

# Flinders Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

---

*Discovery • Opportunity • Lifestyle*



General Purpose Financial Statements  
for the year ended 30 June 2021

<b>Table of Contents</b>		<b>Page</b>
<b>1. General Purpose Financial Statements:</b>		
	Statement of Comprehensive Income	2
	Statement of Financial Position	3
	Statement of Changes in Equity	4
	Statement of Cash Flows	5
<b>2. Notes to the Financial Statements</b>		
<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Information about these financial statements	6
2(a)	Council functions - component descriptions	7
2(b)	Council functions - analysis of results by function	8
3	Revenue	9
4	Interest and other income	12
5	Capital income	12
6	Employee benefits	13
7	Materials and services	13
8	Capital expenses	14
9	Cash and cash equivalents	14
10	Receivables	15
11	Inventories	17
12	Property, plant and equipment	18
13	Intangible assets	25
14	Contract balances	25
15	Payables	26
16	Borrowings	26
17	Provisions	27
18	Asset revaluation surplus	28
19	Commitments for expenditure	29
20	Contingent liabilities	30
21	Superannuation - regional defined benefit fund	30
22	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities	32
23	Reconciliation of liabilities arising from finance activities	32
24	Events after the reporting period	33
25	Financial instruments and financial risk management	33
26	Transactions with related parties	36
<b>3. Management Certificate</b>		<b>38</b>
<b>4. Independent Auditor's Report</b>		<b>39</b>
<b>5. Current Year Financial Sustainability Statement</b>		<b>41</b>
	Certificate of Accuracy - Current Year Financial Sustainability Statement	42
	Independent Auditor's Report - Current Year Financial Sustainability Statement	43
<b>6. Unaudited Long Term Financial Sustainability Statement</b>		<b>45</b>
	Certificate of Accuracy - Unaudited Long Term Financial Sustainability Statement	46

# Flinders Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3a	4,227	4,675
Fees and charges	3b	1,794	1,349
Sales revenue	3c	26,881	15,903
Grants, subsidies, contributions and donations	3d	15,863	14,930
<b>Total recurrent revenue</b>		<b>48,765</b>	<b>36,857</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	3d	15,536	4,382
<b>Total capital revenue</b>		<b>15,536</b>	<b>4,382</b>
<b>Other income</b>			
Rental income		184	127
Interest received	4b	214	519
Other recurrent income	4a	468	621
Other capital income	5	-	60
<b>Total other income</b>		<b>866</b>	<b>1,327</b>
<b>Total income</b>		<b>65,167</b>	<b>42,566</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	10,591	11,126
Materials and services	7	23,444	21,859
Finance costs		113	178
Depreciation:			
- Property, plant and equipment	12	4,571	4,543
<b>Total recurrent expenses</b>		<b>38,719</b>	<b>37,706</b>
<b>Other expenses</b>			
Other capital expenses	8	317	-
<b>Total other expenses</b>		<b>317</b>	<b>-</b>
<b>Total expenses</b>		<b>39,036</b>	<b>37,706</b>
<b>Net result</b>		<b>26,131</b>	<b>4,860</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase/(decrease) in asset revaluation surplus	12	(9,211)	921
<b>Total comprehensive income for the year</b>		<b>16,920</b>	<b>5,781</b>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# Flinders Shire Council

## Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	33,951	30,917
Receivables	10	5,966	2,530
Inventories	11	464	583
Contract assets	14	7,588	765
Other assets		88	33
<b>Total current assets</b>		<b>48,057</b>	<b>34,828</b>
<b>Non-current assets</b>			
Receivables	10	1	2
Property, plant and equipment	12	230,258	218,371
Intangible assets	13	1,022	1,022
<b>Total non-current assets</b>		<b>231,281</b>	<b>219,395</b>
<b>TOTAL ASSETS</b>		<b>279,338</b>	<b>254,223</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15	5,919	2,814
Contract liabilities	14	2,854	5,241
Borrowings	16	895	369
Provisions	17	1,640	1,596
<b>Total current liabilities</b>		<b>11,308</b>	<b>10,020</b>
<b>Non-current liabilities</b>			
Borrowings	16	8,932	2,180
Provisions	17	1,139	984
<b>Total non-current liabilities</b>		<b>10,071</b>	<b>3,164</b>
<b>TOTAL LIABILITIES</b>		<b>21,379</b>	<b>13,184</b>
<b>Net community assets</b>		<b>257,959</b>	<b>241,039</b>
<b>COMMUNITY EQUITY</b>			
Asset revaluation surplus		80,233	89,444
Retained surplus/(deficiency)		177,726	151,595
<b>Total community equity</b>		<b>257,959</b>	<b>241,039</b>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Flinders Shire Council

### Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Total equity \$'000
<b>2021</b>				
<b>Balance as at 1 July 2020</b>		89,444	151,595	<b>241,039</b>
<b>Net result</b>		-	26,131	<b>26,131</b>
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	12	(9,211)	-	<b>(9,211)</b>
<b>Total comprehensive income for the year</b>		<b>(9,211)</b>	<b>26,131</b>	<b>16,920</b>
<b>Balance as at 30 June 2021</b>		<b>80,233</b>	<b>177,726</b>	<b>257,959</b>
<b>2020</b>				
<b>Balance as at 1 July 2019</b>		88,523	144,005	<b>232,528</b>
Adjustment on initial application of AASB 15 / AASB 1058		-	2,730	<b>2,730</b>
<b>Restated balance at 1 July 2019</b>		<b>88,523</b>	<b>146,735</b>	<b>235,258</b>
<b>Net result</b>		-	4,860	<b>4,860</b>
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	12	921	-	<b>921</b>
<b>Total comprehensive income for the year</b>		<b>921</b>	<b>4,860</b>	<b>5,781</b>
<b>Balance as at 30 June 2020</b>		<b>89,444</b>	<b>151,595</b>	<b>241,039</b>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# Flinders Shire Council

## Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		27,121	23,959
Payments to suppliers and employees		<u>(37,062)</u>	<u>(24,242)</u>
		(9,941)	(283)
<b>Receipts:</b>			
Interest received		214	519
Rental income		184	127
Recurrent grants and contributions		15,863	14,930
<b>Payments:</b>			
Borrowing costs		(113)	(178)
<b>Net cash - operating activities</b>	22	<u>6,207</u>	<u>15,115</u>
<b>Cash flows from investing activities</b>			
<b>Receipts:</b>			
Proceeds from sale of property, plant and equipment		807	484
Capital grants and contributions		15,536	4,382
<b>Payments:</b>			
Payments for property, plant and equipment		(26,794)	(10,495)
Payments for intangible assets		-	(102)
<b>Net cash - investing activities</b>		<u>(10,451)</u>	<u>(5,731)</u>
<b>Cash flows from financing activities</b>			
<b>Receipts:</b>			
Proceeds from borrowings		7,777	-
<b>Payments:</b>			
Repayment of borrowings		(499)	(283)
<b>Net cash - financing activities</b>		<u>7,278</u>	<u>(283)</u>
<b>Net increase/(decrease) for the year</b>		<u>3,034</u>	<u>9,101</u>
plus: cash and cash equivalents - beginning		30,917	21,816
<b>Cash and cash equivalents - closing</b>	9	<u><u>33,951</u></u>	<u><u>30,917</u></u>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Information about these financial statements

---

#### 1A Basis of preparation

The Flinders Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

#### 1B New and revised Accounting Standards adopted during the year

Flinders Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020. None of the standards had a material impact on reported position, performance and cash flows.

#### 1C Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact.

#### 1D Estimates and Judgements

Flinders Shire Council made a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Revenue recognition - Note 3 and 4
- Valuation and depreciation of Property, Plant and Equipment - Note 12
- Impairment of Property, Plant and Equipment - Note 12
- Provisions - Note 17
- Contingent Liabilities - Note 20
- Financial instruments and financial assets - Note 25

#### 1E Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or where that amount is \$ 500 or less to zero.

Comparative information is prepared on the same basis as the previous year.

#### 1F Volunteer Services

There were no volunteer services recognised as it is considered not to be material.

#### 1G Taxation

Flinders Shire Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax ("GST") and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

#### 1H COVID-19

COVID-19 restrictions imposed by the Federal and State Governments forced Flinders Shire Council to close certain public facilities and open spaces and also impacted on tourism operations. However, these restrictions had not severely impacted or disrupted the services and operations of the Council.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2(a). Council functions - component descriptions

---

**Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:**

#### **OUR GOVERNANCE**

We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents. This function includes the following:

- Elected Members, Corporate Operations, Shire Office, Statutory Requirements, Disaster Management;
- Finance, Rates, Information Technology, Risk Management, Employee Housing;
- Employee Provisions, Human Resources, Workplace Health and Safety, Animal Control; and
- Engineering Technical Services, Store and Procurement, Plant, Workshop and Depot Operations.

#### **OUR ECONOMY**

We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome. This function includes the following:

- Airports, Caravan Park, Saleyards, Cemeteries, Mitez Projects and Hann Highway Development;
- Main Roads Contracts, Private Works, Town Planning, Meatworks, Industrial Estate Development; and
- Area Promotion, Flinders Discovery Centre, Interpretive Signage, Porcupine Gorge Challenge, Tourism.

#### **OUR ENVIRONMENT**

We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries. This function includes the following:

- Pest/Vermin Destruction and Land Management.
- Refuse Collection and Disposal, Environmental Health and Noxious Weeds Control.

#### **OUR COMMUNITY**

We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community. This function includes the following:

- Our Library, Community Bus, Centrelink Services, Arts and Culture, Emergency Services (SES);
- Swimming Pool, Racecourse, Skate Park, Showgrounds, Community Development, Community Grants;
- Hughenden Centre for the Aged, Aged Housing, Halls and Community Centres, Museums and Cultural Centres;
- Commonwealth Home Support Program, Meals on Wheels, Disability Services, Veterans Home Care;
- Home Care Packages Level 1, Level 2, Level 3 and Level 4, Qld Community Care Services; and
- TV and Radio Services, Street Lighting, Public Conveniences, Parks, Gardens and Reserves.

#### **OUR INFRASTRUCTURE**

We will aim to continuously improve products, services and processes through sustainable management of Council's core assets. This function includes the following:

- Shire Roads, Town Streets, Stormwater Drainage, Water Services and Sewer Services.

#### **OUR RESOURCES**

This function includes the following:

- Rural Lands Stock Routes, Irrigation Project and Flinders River Water Forum.



## Flinders Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2(b). Council functions - analysis of results by function

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2021</b>											
Our Governance	6,555	3,080	-	-	9,636	(5,218)	-	(5,218)	4,418	4,418	70,835
Our Economy	33	27,736	1,671	-	29,440	(20,653)	(317)	(20,970)	7,116	8,470	11,299
Our Environment	68	330	-	-	398	(1,355)	-	(1,355)	(956)	(956)	1,647
Our Community	2,089	883	2,005	-	4,978	(6,044)	-	(6,044)	(3,071)	(1,066)	29,447
Our Infrastructure	7,117	1,729	11,860	-	20,706	(5,393)	-	(5,393)	3,454	15,313	166,110
Our Resources	-	9	-	-	9	(56)	-	(56)	(48)	(48)	-
<b>Total</b>	<b>15,863</b>	<b>33,768</b>	<b>15,536</b>	<b>-</b>	<b>65,167</b>	<b>(38,719)</b>	<b>(317)</b>	<b>(39,036)</b>	<b>10,912</b>	<b>26,131</b>	<b>279,338</b>

