SHIRE OF SANDSTONE

ANNUAL BUDGET

FOR THE YEAR ENDED 30 JUNE 2027

LOCAL GOVERNMENT ACT 1995

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The Shire of Sandstone a Class 4 local government conducts the operations of a local government with the following community vision:

SHIRE OF SANDSTONE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2027

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Revenue		$	$	$
Rates	2(a)	1,906,506	1,795,210	1,812,033
Grants, subsidies and contributions		851,476	4,328,740	1,671,405
Fees and charges	13	275,350	289,470	304,050
Interest revenue	9(a)	267,000	251,911	328,000
Other revenue		942,869	995,865	612,900
		4,243,201	7,661,196	4,728,388
Expenses				
Employee costs		(2,052,057)	(2,033,173)	(2,201,133)
Materials and contracts		(2,002,405)	(1,679,115)	(1,370,615)
Utility charges		(133,350)	(164,888)	(150,150)
Depreciation	6	(1,569,478)	(1,569,401)	(1,612,450)
Insurance		(173,150)	(133,291)	(149,700)
Other expenditure		(129,400)	(175,610)	(155,400)
		(6,059,840)	(5,755,478)	(5,639,448)
		(1,816,639)	1,905,718	(911,060)
Capital grants, subsidies and contributions		329,867	300,000	300,200
Profit on asset disposals	5	356,650	320,510	360,519
Loss on asset disposals	5	0	0	(2,832)
		686,517	620,510	657,887
Net result for the period		**(1,130,122)**	**2,526,228**	**(253,173)**
Total other comprehensive income for the period		**0**	**0**	**0**
Total comprehensive income for the period		**(1,130,122)**	**2,526,228**	**(253,173)**

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 2027

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Receipts		$	$	$
Rates		1,906,506	1,779,738	1,864,347
Grants, subsidies and contributions		851,476	4,358,427	1,671,405
Fees and charges		275,350	289,470	304,050
Interest revenue		267,000	251,911	328,000
Goods and services tax received		0	532,188	0
Other revenue		942,869	995,865	560,586
		4,243,201	8,207,599	4,728,388
Payments				
Employee costs		(2,052,057)	(1,998,588)	(2,021,675)
Materials and contracts		(2,002,405)	(1,600,464)	(738,302)
Utility charges		(133,350)	(164,888)	(150,150)
Insurance paid		(173,150)	(133,291)	(149,700)
Goods and services tax paid		0	(538,080)	0
Other expenditure		(129,400)	(175,610)	(155,400)
		(4,490,362)	(4,610,921)	(3,215,227)
Net cash provided by (used in) operating activities	4	(247,161)	3,596,678	1,513,161
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(2,713,000)	(1,373,194)	(2,161,500)
Payments for construction of infrastructure	5(b)	(2,254,689)	(1,977,747)	(1,834,000)
Proceeds from capital grants, subsidies and contributions		329,867	315,237	300,200
Proceeds from disposal of property, plant and equipment	5(a)	435,000	493,273	410,000
Proceeds on disposal of financial assets at fair value through profit and loss		0	(18,889)	0
Net cash (used in) investing activities		(4,202,822)	(2,561,320)	(3,285,300)
Net increase (decrease) in cash held		(4,449,983)	1,035,358	(1,772,139)
Cash at beginning of year		8,326,426	7,291,068	7,291,068
Cash and cash equivalents at the end of the year	4	**3,876,443**	**8,326,426**	**5,518,929**

