

# Etheridge Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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## Etheridge Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$	Restated 2020 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, Levies and charges	3a	2,239,116	2,313,383
Fees and charges	3b	217,192	208,380
Other income	3c	227,040	359,253
Sales Revenue	3d	11,707,802	12,945,216
Grants, subsidies, contributions and donations	3e	8,510,275	10,278,670
<b>Total recurrent revenue</b>		<b>22,901,424</b>	<b>26,104,902</b>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	3e	6,586,575	10,405,626
Other capital income	4, 15	443,893	0
<b>Total capital revenue</b>		<b>7,030,468</b>	<b>10,405,626</b>
<b>Total income</b>		<b>29,931,893</b>	<b>36,510,528</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	6,385,197	6,148,951
Materials and services	7	12,859,116	16,624,263
Finance costs		8,276	8,513
Depreciation and amortisation:			
- Property, plant and equipment	11	4,020,438	3,932,770
<b>Total recurrent expenses</b>		<b>23,273,027</b>	<b>26,714,496</b>
<b>Other expenses</b>			
Capital expenses	5	421,827	186,609
<b>Total other expenses</b>		<b>421,827</b>	<b>186,609</b>
<b>Total expenses</b>		<b>23,694,854</b>	<b>26,901,105</b>
<b>Net result</b>		<b>6,237,038</b>	<b>9,609,423</b>
<b>Other comprehensive income</b>			
(Items not included in net result)			
Increase / (decrease) in asset revaluation surplus		22,685,089	0
<b>Total comprehensive income for the year</b>		<b>28,922,127</b>	<b>9,609,423</b>



# Etheridge Shire Council

## Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	Restated 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	13,217,528	14,083,783
Receivables	9	366,691	1,217,876
Contract Assets	12, 22	4,570,296	5,464,177
Inventories	10	477,699	394,944
<b>Total current assets</b>		<b>18,632,214</b>	<b>21,160,780</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	231,038,347	201,627,189
<b>Total non-current assets</b>		<b>231,038,347</b>	<b>201,627,189</b>
<b>Total assets</b>		<b>249,670,561</b>	<b>222,787,969</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	1,942,888	671,594
Contract Liabilities	12	651,567	3,483,539
Borrowings	14	11,203	10,305
Provisions	15	944,056	930,340
<b>Total current liabilities</b>		<b>3,549,715</b>	<b>5,095,778</b>
<b>Non-current liabilities</b>			
Borrowings	14	41,377	52,260
Provisions	15	826,610	1,309,222
<b>Total non-current liabilities</b>		<b>867,988</b>	<b>1,361,482</b>
<b>Total liabilities</b>		<b>4,417,703</b>	<b>6,457,260</b>
<b>Net community assets</b>		<b>245,252,858</b>	<b>216,330,709</b>
<b>COMMUNITY EQUITY</b>			
Asset revaluation surplus	19	155,723,118	133,038,030
Retained surplus		89,529,739	83,292,679
<b>Total community equity</b>		<b>245,252,858</b>	<b>216,330,709</b>

## Etheridge Shire Council

### Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Asset revaluation surplus \$	Retained surplus \$	Total equity \$
<b>2021</b>				
Balance as at July 1, 2020		133,038,030	83,292,679	216,330,709
Increase in asset revaluation surplus		22,685,089		22,685,089
		<u>155,723,119</u>	<u>83,292,679</u>	<u>239,015,798</u>
Net result			6,237,038	6,237,038
Total comprehensive income for the year		<u>0</u>	<u>6,237,038</u>	<u>6,237,038</u>
<b>Balance as at June 30, 2021</b>		<b><u>155,723,119</u></b>	<b><u>89,529,717</u></b>	<b><u>245,252,836</u></b>
<b>2020</b>				
Balance as at July 1, 2019		133,038,030	73,677,734	206,715,764
Adjustment on initial application of AASB 15 / AASB 1058			5,522	5,522
Restated balance as at July 1, 2019		<u>133,038,030</u>	<u>73,683,256</u>	<u>206,721,286</u>
Net result		0	9,609,423	9,609,423
Total comprehensive income for the year		<u>0</u>	<u>9,609,423</u>	<u>9,609,423</u>
<b>Balance as at June 30, 2020</b>		<b><u>133,038,030</u></b>	<b><u>83,292,679</u></b>	<b><u>216,330,709</u></b>