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2020</b>											
Our Governance	5,881	3,384	-	-	9,265	(5,997)	-	(5,997)	3,268	3,268	57,651
Our Economy	51	16,864	242	-	17,157	(17,493)	-	(17,493)	(578)	(336)	17,636
Our Environment	23	302	-	-	325	(1,801)	-	(1,801)	(1,476)	(1,476)	1,195
Our Community	1,682	686	467	-	2,835	(6,227)	-	(6,227)	(3,859)	(3,392)	36,869
Our Infrastructure	7,293	1,950	3,673	60	12,976	(6,043)	-	(6,043)	3,200	6,933	140,872
Our Resources	-	8	-	-	8	(145)	-	(145)	(137)	(137)	-
<b>Total</b>	<b>14,930</b>	<b>23,194</b>	<b>4,382</b>	<b>60</b>	<b>42,566</b>	<b>(37,706)</b>	<b>-</b>	<b>(37,706)</b>	<b>418</b>	<b>4,860</b>	<b>254,223</b>

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Revenue

	2021	2020
Notes	\$'000	\$'000
<b>(a). Rates, levies and charges</b>		
Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General rates	2,271	2,422
Separate rates	115	88
Water	868	1,104
Sewerage	794	883
Garbage charges	207	204
Other rates, levies and charges	22	21
<b>Total rates and utility charge revenue</b>	<b>4,277</b>	<b>4,722</b>
Less: pensioner remissions	(50)	(47)
<b>TOTAL RATES, LEVIES AND CHARGES</b>	<b>4,227</b>	<b>4,675</b>

### (b). Fees and charges

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks.

There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

Airport landing fees	37	39
Community care packages	642	384
Saleyards	128	94
Parks and reserves	129	203
Caravan park	648	482
Other fees and charges	210	147
<b>TOTAL FEES AND CHARGES</b>	<b>1,794</b>	<b>1,349</b>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

Notes	2021 \$'000	2020 \$'000
-------	----------------	----------------

(c). Sales revenue

Sale of goods revenue is recognised at the point in time when the customer obtains control of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date.

Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

The contract work carried out is not subject to retentions.

**Rendering of services**

Main road contract revenue, Main Roads RMPC, contract revenue	2,409	3,528
Main road contract revenue, flood damage income, contract revenue	-	5,646
Main road contract revenue, Hann Highway 99B, contract revenue	8,180	5,238
Main road contract revenue, Hughenden Winton 99C, contract revenue	-	361
Main road contract revenue, Hughenden/Richmond 14C, contract revenue	8,559	873
Main road contract revenue, Hughenden/Charters Towers 14B, contract revenue	-	257
Main road contract revenue, Torrens Creek Aramac 5703, contract revenue	7,733	-
<b><u>TOTAL SALES REVENUE</u></b>	<b><u>26,881</u></b>	<b><u>15,903</u></b>

(d) Grants, subsidies, contributions and donations

**Grant income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement made. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

(d) Grants, subsidies, contributions and donations (continued)

**Grant income under AASB 1058**

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

**Capital grants**

Capital grants received to enable Council to acquire or construct an item of property, plant or equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

(i) Operating

State government subsidies and grants	6,208	6,200
Commonwealth government subsidies and grants	9,654	8,730
Donations	1	-
<b><u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<b><u>15,863</u></b>	<b><u>14,930</u></b>

(ii) Capital

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

State government subsidies and grants	10,124	3,392
Commonwealth government subsidies and grants	5,412	966
Other	-	24
<b><u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u></b>	<b><u>15,536</u></b>	<b><u>4,382</u></b>

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations

	2021		2020	
	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000
Grants and subsidies	10,435	20,964	9,298	10,014
	<u>10,435</u>	<u>20,964</u>	<u>9,298</u>	<u>10,014</u>

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 4. Interest and other income

	2021	2020
Notes	\$'000	\$'000

#### (a). Other income

Revenue arising from other income is recognised when the performance obligation is completed and the customer receives the benefit of the goods/services being provided. The performance obligation relates to specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay immediately on receipt of the goods or services. There is no material obligation for Council in relation to refund or returns.

Other income	267	408
Corporate service recoveries	29	34
Insurance claim recoveries	64	107
Merchandise income	104	70
Other	4	2
<b><u>TOTAL OTHER INCOME</u></b>	<b><u>468</u></b>	<b><u>621</u></b>

#### (b). Interest received

Interest received from bank and term deposits is accrued over the term of the investment.

Interest received from term deposits	173	487
Interest from overdue rates and utility charges	41	32
<b><u>TOTAL INTEREST RECEIVED</u></b>	<b><u>214</u></b>	<b><u>519</u></b>

### Note 5. Capital income

#### Gain on disposal of non-current assets

Proceeds from the disposal of property, plant and equipment		-	484
Less: book value of property, plant and equipment disposed	12	-	(424)
<b><u>TOTAL CAPITAL INCOME</u></b>		<b><u>-</u></b>	<b><u>60</u></b>

## Flinders Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 6. Employee benefits

	2021	2020
Notes	\$'000	\$'000
Employee benefit expenses are recorded when the service has been provided by the employee.		
Wages and salaries	7,857	8,400
Councillors remuneration	441	422
Annual, sick and long service leave entitlements	1,322	1,144
Superannuation	991	956
	<u>10,611</u>	<u>10,922</u>
Other employee related expenses	300	469
	<u>10,911</u>	<u>11,391</u>
Less: capitalised employee expenses	(320)	(265)
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>	<u>10,591</u>	<u>11,126</u>

Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

	2021	2020
	Number	Number
Total number of Council employees at the reporting date:		
Elected members	7	7
Administration staff	41	39
Depot and outdoors staff	74	78
<b><u>Total full time equivalent employees</u></b>	<u>122</u>	<u>124</u>

#### Note 7. Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

Advertising, marketing and promotion	205	701
Audit of annual financial statements by the Auditor-General of Queensland	55	60
Communications and IT	414	550
Community services	2,258	3,375
Recoverable works	12,122	7,466
Road construction	2,237	2,176
Flood damage roadworks	4,588	5,512
Special projects	32	97
Other materials and services	1,533	1,922
<b><u>TOTAL MATERIALS AND SERVICES</u></b>	<u>23,444</u>	<u>21,859</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$50,800 (2020: \$50,300).