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

SHIRE OF SANDSTONE
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2027

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
OPERATING ACTIVITIES				
Revenue from operating activities		$	$	$
General rates	2(a)(i)	1,894,608	1,781,269	1,787,383
Rates excluding general rates	2(a)	11,898	13,941	24,650
Grants, subsidies and contributions		851,476	4,328,740	1,671,405
Fees and charges	13	275,350	289,470	304,050
Interest revenue	9(a)	267,000	251,911	328,000
Other revenue		942,869	995,865	612,900
Profit on asset disposals	5	356,650	320,510	360,519
		4,599,851	7,981,706	5,088,907
Expenditure from operating activities				
Employee costs		(2,052,057)	(2,033,173)	(2,201,133)
Materials and contracts		(2,002,405)	(1,679,115)	(1,370,615)
Utility charges		(133,350)	(164,888)	(150,150)
Depreciation	6	(1,569,478)	(1,569,401)	(1,612,450)
Insurance		(173,150)	(133,291)	(149,700)
Other expenditure		(129,400)	(175,610)	(155,400)
Loss on asset disposals	5	0	0	(2,832)
		(6,059,840)	(5,755,478)	(5,642,280)
Non cash amounts excluded from operating activities	3(c)	1,212,828	1,248,891	1,254,763
Amount attributable to operating activities		**(247,161)**	**3,475,119**	**701,390**
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		329,867	300,000	300,200
Proceeds from disposal of property, plant and equipment	5(a)	435,000	493,273	410,000
Proceeds on disposal of financial assets at fair value through profit and loss		0	(18,889)	0
		764,867	774,384	710,200
Outflows from investing activities				
Acquisition of property, plant and equipment	5(a)	(2,713,000)	(1,373,194)	(2,161,500)
Acquisition of infrastructure	5(b)	(2,254,689)	(1,977,747)	(1,834,000)
Payments for financial assets at amortised cost - term deposits				
		(4,967,689)	(3,350,941)	(3,995,500)
Amount attributable to investing activities		**(4,202,822)**	**(2,576,557)**	**(3,285,300)**
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	8(a)	1,460,000	0	1,000,000
		1,460,000	0	1,000,000
Outflows from financing activities				
Transfers to reserve accounts	8(a)	(150,000)	(179,296)	(200,000)
		(150,000)	(179,296)	(200,000)
Amount attributable to financing activities		**1,310,000**	**(179,296)**	**800,000**
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus remaining at the start of the financial year	3	3,139,983	2,420,718	1,783,910
Amount attributable to operating activities		(247,161)	3,475,119	701,390
Amount attributable to investing activities		(4,202,822)	(2,576,557)	(3,285,300)
Amount attributable to financing activities		1,310,000	(179,296)	800,000
Surplus remaining after the imposition of general rates	3	**0**	**3,139,983**	**0**

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

SHIRE OF SANDSTONE
FOR THE YEAR ENDED 30 JUNE 2027
INDEX OF NOTES TO THE BUDGET

1 BASIS OF PREPARATION

The annual budget of the Shire of Sandstone which is a Class 4 local government is a forward looking document and has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

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

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

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the annual budget 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 annual budget.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 10 to the annual budget.

2025/26 actual balances
Balances shown in this budget as 2025/26 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

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

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

Rounding off figures
All figures shown in this statement are rounded to the nearest dollar.

Statement of Cashflows
Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

Initial application of accounting standards
During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.
• *AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements*
• *AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
• *AASB 2024-3 Amendments to Australian Accounting Standards - Standards – Annual Improvements Volume 11*
• *AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*
It is not expected these standards will have an impact on the annual budget on initial application.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
• *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
• *AASB 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
It is not expected these standards will have an impact on the annual budget on initial application.
• *AASB 18 Presentation and Disclosure in Financial Statements*
• *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*
These accounting standards will materially change the presentation of the annual financial report and annual budget

Critical accounting estimates and judgements
The preparation of the annual budget 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 annual budget is a forward-looking statement and is comprised of management estimates. As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the annual budget.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:
• Fair value measurement of assets carried at reportable value including:
• Property, plant and equipment
• Infrastructure
• Expected credit losses on financial assets
• Impairment losses of non-financial assets
• Measurement of employee benefits
• Measurement of provisions