## Etheridge Shire Council

### Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		15,015,295	17,259,101
Payments to suppliers and employees		(18,553,571)	(23,752,634)
		<u>(3,538,276)</u>	<u>(6,493,533)</u>
Receipts:			
Interest received		85,750	236,895
Rental income		141,215	122,358
Non capital grants and contributions		7,911,570	11,278,983
Payments:			
Borrowing costs		(8,201)	(8,513)
<b>Net cash - operating activities</b>		<b><u>4,592,058</u></b>	<b><u>5,136,190</u></b>
<b>Cash Flows from investing activities</b>			
Receipts:			
Proceeds from sale of property, plant and equipment		105,426	44,682
Grants, subsidies, contributions and donations		5,247,279	7,424,675
Payments:			
Payments for property, plant and equipment		(10,801,033)	(14,831,476)
<b>Net cash - investing activities</b>		<b><u>(5,448,328)</u></b>	<b><u>(7,362,119)</u></b>
<b>Cash flows from financing activities</b>			
Payments:			
Repayment of borrowings		(9,985)	(9,436)
<b>Net cash flow - financing activities</b>		<b><u>(9,985)</u></b>	<b><u>(9,436)</u></b>
<b>Net increase/(decrease) for the year</b>		<b><u>(866,255)</u></b>	<b><u>(2,235,366)</u></b>
Add cash and cash equivalents - beginning of year		14,083,783	16,319,149
<b>Cash and cash equivalents - closing</b>	8	<b><u>13,217,528</u></b>	<b><u>14,083,783</u></b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies

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#### Information about these financial statements

##### (a) Basis of preparation

Etheridge Shire Council ("Council") is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

These general purpose financial statements, covering the period 1 July 2020 to 30 June 2021, have been 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.

##### (b) New and revised Accounting Standards adopted during the year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020. None of these adopted Standards had a material impact on reported positions, performance or cash flows.

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 but will be included in the financial statements on their effective date. These standards are not expected have a material impact for Council.

##### (c) Estimates and Judgements

Council makes 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.

##### (c) Estimates and Judgements (contd.)

The significant judgements, estimates and assumptions relate to the following items with specific information provided in the relevant note:

Valuation and depreciation of Property, Plant & Equipment - Note 11  
Impairment of Property, Plant and Equipment - Note 11  
Provisions - Note 15  
Contingent Liabilities - Note 17  
Revenue - Note 3

##### (d) Rounding and Comparatives

These financial statements are expressed in whole Australian dollars.

Figures may be subject to small, insignificant rounding adjustments.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

##### (e) Taxation

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.



## **Etheridge Shire Council**

### **Notes to the Financial Statements**

for the year ended 30 June 2021

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

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

##### **Delivering organisational excellence and governance**

To deliver excellence as an organisation, embracing exceptional customer service, valuing staff and promoting ethical standards of practice supported by clear policies and strategies.

##### **Improving communication infrastructure and mechanisms within the Shire**

An equitable communication network for the Shire is essential, if the community is to have sustainable growth and development. The size and remoteness of Etheridge Shire means we are reliant on our communications networks whether this is mobile, broadband, fixed Wi-Fi or satellite.

##### **Developing equitable social infrastructure, to make the townships a desirable place to live**

There is universal agreement that strong, resilient and healthy individuals, families and community play a vital role in building the ongoing prosperity, wellbeing and economic development of a region.

##### **Developing a resilient transport infrastructure and connectivity to support current and future industry**

Resilient transport infrastructure that maximises connectivity across the Shire and links us to the major commercial centres is essential if the Shire is to have sustainable economic growth and development.

##### **Developing reliable potable and irrigation water supplies for residential and economic development**

Reliable and affordable water and energy is essential for the Shire, to have sustainable economic growth and development.

##### **Managing the natural assets, environment and economy for tourism and economic development**

Our Shire's natural resources, assets and environment are key factors in the development of a sustainable economic growth of the Shire.

##### **Commercial services**

Council will build appropriate infrastructure and conduct commercial services aligned to local and regional priorities e.g. road construction, road maintenance, irrigable water supplies, swimming pool operations, refuse collection, student hostel, child care and tourist services.