## Flinders Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8. Capital expenses

	Notes	2021 \$'000	2020 \$'000
<b>Loss on disposal of non-current assets</b>			
Proceeds from the disposal of property, plant and equipment		477	-
Less: book value of property, plant and equipment disposed	12	(520)	-
		<u>43</u>	<u>-</u>
Proceeds from disposal of land and improvements		330	-
Less: book value of land disposed	12	(604)	-
		<u>274</u>	<u>-</u>
<b><u>TOTAL CAPITAL EXPENSES</u></b>		<u><u>317</u></u>	<u><u>-</u></u>

#### Note 9. Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Cash at bank and on hand	6,743	1,221
Deposits at call	24,208	26,696
Term deposits	3,000	3,000
<b><u>TOTAL CASH AND CASH EQUIVALENTS</u></b>	<u><u>33,951</u></u>	<u><u>30,917</u></u>

#### Restricted cash and cash equivalents

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use.

These include:

*Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:*

Unspent government operating grants - Various	2,668	3,374
Unspent government operating grants - Community Care & Disability Services	526	216
Unspent government capital grants - Various	963	2,494
<b><u>Total external restrictions</u></b>	<u><u>4,157</u></u>	<u><u>6,084</u></u>

Cash and deposits at call are held in QTC and the National Australia Bank in term deposits and business cheque accounts.

#### Trust funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds on behalf of outside parties. Funds held in the trust account include those funds for prepaid funeral deposits, security deposits lodged to guarantee performance, housing bonds, key deposits and monies from Community groups that no longer operate.

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 9. Cash and cash equivalents (continued)

	2021	2020
Notes	\$'000	\$'000

The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

#### Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

136	139
<u>136</u>	<u>139</u>

### Note 10. Receivables

Receivables and advances are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts are written-off at 30 June.

#### Current

Rates and charges	524	501
Other debtors	4,260	2,049
Other income accruals	1,202	-
<b>Total</b>	<u>5,986</u>	<u>2,550</u>
<b>Less: loss allowance</b>	<u>(20)</u>	<u>(20)</u>
<b><u>TOTAL CURRENT RECEIVABLES</u></b>	<u>5,966</u>	<u>2,530</u>

#### Non-current

Other debtors	1	2
<b><u>TOTAL NON-CURRENT RECEIVABLES</u></b>	<u>1</u>	<u>2</u>

Council applies normal business credit protection procedures prior to providing goods or services to minimise credit risk.

The Council does not require collateral in respect of trade and other receivables.



Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Receivables (continued)

Notes	2021 \$'000	2020 \$'000
-------	----------------	----------------

**Accounting policies - grouping**

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses (ECL) and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 3 distinctive groupings of its receivables: rates and charges, grants and other debtors.

Rates and charges: Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Grants: payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth Governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial and therefore does not record an expected credit loss for these counterparties.

Other debtors: Council identifies other debtors as receivables which are not rates and charges; statutory charges or grants.

Rates and utility charges	526	501
State and Commonwealth Government	5,380	2,004
Other	80	45
<b>Total</b>	<b>5,986</b>	<b>2,550</b>

*Expected credit loss assessment*

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

In Council's statements after reviewing macro economic conditions, Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward looking adjustments were made.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Inventories

Notes	2021 \$'000	2020 \$'000
<p>Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.</p> <p>Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.</p>		
<p><b>(a) Inventories held for sale</b></p>		
Miscellaneous saleable items	46	44
<p><b>(b) Inventories held for distribution</b></p>		
Plant and equipment stores	418	461
<p><b>(c) Land purchased for development and sale</b></p>		
	-	78
<b><u>TOTAL CURRENT INVENTORIES</u></b>	<u>464</u>	<u>583</u>

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 12. Property, plant and equipment

30 June 2021		Work in progress	Land and land improvements	Buildings and other structures	Recreation facilities	Plant and equipment	Corporate and IT	Road network	Water network	Sewer network	Stormwater drainage network	Waste / landfill	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement basis	Note	Cost	Fair value	Fair value	Fair value	At Cost	At Cost	Fair value	Fair value	Fair value	Fair value	At Cost	
Opening gross balance - at cost		3,294	-	-	-	17,561	778	-	-	-	-	1,094	22,728
Opening gross balance - at fair value		-	6,995	44,771	17,668	-	-	131,282	16,524	22,961	579	-	240,780
Opening gross balance		3,294	6,995	44,771	17,668	17,561	778	131,282	16,524	22,961	579	1,094	263,508
Correction to opening balances		-	-	-	-	-	-	1,416	64	227	-	-	1,707
Transfers between asset classes		-	-	6,393	(17,668)	-	-	(2,034)	-	-	13,775	(466)	-
Additions		26,794	-	-	-	-	-	-	-	-	-	-	26,794
Disposals	8	-	(604)	-	-	(1,092)	-	-	-	-	-	-	(1,696)
Revaluation decrements to equity (ARS)		-	-	-	-	-	-	(7,663)	(2,335)	-	-	-	(9,998)
Revaluation increments to equity (ARS)		-	731	10,610	-	-	-	-	-	325	115	-	11,781
Work in progress transfers		(24,610)	7,010	1,325	-	1,399	60	9,881	4,873	12	50	-	-
Total gross value of property, plant and equipment - at cost		5,478	-	-	-	17,868	838	-	-	-	-	628	24,812
Total gross value of property, plant and equipment - at fair value		-	14,132	63,099	-	-	-	132,882	19,126	23,525	14,519	-	267,283
Total gross value of property, plant and equipment		5,478	14,132	63,099	-	17,868	838	132,882	19,126	23,525	14,519	628	292,095
Opening accumulated depreciation		-	-	10,883	1,021	9,209	345	9,230	7,307	6,377	77	687	45,137
Correction to opening balances		-	-	5	1	(2)	-	1,416	64	226	-	-	1,710
Transfers between asset classes		-	-	1,505	(1,457)	-	-	(186)	-	-	255	(117)	-
Depreciation expense		-	-	755	435	1,247	49	971	324	720	12	58	4,571
Depreciation on disposals	8	-	-	-	-	(574)	-	-	-	-	-	-	(574)
Revaluation increments to equity (ARS)		-	-	-	-	-	-	-	(1,495)	(3,191)	-	-	(4,686)
Revaluation decrements to equity (ARS)		-	-	2,068	-	-	-	12,633	-	-	979	-	15,680
Total accumulated depreciation of property, plant and equipment		-	-	15,216	-	9,880	394	24,064	6,200	4,132	1,323	628	61,837
Total net book value of property, plant and equipment		5,478	14,132	47,883	-	7,988	444	108,818	12,926	19,393	13,196	-	230,258
<b>Other information</b>													
Range of estimated useful life (years)		N/a	N/a	4 to 150	5 to 70	3 to 30	3 to 50	10 to 200	5 to 140	5 to 160	25 to 140	5	
<b>*Asset additions comprise</b>													
Asset renewals		-	-	1,100	-	1,365	42	2,408	650	12	50	-	5,627
Other additions		-	8,474	1,327	-	27	433	7,814	3,092	-	-	-	21,167
Total asset additions		-	8,474	2,427	-	1,392	475	10,222	3,742	12	50	-	26,794