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in dollar	Number of properties	Rateable value*	2026/27 Budgeted rate revenue	2026/27 Budgeted interim rates	2026/27 Budgeted total revenue	2025/26 Actual total revenue	2025/26 Budget total revenue
				$	$	$	$	$	$
(i) General rates									
Townsite	Gross rental valuation	0.075450	34	262,070	19,773	0	19,773	16,312	19,151
Transient Workers Facilities	Gross rental valuation	0.425000	4	66,300	28,178	0	28,178	27,224	27,224
Pastoral	Unimproved valuation	0.070600	19	674,269	47,603	0	47,603	44,824	48,820
Mining	Unimproved valuation	0.307200	183	5,856,296	1,799,054	0	1,799,054	1,692,910	1,692,188
Total general rates			240	6,858,935	1,894,608	0	1,894,608	1,781,269	1,787,383
		Minimum							
(ii) Minimum payment		$							
Townsite	Gross rental valuation	210.00	34	14,191	7,140	0	7,140	6,200	6,800
Pastoral	Unimproved valuation	420.00	6	7,933	2,520	0	2,520	2,400	2,400
Mining	Unimproved valuation	414.00	67	42,644	27,738	0	27,738	25,200	26,800
Total minimum payments			107	64,768	37,398	0	37,398	33,800	36,000
Total general rates and minimum payments			347	6,923,703	1,932,006	0	1,932,006	1,815,069	1,823,383
					1,932,006	0	1,932,006	1,815,069	1,823,383
Back Rates, Interim & Revaluations							5,500	2,009	4,650
Discounts (Refer note 2(f))						0	(21,000)	(21,869)	(16,000)
Rates Written Off							(10,000)	0	0
Total rates					1,932,006	0	1,906,506	1,795,210	1,812,033
Instalment plan charges								6,520	2,500
Instalment plan interest							9,000	9,732	8,000
Late payment of rate or service charge interest							10,000	15,643	15,000
							19,000	31,895	25,500

The Shire did not raise specified area rates for the year ended 30th June 2027.

*Rateable Value at time of adopting budget.

All rateable properties within the district used predominately for non-rural purposes are rated according to their Gross Rental Valuation (GRV), all other properties are rated according to their Unimproved Valuation (UV)

The general rates detailed for the 2026/27 financial year have been determined by Council on the basis of raising the revenue required to meet the estimated deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than general rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum payments have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

2. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Option 1 (Full Payment)
Full amount of rates and charges including arrears, to be paid on or before ????? or 35 days after the date of issue appearing on the rate notice whichever is the latter.

Option 2 (Two Instalments)
First instalment to be made on or before ?????
Second and final payment to be made on or before ?????

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		$	%	%
Option one				
Single full payment		0	0.0%	0.0%
Option two				
First instalment		20	0.0%	11.0%
Second instalment		20	5.5%	11.0%

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

2. RATES AND SERVICE CHARGES (CONTINUED)

Differential general rate

Description	Characteristics	Objects	Reasons
Gross Rental Values	Properties within a town boundary with a use that does not fall withing a category (Workers Quarter/Mining.	This rates is to contribute to the services desired by the community.	This is considered to be the base rate above which all other GRV rated properties are assessed.
Workers Quarters - Mining	Applies to properties with a transient workforce accommodation land use.	To maintain relativity comparative to residential properties from a unit of accommodation perspective.	Council's preferred option is that workers be housed in normal residential accommodation located within the town boundary.
UV Rural	Consists of property used predominantly for rural purposes.	This rates is to contribute to the services desired by the community.	This is considered to be the base rate above which all other UV rated properties are assessed.
UV Mining	Properties with land use associated with mining activities.	This rate reflects the cost of servicing mining activity including road infrastructure.	This rate category reflects the greater impact on roads by way of heavy haulage as well as ancillary use of the Shires services.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
Gross Rental Values	Properties within a town boundary with a use that does not fall withing a category (Workers Quarter/Mining.	This rates is to contribute to the services desired by the community.	This is considered to be the base rate above which all other GRV rated properties are assessed.
Workers Quarters - Mining	Applies to properties with a transient workforce accommodation land use.	To maintain relativity comparative to residential properties from a unit of accommodation perspective.	Council's preferred option is that workers be housed in normal residential accommodation located within the town boundary.
UV Rural	Consists of property used predominantly for rural purposes.	This rates is to contribute to the services desired by the community.	This is considered to be the base rate above which all other UV rated properties are assessed.
UV Mining	Properties with land use associated with mining activities.	This rate reflects the cost of servicing mining activity including road infrastructure.	This rate category reflects the greater impact on roads by way of heavy haulage as well as ancillary use of the Shires services.