# Etheridge 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's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's		
2021											
Organisational excellence and governance	5,039	1,854	0		6,893	(4,606)	(422)	(5,028)	2,287	1,865	59,359
Improving shire communications infrastructure and mechanisms	0	0	0	0	0	(274)	0	(274)	(274)	(274)	0
Equitable social infrastructure	49	135	605	0	789	(1,142)	0	(1,142)	(957)	(353)	11
Resilient transport infrastructure	2,126	11,598	3,218	0	16,942	(14,944)	0	(14,944)	(1,220)	1,999	170,216
Delivering reliable potable and irrigation water	0	358	2,739	0	3,097	(777)	0	(777)	(419)	2,320	19,219
Natural assets, environment and economy	3	170	0	444	617	(780)	0	(780)	(607)	(163)	746
Commercial services	1,292	275	25	0	1,592	(751)	0	(751)	817	842	120
<b>TOTAL</b>	<b>8,510</b>	<b>14,391</b>	<b>6,587</b>	<b>444</b>	<b>29,931</b>	<b>(23,273)</b>	<b>(422)</b>	<b>(23,695)</b>	<b>(373)</b>	<b>6,237</b>	<b>249,671</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's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's		
2020											
Organisational excellence and governance	4,520	2,484			7,004	(3,850)	(187)	(4,037)	3,154	2,967	61,050
Improving shire communications infrastructure and mechanisms					0	(262)		(262)	(262)	(262)	0
Equitable social infrastructure	46	102	585		733	(948)		(948)	(800)	(215)	0
Resilient transport infrastructure	5,117	12,513	1,562		19,192	(18,023)		(18,023)	(393)	1,169	148,006
Delivering reliable potable and irrigation water	367	366	8,239		8,972	(2,180)		(2,180)	(1,447)	6,792	13,614
Natural assets, environment and economy	0	143	0	20	163	(701)		(701)	(558)	(538)	0
Commercial services	229	218			447	(750)		(750)	(303)	(303)	119
<b>TOTAL</b>	<b>10,279</b>	<b>15,826</b>	<b>10,386</b>	<b>20</b>	<b>36,510</b>	<b>(26,714)</b>	<b>(187)</b>	<b>(26,901)</b>	<b>(609)</b>	<b>9,609</b>	<b>222,789</b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Revenue

Notes	2021 \$	2020 \$
<b>(a). Rates, levies and charges</b>		
<p>Rates and annual charges are recognised as income, when council earns the right to entitlement, which is at the commencement of the rating period.</p> <p>Prepaid rates, being customer rates payments received prior to the rating period, are recognised as a financial liability until the commencement of the rating period. Council has no entitlement to such funds, but all receipts are held to the credit benefit of customers rates accounts, until commencement of the ratings period, when they are applied against rates and levies raised.</p>		
<b>Rates, levies and charges</b>		
General rates	2,041,601	2,170,599
Water consumption	396,036	401,832
Waste management	143,228	141,617
Emergency Fire and Rescue Levy	0	(32,465)
	<u>2,580,865</u>	<u>2,681,583</u>
Less: Discounts, and concession remissions	(341,749)	(368,200)
<b>Total rates, levies and charges income</b>	<b><u>2,239,116</u></b>	<b><u>2,313,383</u></b>

### (b). Fees and charges

Income 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 contracted goods and services provided.

The performance obligation relates to the specific services provided to customers. Generally, full payment is expected at the time of service provision but definitely within 30 day terms of such service provision.

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

Licences, granted by Council, are generally annual or low value and licence income is recognised at the time of granting the licence.

#### Licences, registrations and other fees and charges

TerrEstrial centre - admission fees	41,438	41,707
Einasley common - agistment	26,582	4,212
Other fees and charges - agistment, rebates, sundry receipts	149,172	162,461
<b>Total Fees and Charges</b>	<b><u>217,192</u></b>	<b><u>208,380</u></b>