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 12. Property, plant and equipment

30 June 2020		Work in progress	Land and land improvements	Buildings and other structures	Recreation facilities	Plant and equipment	Corporate and IT	Road network	Water network	Sewer network	Stormwater drainage network	Waste / landfill	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement basis	Note	Cost	Fair value	Fair value	Fair value	At Cost	At Cost	Fair value	Fair value	Fair value	Fair value	At Cost	
Opening gross balance - at cost		15,674	-	-	-	16,626	595	-	-	-	-	628	33,522
Opening gross balance - at fair value		-	6,270	43,684	5,079	-	-	126,732	15,050	22,961	481	-	220,259
Opening gross balance		15,674	6,270	43,684	5,079	16,626	595	126,732	15,050	22,961	481	628	253,780
Additions		10,497	-	-	-	-	-	-	-	-	-	-	10,497
Disposals	5	-	-	(26)	-	(1,590)	-	-	-	-	-	-	(1,616)
Revaluation increments to equity (ARS)		-	-	-	-	-	-	748	-	-	98	-	846
Transfers between asset classes		(22,877)	725	1,113	12,589	2,525	183	3,802	1,474	-	-	466	-
<b>Total gross value of property, plant and equipment - at cost</b>		<b>3,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,561</b>	<b>778</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,094</b>	<b>22,728</b>
<b>Total gross value of property, plant and equipment - at fair value</b>		<b>-</b>	<b>6,995</b>	<b>44,771</b>	<b>17,668</b>	<b>-</b>	<b>-</b>	<b>131,282</b>	<b>16,524</b>	<b>22,961</b>	<b>579</b>	<b>-</b>	<b>240,780</b>
<b>Total gross value of property, plant and equipment</b>		<b>3,294</b>	<b>6,995</b>	<b>44,771</b>	<b>17,668</b>	<b>17,561</b>	<b>778</b>	<b>131,282</b>	<b>16,524</b>	<b>22,961</b>	<b>579</b>	<b>1,094</b>	<b>263,508</b>
Opening accumulated depreciation		-	-	10,141	666	9,102	308	8,302	6,993	5,659	59	629	41,860
Depreciation provided in period		-	-	742	356	1,297	37	1,011	314	718	10	58	4,543
Depreciation on Disposals	5	-	-	-	-	(1,191)	-	-	-	-	-	-	(1,191)
Revaluation increments to equity (ARS)		-	-	-	-	-	-	(83)	-	-	8	-	(75)
<b>Total accumulated depreciation of property, plant and equipment</b>		<b>-</b>	<b>-</b>	<b>10,883</b>	<b>1,021</b>	<b>9,209</b>	<b>345</b>	<b>9,230</b>	<b>7,307</b>	<b>6,377</b>	<b>77</b>	<b>687</b>	<b>45,137</b>
<b>Total net book value of property, plant and equipment</b>		<b>3,294</b>	<b>6,995</b>	<b>33,888</b>	<b>16,646</b>	<b>8,353</b>	<b>433</b>	<b>122,052</b>	<b>9,217</b>	<b>16,584</b>	<b>502</b>	<b>407</b>	<b>218,371</b>
<b>Other information</b>													
Range of estimated useful life (years)		n/a	n/a	10 to 100	5 to 70	3 to 15	3 to 50	10 to 175	5 to 100	5 to 80	50	5	
<b>*Asset additions comprise</b>													
Asset renewals		-	-	108	21	2,054	81	3,223	371	-	-	-	5,858
Other additions		-	459	467	1,265	365	45	759	1,279	-	-	-	4,639
<b>Total asset additions</b>		<b>-</b>	<b>459</b>	<b>575</b>	<b>1,286</b>	<b>2,419</b>	<b>126</b>	<b>3,982</b>	<b>1,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,497</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12. Property, plant and equipment (continued)

---

#### (a) Recognition

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the components of parks.

Land under roads and reserve land under the Land Act 1994 or Land Title Act 1994 is controlled by Queensland State Government and not recognised in the Council financial statements.