2. RATES AND SERVICE CHARGES (CONTINUED)

(e) Service Charges

The Shire did not raise service charges for the year ended 30th June 2027.

(f) Early payment discounts

Rate, fee or charge to which discount is granted	Type	Discount %	Discount ($)	2026/27 Budget	2025/26 Actual	2025/26 Budget	Circumstances in which discount is granted
				$	$	$	
Discount on Early Payment	Rate	3.5%		21,000	21,869	16,000	
				21,000	21,869	16,000	

(g) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Type	Waiver/ Concession	Discount %	Discount ($)	2026/27 Budget	2025/26 Actual	2025/26 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
					$	$	$		
Small Balance Write Offs	Rate	Waiver			10,000	13,033	9,000		
					10,000	13,033	9,000		

3. NET CURRENT ASSETS

(a) Composition of estimated net current assets

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
		$	$	$
Current assets				
Cash and cash equivalents	4	3,876,443	8,326,426	5,518,929
Financial assets		38,794	38,794	0
Receivables		167,373	167,373	129,274
Inventories		434,686	434,686	48,432
		4,517,296	8,967,279	5,696,635
Less: current liabilities				
Trade and other payables		(311,097)	(311,097)	(1,372,378)
Employee provisions		(262,785)	(262,785)	(257,344)
Other provisions		(15,237)	(15,237)	0
		(589,119)	(589,119)	(1,629,722)
Net current assets		3,928,177	8,378,160	4,066,913
Less: Total adjustments to net current assets	3(b)	(3,928,177)	(5,238,177)	(4,066,913)
Net current assets used in the Statement of Financial Activity		0	3,139,983	0

(b) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
Adjustments to net current assets				
Less: Reserve accounts	8	(3,982,187)	(5,292,187)	(4,312,889)
Less: Current assets not expected to be received at end of year				
- Rates receivable		(118,217)	(118,217)	0
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee benefit provisions		172,227	172,227	245,976
Total adjustments to net current assets		(3,928,177)	(5,238,177)	(4,066,913)

EXPLANATION OF DIFFERENCE IN SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(c) Amounts excluded from operating activities

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
		$	$	$
Less: Profit on asset disposals	5	(356,650)	(320,510)	(360,519)
Add: Loss on asset disposals	5	0	0	2,832
Add: Depreciation	6	1,569,478	1,569,401	1,612,450
Movement in current liabilities associated funds held in reserve account:		0	0	0
Non cash amounts excluded from operating activities		1,212,828	1,248,891	1,254,763

3. NET CURRENT ASSETS (CONTINUED)

(d) MATERIAL ACCOUNTING POLICIES

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 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.

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. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

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

INVENTORIES

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.

INVENTORY - LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Inventory - land held for resale is classified as current except where it is held as non-current based on the Shire's intentions to release for sale.

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.

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.

TRADE AND OTHER RECEIVABLES

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

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

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

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

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.

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.

EMPLOYEE BENEFITS

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 determination of the net current asset position.
The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the determination of the net current asset position.