## Etheridge Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 3. Revenue ...(continued)

	Notes	2021 \$	Restated 2020 \$
<b>(c). Other income</b>			
Council deposits surplus cash, with Queensland Treasury Corporation, in segregated, interest bearing, at-call cash accounts.			
Rental income		141,215	122,358
Interest received :			
On at call cash accounts		70,043	220,941
On overdue rates and charges		15,782	15,954
<b>Total Other Income</b>		<b><u>227,040</u></b>	<b><u>359,253</u></b>
<b>(d). Sales revenue</b>			
Sale of goods income is recognised when the customer has taken delivery of goods. Services income is recognised upon completion of the requested service.			
Income 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 associated costs are recognised by reference to the stage of completion of the contracted activity, based on costs incurred at reporting date. Where consideration is received in advance of activity provision, it is included in other liabilities until the activity is performed, when it is then recognised as income. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.			
<b>Rendering of services</b>			
Contract and recoverable works		11,469,356	12,748,559
Private and other works		14,323	25,529
		<b><u>11,483,679</u></b>	<b><u>12,774,088</u></b>
Childcare centre fees		105,108	114,351
Hostel fees		90,754	51,950
		<b><u>195,862</u></b>	<b><u>166,301</u></b>
		<b><u>11,679,541</u></b>	<b><u>12,940,389</u></b>
<b>Sale of Goods</b>			
TerrEstrial Centre		28,261	4,827
		<b><u>28,261</u></b>	<b><u>4,827</u></b>
<b>Total Sales Revenue</b>		<b><u>11,707,802</u></b>	<b><u>12,945,216</u></b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Revenue (continued)

	Notes	2021 \$	Restated 2020 \$
<b>(e) Grants, subsidies, contributions and donations</b>			
<b>Grant income under AASB 15</b>			
<p>Where grant income arises from an agreement which is both enforceable and contains specific performance obligations, then the income is recognised when control of each performance obligations is satisfied.</p> <p>Performance obligations are varied based on the agreement but can include completion to specification and standard, or within a certain timeframe etc. Payment terms vary depending on the conditions of the grant agreements. Grants may be received upfront for some agreements or on achievement of certain completion criteria or milestones.</p> <p>Grants may be received upfront for some agreements or on achievement of certain completion criteria or milestones.</p> <p>Each performance obligations is considered to ensure the income recognition reflects the transfer of control. Such transfer is generally specified within the agreement and may occur at a point in time (e.g. milestone completion) or over time (eg over the life of the agreement). In the latter instance, a relevant method of determination would be applied for income recognition, to recognise the transfer of benefit.</p>			
<b>Grant income under AASB 1058</b>			
<p>Assets arising from transfers within the scope of AASB 1058, are recognised at the fair value of the asset at the time of transfer. Council recognises any associated liability or equity item relationships similarly at this time, with any resultant benefit then being recognised as income or expense.</p>			
<b>Capital Grants</b>			
<p>Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, the grant income is recognised at the point in time when the obligation to construct or purchase is completed.</p> <p>Capital Grants for construction projects are recognised as revenue, generally as construction progresses and costs are incurred. This is considered the more appropriate method of matching the project timing of revenue with costs.</p>			
<b>Donations and contributions</b>			
<p>Where assets are donated or contributed, income is recognised as the fair value of the asset received, at the point in time when control of the asset passes to Council, as there are generally no enforceable contract obligations.</p>			
<b>(i) Recurrent</b>			
State government subsidies and grants		2,217,404	4,495,156
Commonwealth government subsidies and grants		6,290,271	5,760,162
Donations		2,600	23,352
<b>Total Recurrent Grants, Subsidies, Contributions and Donations</b>		<b>8,510,275</b>	<b>10,278,670</b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 3. Revenue ... (continued)

	Notes	2021 \$	Restated 2020 \$
<b>(e) Grants, subsidies, contributions and donations ... (continued)</b>			
<b>(ii) Capital</b>			
Capital revenue includes grants and subsidies received and tied to specific projects for the replacement or upgrade of existing, non-current, assets and investment in new assets.			
State government subsidies and grants		2,376,843	735,503
Commonwealth government subsidies and grants		4,209,732	9,670,123
<b>Total Capital Grants, Subsidies, Contributions and Donations</b>		<b>6,586,575</b>	<b>10,405,626</b>

	Notes	2021 Income recognised at a point in time \$	2021 Income recognised over time \$
<b>(iii) Timing of revenue recognition for grants, subsidies, contributions and donations</b>			
Grants and subsidies		8,507,675	6,586,575
Donations		2,600	0
		<b>8,510,275</b>	<b>6,586,575</b>