#### (b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

#### (c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12. Property, plant and equipment (continued)

---

#### (c) Depreciation (continued)

##### **Key judgements and estimates**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### (d) Impairment

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

#### (e) Valuation

##### **Key judgements and estimates**

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

##### **(i) Valuation processes**

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 3 years, council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council undertakes:

- a "desktop" valuation for land and improvements, buildings and infrastructure assets, asset classes which involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12. Property, plant and equipment (continued)

---

---

#### (e) Valuation (continued)

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Fair values are classified into three levels as follows:

- Level 1 - Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Fair value based on inputs that are directly or indirectly observable, such as prices for similar assets, for the asset or liability
- Level 3 - Fair value based on unobservable inputs for the asset and liability

There were no transfers between levels during the year.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

(e) Valuation (continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Land and improvements (level 2)	Fair Value	30/06/2021	APV Valuers & Asset Management	Current zoning. Sale prices per square metre of comparable properties, adjusted for differences in key attributes such as property size.	N/A	Nil
Buildings and other Structures (Level 2) 2021: \$1.3M 2020: \$2.5M	Fair Value	30/06/2021	APV Valuers & Asset Management	Sales prices per square metre of comparable properties, adjusted for differences in key attributes such as condition.	N/A	Nil
Buildings and other Structures (Level 3) 2021: \$46.6M 2020: \$31.4 M	Fair Value	30/06/2021	APV Valuers & Asset Management	Gross replacement cost: * Indexed for subsequent changes in construction costs. * Unit rates for construction as at the comprehensive revaluations date. Industry standard cost guides, project costs from recently completed buildings.	N/A	Nil
Roads networks (Level 3)	Fair Value	30/06/2021	APV Valuers & Asset Management	Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition. Labour rates based on the award. Average cost of outsourced projects. Remaining life of assets including existing conditions.	N/A	Nil



Notes to the Financial Statements  
for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

(e) Valuation (continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustment
Water (level 3)	Fair Value	30/06/2021	APV Valuers & Asset Management	Development, soil and depth factors taking into account current condition. Gross replacement cost per m2 based on appropriate materials. Remaining useful lives and physical obsolescence.	N/A	Nil
Sewer Network (level 3)	Fair Value	30/06/2021	APV Valuers & Asset Management	Development, soil and depth factors taking into account current condition. Gross replacement cost per m2 based on appropriate materials. Remaining useful lives and physical obsolescence.	N/A	Nil
Stormwater Drainage Network (level 3)	Fair Value	30/06/2021	APV Valuers & Asset Management	Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition. Labour rates based on the award. Average cost of outsourced projects. Remaining life of assets including existing conditions.	N/A	Nil

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 13. Intangible assets

	2021	2020
Notes	\$'000	\$'000
Costs associated with the payment for water licences are recognised and capitalised in the period it is incurred.		
Intangible assets are as follows;		
Water Licence	1,022	1,022
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b>	<b><u>1,022</u></b>	<b><u>1,022</u></b>

### Note 14. Contract balances

#### (a) Contract assets

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

Contract assets	7,588	765
<b><u>TOTAL CONTRACT ASSETS</u></b>	<b><u>7,588</u></b>	<b><u>765</u></b>

#### (b) Contract liabilities

Funds received upfront to construct capital assets	963	2,494
Non-capital performance obligations not yet satisfied	1,891	2,747
<b><u>TOTAL CONTRACT LIABILITIES</u></b>	<b><u>2,854</u></b>	<b><u>5,241</u></b>

Revenue recognised that was included in the contract liability balance at the beginning of the year

Funds to construct Council controlled assets	2,430	771
Non-capital performance obligations not yet satisfied	2,747	304
<b><u>Total revenue included in the contract liability</u></b>	<b><u>5,177</u></b>	<b><u>1,075</u></b>

#### Significant changes in contract balances

Contract assets - Funding for the construction of a bridge is provided to Council under a contract arrangement with the State Government. Construction work was completed before funding was received for the project.

Contract liabilities - Deposits were received in advance from the State Government for the restoration of flood damage assets. Work to these assets will be completed within the next 12 months.

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 15. Payables

	2021	2020
Notes	\$'000	\$'000
<p>Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.</p>		
<p><b>Current</b></p>		
Creditors and accruals	4,940	2,867
Other employee entitlements	40	44
ATO - net GST payable/(receivable)	692	(217)
Payments received in advance	125	77
Goods received not yet invoiced	115	33
Other	7	10
<b><u>TOTAL CURRENT PAYABLES</u></b>	<b><u>5,919</u></b>	<b><u>2,814</u></b>

### Note 16. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2024 to 15 March 2036. There have been no defaults or breaches of the loan agreement during the period.

Council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

#### Current

Loans - Queensland Treasury Corporation	793	267
Loans - other	102	102
<b><u>TOTAL CURRENT BORROWINGS</u></b>	<b><u>895</u></b>	<b><u>369</u></b>

#### Non-current

Loans - Queensland Treasury Corporation	8,216	1,362
Loans - other	716	818
<b><u>TOTAL NON-CURRENT BORROWINGS</u></b>	<b><u>8,932</u></b>	<b><u>2,180</u></b>

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 16. Borrowings (continued)

---

The QTC loan market value at the reporting date was \$9,134,999. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold this debt for its term, no provision is required to be made in these accounts.

Loans - other: In July 2019 Council purchased a Water Licence from the Department of Natural Resources, Mines and Energy. The Water Licence is payable overtime with final payment to be made by August 2028.

#### Note 17. Provisions

---

Liabilities are recognised for employee benefits such as wages and salaries, sick, annual and long service leave in respect of services provided by the employees up to the reporting date.