Other long-term employee benefits

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

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

4. RECONCILIATION OF CASH

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
		$	$	$
Cash and cash equivalents		3,876,443	8,326,426	5,518,929
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
Cash and cash equivalents		3,982,187	5,292,187	5,518,929
		3,982,187	5,292,187	5,518,929
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Reserve accounts	8	3,982,187	5,292,187	4,312,889
Total restricted financial assets		3,982,187	5,292,187	4,312,889

(b) Reconciliation of net cash provided by operating activities

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Net result		(1,130,122)	2,526,228	(253,173)
Non-cash items:				
Depreciation	6	1,569,478	1,569,401	1,612,450
(Profit) on sale of assets	5	(356,650)	(320,510)	(357,687)
Changes in assets and liabilities:				
Decrease in receivables		0	14,215	0
Decrease in inventories		0	13,746	400,000
Decrease in trade and other payables		0	14,359	282,313
Decrease in employee related provisions		0	85,131	129,458
Decrease in other provisions		0	15,237	0
Capital grants, subsidies and contributions		(329,867)	(315,237)	(300,200)
Net cash provided by/(used in) operating activities		(247,161)	3,602,570	1,513,161

MATERIAL ACCOUNTING POLICES

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

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 3 - Net Current Assets.

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.

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

5. PROPERTY, PLANT AND EQUIPMENT

	2026/27 Budget				2025/26 Actual				2025/26 Budget				
	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss
(a) Property, Plant and Equipment	$	$	$	$	$	$	$	$	$	$	$	$	$
Land - vested in and under the control c	14,000	0	0	0	0	(15,390)	16,000	610	14,000	0	0	0	0
Buildings - non-specialised	1,147,000	0	0	0	0	0	0	0	732,500	0	0	0	0
Furniture and equipment	40,000	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	1,512,000	(78,350)	435,000	356,650	1,373,194	(157,373)	477,273	319,900	1,415,000	(52,313)	410,000	360,519	(2,832)
Total	2,713,000	(78,350)	435,000	356,650	1,373,194	(172,763)	493,273	320,510	2,161,500	(52,313)	410,000	360,519	(2,832)
(b) Infrastructure													
Infrastructure - roads	1,982,000	0	0	0	1,977,747	0	0	0	1,558,000	0	0	0	0
Infrastructure - Other Infrastructure	272,689	0	0	0	0	0	0	0	276,000	0	0	0	0
Total	2,254,689	0	0	0	1,977,747	0	0	0	1,834,000	0	0	0	0
Total	4,967,689	(78,350)	435,000	356,650	3,350,941	(172,763)	493,273	320,510	3,995,500	(52,313)	410,000	360,519	(2,832)

MATERIAL ACCOUNTING POLICIES

RECOGNITION OF ASSETS
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.

6. DEPRECIATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Class			
Buildings - non-specialised	354,387	355,048	341,900
Furniture and equipment	8,589	8,560	55,500
Plant and equipment	508,067	507,573	517,000
Infrastructure - roads	543,109	542,764	560,000
Infrastructure - footpaths	2,805	2,802	2,000
Infrastructure - parks and ovals	62,906	62,828	60,000
Infrastructure - Other Infrastructure	63,809	64,051	51,050
Infrastructure - airport infrastructure	25,806	25,774	25,000
	1,569,478	1,569,401	1,612,450
By Program			
Law, order, public safety	2,974	2,971	3,450
Housing	120,883	120,733	140,000
Community amenities	18,423	18,284	10,000
Recreation and culture	162,649	162,675	159,700
Transport	666,315	666,027	661,000
Economic services	102,624	103,598	108,800
Other property and services	495,610	495,114	529,500
	1,569,478	1,569,401	1,612,450

MATERIAL ACCOUNTING POLICIES

DEPRECIATION
The depreciable amount of all fixed assets including buildings but excluding freehold 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.