	Notes	2020 Income recognised at a point in time \$	2020 Income recognised over time \$
<b>(iii) Timing of revenue recognition for grants, subsidies, contributions and donations</b>			
Grants and subsidies		10,255,318	10,405,626
Donations		23,352	0
		<b>10,278,670</b>	<b>10,405,626</b>

### Note 4. Other capital income

	Notes	2021 \$	2020 \$
Write back of landfill provision estimates for timing and costs		443,893	0
		<b>443,893</b>	<b>0</b>
<b>Net other capital income</b>		<b>443,893</b>	<b>0</b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

Notes	2021 \$	2020 \$
<b>Note 5. Capital expenses</b>		
Losses on disposal of non-current assets		
Proceeds from sale of land	(74,088)	0
Less: Carrying value	67,653	0
Less: Disposal costs	1,433	0
Total profit on land sales	<u>(5,002)</u>	<u>0</u>
Proceeds received on disposal of property, plant and equipment	(22,424)	(44,682)
Less: Carrying value of disposed fleet	55,152	50,499
Less: Carrying value of disposed road infrastructure	362,147	0
Less: Carrying value of disposed property, plant and equipment	31,954	180,792
Total losses on disposals of property, plant and equipment	<u>426,829</u>	<u>186,609</u>
<b>Total capital expenses</b>	<b><u>421,827</u></b>	<b><u>186,609</u></b>

## Note 6. Employee benefits

Wages and salaries	4,768,218	5,018,293
Councillors remuneration	347,909	329,833
Annual, personal and long-service leave entitlements	771,018	716,710
Superannuation	511,255	526,835
	<u>6,398,400</u>	<u>6,591,671</u>
Other employee related expenses	154,358	111,173
	<u>6,552,758</u>	<u>6,702,844</u>
Less: capitalised employee expenses	(167,561)	(553,893)
<b>Total employee benefits</b>	<b><u>6,385,197</u></b>	<b><u>6,148,951</u></b>

Councillor remuneration includes salary and allowances paid in respect of carrying out their duties.

### Additional information:

Total Council employees at the reporting date:

	No.	No.
Elected members	5	5
Administration staff (incl Executive)	21	17
Depot and Works staff	37	31
Child care	4	5
Total full time equivalent employees	<u>67</u>	<u>58</u>

Notes	2021 \$	2020 \$
<b>Note 7. Materials and Services</b>		
Consumables	442,379	434,160
Professional services	478,323	154,266
Contract works	4,382,942	9,852,728
Gilbert River project	0	1,334,721
Repairs and maintenance	1,514,662	1,174,194
Other materials and services	5,509,052	3,137,829
Water and waste management	531,758	536,365
<b>Total Materials and Services</b>	<b><u>12,859,116</u></b>	<b><u>16,624,263</u></b>

Audit fees for the current year are estimated at \$65,000 (2020: \$63,525)