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

##### **Long service leave**

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

##### **Refuse dump restoration**

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the Council will have an obligation to rehabilitate the site when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision use assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

## Flinders Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 17. Provisions (continued)

	2021	2020
Notes	\$'000	\$'000
<b>Current</b>		
Annual leave	1,064	964
Long service leave	576	572
Refuse restoration	-	60
<b><u>TOTAL CURRENT PROVISIONS</u></b>	<b><u>1,640</u></b>	<b><u>1,596</u></b>
<b>Non-current</b>		
Long service leave	381	385
Refuse restoration	758	599
<b><u>TOTAL NON-CURRENT PROVISIONS</u></b>	<b><u>1,139</u></b>	<b><u>984</u></b>
<b>Details of movements in non employee provisions:</b>		
<b>Refuse restoration</b>		
Balance at beginning of financial year	659	189
Additional provision	99	470
Balance at end of financial year	<u>758</u>	<u>659</u>

#### Note 18. Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 19. Commitments for expenditure

	2021	2020
Notes	\$'000	\$'000
<b>(a) Contractual commitments</b>		
<b>Contractual commitments at end of financial year but not recognised in the financial statements are as follows:</b>		
Civica managed network services	198	162
Civica licencing and support	110	44
Other commitments	185	192
Contract and recoverable works	2,523	4,219
Road construction	561	346
Building construction	93	78
	<u>3,670</u>	<u>5,041</u>
<b>(b) Capital commitments (exclusive of GST)</b>		
<b>Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:</b>		
<b>Property, plant and equipment</b>		
Road, drainage and bridge network	53	3,702
Building and construction	585	307
Land & land improvements	3	3,064
Other	1,173	337
<b>Total commitments</b>	<u>1,814</u>	<u>7,410</u>
<b>These expenditures are payable as follows:</b>		
Within the next year	<u>1,814</u>	<u>7,410</u>
<b>Total Payable</b>	<u>1,814</u>	<u>7,410</u>

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 20. Contingent liabilities

---

Details and estimates of maximum amounts of contingent liabilities are as follows:

##### Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2021 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

##### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$277,061.

#### Note 21. Superannuation - regional defined benefit fund

---

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the *Commonwealth Superannuation Industry (Supervision)* legislation and is also governed by the *Local Government Act 2009*.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Council may be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed changes to council's obligations will only be made on the advice of an actuary.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21. Superannuation - regional defined benefit fund (continued)

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Notes	2021 \$'000	2020 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		62	90
Other superannuation contributions for employees		929	866
Total superannuation contributions paid by Council for employees	6	991	956



## Flinders Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 22. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

Notes	2021 \$'000	2020 \$'000
Net operating result from income statement	26,131	4,860
<b>Non-cash items</b>		
Depreciation	4,571	4,543
Changes in accounting policy	-	2,730
	<u>4,571</u>	<u>7,273</u>
<b>Investing and development activities</b>		
Net (profit)/loss on disposal of assets	317	(60)
Capital grants and contributions	(15,536)	(4,382)
	<u>(15,219)</u>	<u>(4,442)</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in receivables	(3,435)	1,392
(Increase)/decrease in inventories	119	(139)
(Increase)/decrease in contract assets	(6,823)	(765)
(Increase)/decrease in other assets	(55)	9
Increase/(decrease) in payables	3,107	976
Increase/(decrease) in contract liabilities	(2,387)	5,241
Increase/(decrease) in employee leave entitlements	100	241
Increase/(decrease) in other provisions	99	470
	<u>(9,275)</u>	<u>7,425</u>
Net cash provided from/(used in) operating activities from the statement of cash flows	<u>6,207</u>	<u>15,115</u>

#### Note 23. Reconciliation of liabilities arising from finance activities

	As at 30-Jun-20 \$'000	Cashflows \$'000	Non Cash Changes \$'000	As at 30-Jun-21 \$'000
Borrowings	2,549	7,278	-	9,827
	<u>2,549</u>	<u>7,278</u>	<u>-</u>	<u>9,827</u>
	As at 30-Jun-19 \$'000	Cashflows \$'000	Non Cash Changes \$'000	As at 30-Jun-20 \$'000
Borrowings	1,912	(283)	920	2,549
	<u>1,912</u>	<u>(283)</u>	<u>920</u>	<u>2,549</u>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 24. Events after the reporting period

---

There were no material adjusting events after the balance date.

### Note 25. Financial instruments and financial risk management

---

#### (a) Financial assets and financial liabilities

Council has the following financial assets / liabilities:

- Cash
- Receivables
- Payables
- Borrowings

#### Risk management framework

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Council does not enter into derivatives.

#### Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies *Financial Arrangements Act 1982*.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 25. Financial instruments and financial risk management (continued)

**Credit risk (continued)**

No collateral is held as security relating to the financial assets held by the Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

**Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

**Exposure to liquidity risk**

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
<b>2021</b>					
Trade and other payables	4,940	-	-	4,940	4,940
Loans - QTC	944	3,434	5,943	10,321	9,009
Loans - other	102	409	306	818	818
	<u>5,986</u>	<u>3,843</u>	<u>6,249</u>	<u>16,079</u>	<u>14,767</u>
<b>2020</b>					
Trade and other payables	2,867	-	-	2,867	2,867
Loans - QTC	342	1,246	189	1,777	1,629
Loans - other	102	409	409	920	920
	<u>3,311</u>	<u>1,655</u>	<u>598</u>	<u>5,564</u>	<u>5,416</u>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 25. Financial instruments and financial risk management (continued)

---

#### Market risk

Market risk is the risk that changes in market indices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

#### *Interest rate risk*

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

#### *Sensitivity*

No reasonable possible movement is expected that would cause a material impact on the profit or equity of Council.