Major depreciation periods used for each class of depreciable asset are:

Buildings - non-specialised	20 to 60 years.
Furniture and equipment	4 to 10 years.
Plant and equipment	5 to 15 years.
Infrastructure - roads	Between 20 to 50 years
Infrastructure - footpaths	10 to 40 years.
Infrastructure - parks and ovals	5 to 40 years
Infrastructure - Other Infrastructure	5 to 40 years.
Infrastructure - airport infrastructure	10 to 30 years.

AMORTISATION
The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

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

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

7. BORROWINGS

(a) Borrowing repayments

The Shire has not budgeted to have any borrowings for the year ended 30th June 2027 and did not have or budget to have any borrowings for the year ended 30th June 2026

7. BORROWINGS (CONTINUED)

(b) New borrowings - 2026/27

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2027

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2026 nor is it expected to have unspent borrowing funds as at 30th June 2027.

MATERIAL ACCOUNTING POLICIES

BORROWING COSTS
The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.
Borrowings fair values are based on discounted cash flows using a current borrowing rate.

8. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2026/27 Budget Opening Balance	2026/27 Budget Transfer to	2026/27 Budget Transfer (from)	2026/27 Budget Closing Balance	2025/26 Actual Opening Balance	2025/26 Actual Transfer to	2025/26 Actual Transfer (from)	2025/26 Actual Closing Balance	2025/26 Budget Opening Balance	2025/26 Budget Transfer to	2025/26 Budget Transfer (from)	2025/26 Budget Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Leave reserve	257,344	0	(200,000)	57,344	257,344	0	0	257,344	257,344	0	(200,000)	57,344
(b) Plant Replacement Reserve	1,203,321	34,605	(400,000)	837,926	1,161,957	41,364	0	1,203,321	1,161,958	200,000	0	1,361,958
(c) Building Reserve	1,142,025	43,320	(400,000)	785,345	1,090,244	51,781	0	1,142,025	1,090,244	0	(400,000)	690,244
(d) Airport Reserve	336,816	9,090	0	345,906	325,951	10,865	0	336,816	325,950	0	0	325,950
(e) Road & Flood Damage Reserve	797,397	21,240	0	818,637	772,009	25,388	0	797,397	772,008	0	0	772,008
(f) ICT Reserve	158,831	2,265	(60,000)	101,096	156,124	2,707	0	158,831	156,123	0	0	156,123
(g) Refuse Reserve	46,938	1,290	0	48,228	45,396	1,542	0	46,938	45,396	0	0	45,396
(h) Housing Reserve	607,956	25,170	(400,000)	233,126	577,870	30,086	0	607,956	577,870	0	0	577,870
(i) Community Development Reserve	741,559	13,020	0	754,579	725,996	15,563	0	741,559	725,996	0	(400,000)	325,996
	5,292,187	150,000	(1,460,000)	3,982,187	5,112,891	179,296	0	5,292,187	5,112,889	200,000	(1,000,000)	4,312,889

(b) Reserve Accounts - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

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

9. OTHER INFORMATION

The net result includes as revenues	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
(a) Interest earnings			
Investments	248,000	228,857	305,000
Other interest revenue	19,000	23,053	23,000
	267,000	251,911	328,000
The net result includes as expenses			
(b) Auditors remuneration			
Audit services	60,000	60,128	50,000
	60,000	60,128	50,000

