations, plant repairs and operation costs and engineering operating costs.

## 29. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	5.15	15.94	13.15
Asset consumption ratio	0.77	0.63	0.80
Asset renewal funding ratio	0.89	0.89	1.01
Asset sustainability ratio	1.25	1.36	1.40
Operating surplus ratio	(0.28)	(0.01)	0.29
Own source revenue coverage ratio	(0.36)	0.32	0.02
Debt Service Cover Ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

\* The debt service cover ratio is not applicable as there is no debt



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Sandstone

To the Councillors of the Shire of Sandstone

### Report on the audit of the annual financial report

#### Qualified Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for qualified opinion

The Shire's roads and footpaths infrastructure, reported at values as at 30 June 2021 of \$37,755,629 (2020: \$36,803,492) and \$71,845 (2020: \$75,711) respectively in Note 9 of the annual financial report, were last valued in June 2014. Because the assets have not been revalued with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, I am unable to determine whether Infrastructure as at 30 June 2021 of \$39,718,887 (2020: \$38,820,445) in the Statement of Financial Position is fairly stated. Additionally, I am unable to determine whether any adjustments are necessary to the related balances and disclosures of Revaluation Surplus in the Statement of Financial Position and Statement of Changes in Equity and Note 11, Other Comprehensive Income in the Statement of Comprehensive Income and Note 17 Total Assets Classified by Function and Activity, as it was impracticable to do so. I also issued a qualified opinion for the year ended 30 June 2020 in relation to this matter.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

### **Auditor's responsibility for the audit of the financial report**

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

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

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

## Report on other legal and regulatory requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last two years.
  - b) The Own Source Revenue Coverage Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last three years.

The financial ratios are reported at Note 29 of the financial report.

- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) Changes made to the supplier and employee masterfiles were not independently reviewed and authorised. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
  - b) Accounting journal entries were processed with no evidence of independent review and approval by a senior staff member. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be independently reviewed and approved with evidence of this review being retained.
  - c) For approximately 8% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.
  - d) The Shire was not able to provide evidence that reconciliations for fixed assets were reviewed independently. At year-end it was also found that depreciation on roads required a material audit adjustment due to the calculation not being performed correctly.
- (iii) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all required information and explanations were obtained by me.
- (iv) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Sandstone for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
31 May 2022