The Council does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

In relation to the QTC loans held by the Council, the following has been applied:

QTC fixed rate loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

#### (b) Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 26. Transactions with related parties

(a) Related parties

Transactions with related parties

	Details	Amount of transactions during year	Outstanding balance (incl. commitments)	Terms and conditions	Provisions for doubtful debts on outstanding	Doubtful debts expense recognised
		\$'000	\$'000		\$'000	\$'000
<b>2021</b>						
Purchases	a	101	18	Normal terms	-	-
Receivables	b	31	-	Normal terms	-	-
Employee expenses for close family members of key management personnel	c	90	-		-	-
		<b>222</b>	<b>18</b>		<b>-</b>	<b>-</b>
<b>2020</b>						
Purchases	a	225	43	Normal terms	-	-
Receivables	b	11	-	Normal terms	-	-
Employee expenses for close family members of key management personnel	c	84	-		-	-
		<b>320</b>	<b>43</b>		<b>-</b>	<b>-</b>

- a** Purchases of materials and services from entities controlled by key management personnel.
- b** Receivables from key management personnel and entities controlled by key management personnel.
- c** All close family members of key management personnel were employed through an arm length process. They are paid in accordance with the award for the job they perform. The Council employs 122 staff of which only 1 is a close family member of key management personnel.

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 26. Transactions with related parties (continued)

	2021	2020
	\$000	\$000
<b>(b) Key management personnel</b>		
<b>Transactions with key management personnel</b>		
Key management personnel include the Mayor, Councillors, Chief Executive Officer, Director of Engineering, Director of Corporate and Finance Services and Director of Community Services & Wellbeing.		
The compensation paid to key management personnel comprises:		
Short-term employee benefits	1,267	957
Post-employment benefits	87	56
Long-term benefits	26	32
<b>Total</b>	<b>1,380</b>	<b>1,045</b>

### (c) Loans and guarantees to/from related parties

Council does not make loans or receive loans from related parties. No guarantees have been provided.

### (d) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Flinders Shire. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties.

Some examples include:

- Payment of rates
- Use of the swimming pool
- Dog registrations
- Borrowing books from the library

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

Several key management personnel are also executives on local sporting and leisure clubs. During the year Council has made sponsorships and donations to numerous clubs and organisations. Sponsorships to these organisations have been assessed and we believe these transactions were made under normal terms and conditions, therefore no disclosure has been made.

# Flinders Shire Council


## General Purpose Financial Statements for the year ended 30 June 2021

### Management Certificate for the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with Section 212(5) of the Regulation, we certify that:

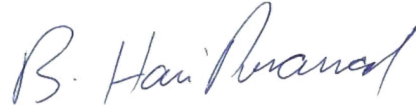
- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 37, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Cr Jane McNamara

**MAYOR**

Date: 26 October 2021



Hari Boppudi

**CHIEF EXECUTIVE OFFICER**

Date: 26 October 2021

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Flinders Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Flinders Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

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

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Flinders Shire Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.



In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the councillors for the financial report**

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

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

My objectives 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Michael Claydon  
as delegate of the Auditor-General

28 October 2021

Queensland Audit Office  
Brisbane

# Flinders Shire Council

## Current Year Financial Sustainability Statement

for the year ended 30 June 2021

---

	Actual 2021	Target 2021
--	----------------	----------------

---

### Measures of financial sustainability

Council's performance at 30 June 2021 against key financial ratios and targets.

### Performance indicators

---

#### 1. Operating surplus ratio

<u>Net result (excluding capital items)</u>	21.99%	0 - 10%
Total operating revenue (excluding capital items)		

An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

---

#### 2. Asset sustainability ratio

<u>Capital expenditure on the replacement of assets (renewals)</u>	128.85%	more than 90%
Depreciation expense		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

---

#### 3. Net financial liabilities ratio

<u>Total liabilities less current assets</u>	-53.75%	less than 60%
Total operating revenue (excluding capital items) <sup>(2)</sup>		

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

---

#### Note 1 - basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

## Flinders Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2021

### Certificate of Accuracy for the year ended 30 June 2021

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

In accordance with Section 212(5) of the Regulation we certify that this current year financial sustainability Statement has been accurately calculated.



Cr Jane McNamara

**MAYOR**

Date: 26 October 2021



Hari Boppudi

**CHIEF EXECUTIVE OFFICER**

Date: 26 October 2021

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Flinders Shire Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Flinders Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Flinders Shire Council for the year ended 30 June 2021 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Flinders Shire Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the councillors for the current-year financial sustainability statement**

The councillors are responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit of the current-year financial sustainability statement**

My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement 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 the 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 this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Claydon  
as delegate of the Auditor-General

28 October 2021

Queensland Audit Office  
Brisbane

# Flinders Shire Council

## Unaudited Long-Term Financial Sustainability Statement

prepared as at 30 June 2021

	Target 2021	Actual 2021	2022	2023	2024	2025	Forecast		2028	2029	2030	2031
--	----------------	----------------	------	------	------	------	----------	--	------	------	------	------

### Measures of financial sustainability

Council's performance at 30 June 2021 against key financial ratios and targets.

#### Performance indicators

##### 1. Operating surplus ratio

Net result (excluding capital items)	0 - 10%	21.99%	1.01%	1.12%	1.62%	0.74%	0.80%	0.85%	0.92%	1.00%	1.06%	1.13%
Total operating revenue (excluding capital items)												

An indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

##### 2. Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals)	> 90%	128.85%	196.83%	165.60%	170.91%	162.27%	157.10%	156.08%	154.44%	150.14%	147.20%	145.68%
Depreciation expense												

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net financial liabilities ratio

Total liabilities less current assets	< 60%	-53.75%	-39.83%	-46.96%	-57.30%	-55.71%	-54.68%	-53.98%	-49.33%	-53.99%	-58.68%	-59.17%
Total operating revenue (excluding capital items)												

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

### Flinders Shire Council Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.



Flinders Shire Council

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2021

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

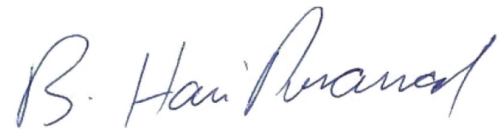
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Cr Jane McNamara

**MAYOR**

Date: 26 October 2021



Hari Boppudi

**CHIEF EXECUTIVE OFFICER**

Date: 26 October 2021