10. COUNCIL MEMBERS REMUNERATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
President			
President's allowance	15,000	15,000	15,000
Meeting attendance fees	6,240	6,700	6,000
ICT expenses	500	500	500
	21,740	22,200	21,500
Deputy President			
Deputy President's allowance	3,750	3,750	3,750
Meeting attendance fees	3,120	3,300	3,000
ICT expenses	500	500	500
Travel and accommodation expenses	0	4,412	2,000
	7,370	11,962	9,250
Council member - Cr Brown			
Meeting attendance fees	3,120	2,600	0
ICT expenses	500	500	0
	3,620	3,100	0
Council member - Cr Duhig			
Meeting attendance fees	3,120	2,000	0
ICT expenses	500	500	0
	3,620	2,500	0
Council member - Cr Allison			
Meeting attendance fees	3,120	3,100	3,000
ICT expenses	500	500	500
	3,620	3,600	3,500
Council member - Cr Turner			
Meeting attendance fees	3,120	2,350	0
ICT expenses	500	500	0
	3,620	2,850	0
Council member - Past Members			
Meeting attendance fees	0	1,250	9,000
ICT expenses	0	1,000	1,500
Travel and accommodation expenses	0	855	4,900
	0	3,105	15,400
Total Council Member Remuneration	43,590	49,317	49,650
President's allowance	15,000	15,000	15,000
Deputy President's allowance	3,750	3,750	3,750
Meeting attendance fees	21,840	21,300	21,000
ICT expenses	3,000	4,000	3,000
Travel and accommodation expenses	0	5,267	6,900
	43,590	49,317	49,650

10. TRUST FUNDS

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

Detail	Balance 30 June 2026	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2027
	$	$	$	$
Penny West Mining	259,720	3,693	0	263,413
	259,720	3,693	0	263,413

11. REVENUE AND EXPENDITURE

(a) Revenue and Expenditure Classification

REVENUES

RATES
All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum payment, interim rates, back rates, ex-gratia rates, less discounts offered.
Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

GRANTS, SUBSIDIES AND CONTRIBUTIONS
All amounts received as grants, subsidies and contributions that are not capital grants.

CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS
Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUE FROM CONTRACTS WITH CUSTOMERS
Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES
Revenues (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.
Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

SERVICE CHARGES
Service charges imposed under *Division 6 of Part 6 of the Local* Government Act 1995. Regulation 54 of the Local Government *(Financial Management) Regulations 1996* identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services and water.
Exclude rubbish removal charges which should not be classified as a service charge. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

INTEREST REVENUE
Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE
Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates etc.

PROFIT ON ASSET DISPOSAL
Gain on the disposal of assets including gains on the disposal of long-term investments.

EXPENSES

EMPLOYEE COSTS
All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.
Note: *AASB 119 Employee Benefits* provides a definition of employee benefits which should be considered.

MATERIALS AND CONTRACTS
All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses (such as telephone and internet charges), advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.
Local governments may wish to disclose more detail such as contract services, consultancy, information technology and rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER)
Expenditures made to the respective agencies for the provision of power, gas or water.
Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE
All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL
Loss on the disposal of fixed assets.

DEPRECIATION ON NON-CURRENT ASSETS
Depreciation and amortisation expenses raised on all classes of assets.

FINANCE COSTS
Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE
Statutory fees, taxes, provision for bad debts, member's fees or levies including DFES levy and State taxes. Donations and subsidies made to community groups.

11. REVENUE AND EXPENDITURE (CONTINUED)

(b) Revenue Recognition

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Timing of Revenue recognition
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods

12. PROGRAM INFORMATION

Key Terms and Definitions - Reporting Programs

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

OBJECTIVE	ACTIVITIES
Governance To Provide a decision making process for the efficient allocation of 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 services	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.	Provision and maintenance of home and community care programs and youth services.
Housing To provide and maintain staff residential housing	Provision and maintenance of staff 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 effectivly manage infrastructure and resources which will help the social well-being of the community.	Maintenance of public halls, 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 for 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 overhead operating accounts.	Private works operations, plant repairs and operation costs and engineering operating costs.

13. FEES AND CHARGES

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Program:			
General purpose funding	4,900	7,802	3,000
Law, order, public safety	150	150	150
Community amenities	19,300	20,373	19,300
Recreation and culture	1,000	27	1,000
Transport	5,000	1,932	0
Economic services	182,000	169,030	257,600
Other property and services	63,000	90,156	23,000
	275,350	289,470	304,050

The subsequent pages detail the fees and charges proposed to be imposed by the local government.