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	2021	2020
Notes	\$	\$
<b>Note 8. Cash and cash equivalents</b>		
Cash and cash equivalents in the Statement of Cash Flows includes:- cash on hand; all cash and cheques receipted but not banked at year end; at-call deposits held with financial institutions, considered not at risk to changes in value		
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	1,353,858	71,070
Deposits at call	11,863,670	14,012,714
<b>Balance per Statements of Financial Position and Cash Flows</b>	<b><u>13,217,528</u></b>	<b><u>14,083,783</u></b>
Cash is held with Bendigo Bank in standard business banking accounts. This bank currently enjoys a Standard and Poor's short term credit rating of A1+ and a long term rating of AA-.		
Deposits at call are capital guaranteed and held with Queensland Treasury Corporation in segregated accounts identifying their specific purpose restrictions.		
<b>Restricted cash and cash equivalents over Government grants and subsidies</b>		
Council's cash and cash equivalents may be subject to internal and external restrictions, which identify amounts for specific purpose allocation.		
Council's internal restriction is over financial assistance grants, received in advance for the next financial year.		
(i) Externally imposed expenditure restrictions		
Future capital works	892,476	3,659,254
Future constrained works	0	1,126,253
Unspent Government grants and subsidies	<u>892,476</u>	<u>4,785,507</u>
(ii) Internal allocations of cash		
Future recurrent expenditure	3,161,034	2,869,102
	<u>4,053,510</u>	<u>7,654,609</u>
<b>Trust funds</b>		
In accordance with the <i>Local Government Act 2009</i> and <i>Local Government Regulation 2012</i> , a separate, trust bank account and separate accounting records are maintained for funds held on behalf of outside parties.		
Council performs a custodial role in respect of these monies, imposing internal restriction on their use for other Council purposes, and they are neither considered revenue nor recognised as a Council asset.		
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of external parties	9,089	159
<b>Total trust funds held</b>	<b><u>9,089</u></b>	<b><u>159</u></b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	2021	2020
Notes	\$	\$
<b>Note 9. Receivables</b>		
<p>Receivables, loans and advances are amounts owed to Council at year end. They are recognised as the amount due, arising from an advance, completion of sale or service delivery transaction. Settlement of receivables is required within 30 days from invoice date and additional transaction security is not normally obtained.</p> <p>Debts are regularly assessed for collectability and allowance made, where appropriate for impairment expense. All known bad debts were expensed at at June 30. Any future recovery of these written-off amounts, in a subsequent period will be recognised as income.</p> <p>Impairment expense is the difference between the receivables carrying amount and the estimated recoverable amount, if any. Identified impairment expense is recognised as a finance cost.</p> <p>Council applies normal business credit protection procedures prior to providing goods or services, to minimise credit risk.</p> <p>Council does not impair rate receivables as it is empowered under the provisions of the <i>Local Government Act 2009</i> to recover any outstanding rate debt from proceeds on disposal of the rateable property.</p>		
Rates	168,115	64,662
Other Council levied fees and charges	0	99,373
Debtor receivables	198,576	1,012,988
BAS receivable	0	40,853
<b>Total current receivables</b>	<b>366,691</b>	<b>1,217,876</b>
<b>Note 10. Inventories</b>		
<b>Land Held for Resale</b>		
<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 and, being an inventory item, is classified as a current asset. Proceeds from the sale will be recognised as sales revenue on the signing of a legal, unconditional contract of sale.</p>		
<b>Inventories Held for Distribution</b>		
<p>Inventories are generally unused consumable items held for own use and include general stores, parts and materials for operational repair and replacement and specific items held for projects and works use.</p> <p>Inventory value is measured as the weighted average cost of carrying value less adjustments, where necessary, for any change in this value and then reflect the lower of average cost and net realisable value.</p> <p>Inventories are charged to expense or capital works as utilised, at their carrying value.</p>		
<b>(a) Inventories held for sale</b>		
Real estate for resale	53,093	53,093
	<u>53,093</u>	<u>53,093</u>
<b>(b) Inventories held for distribution</b>		
Plant and equipment stores	424,606	341,851
	<u>424,606</u>	<u>341,851</u>
<b>Total Inventories</b>	<b>477,699</b>	<b>394,944</b>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11. Property, Plant and Equipment

	Land	Buildings	Other plant structures equipment	Fleet and other plant and equipment	Furniture & Office equipment	Road drainage and bridge network	Water infrastructure	TerrEstrial collection	Work in progress	Total
Basis of measurement	Fair value	Fair value	Fair value	Cost	Cost	Fair value	Fair value	Fair value	Cost	
Fair value category	Level 2	Level 2 & 3	Level 3			Level 3	Level 3	Level 3		
Asset Values	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021 Asset Values</b>										
Opening gross value at July 1 2020	1,674	24,382	14,168	9,940	574	175,190	12,105	727	13,706	252,466
Additions:										0
Renewals										0
Other additions at Cost									11,306	11,306
Disposals	(78)		(89)	(184)		(430)	0			(781)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)						21,609				21,609
Transfers between classes		1,223	347	507	85	2,015	5		(4,182)	0
<b>Closing gross value at June 30, 2021</b>	<b>1,596</b>	<b>25,605</b>	<b>14,426</b>	<b>10,263</b>	<b>659</b>	<b>198,384</b>	<b>12,110</b>	<b>727</b>	<b>20,830</b>	<b>284,600</b>
<b>Accumulated depreciation and impairment</b>										
Opening gross value at July 1 2020	0	10,104	4,499	5,250	408	27,184	3,392	0	0	50,837
Depreciation expense	0	749	475	461	15	2,109	212	0		4,020
Depreciation on disposals			(57)	(129)		(26)		0		(212)
Revaluation adjustment to asset revaluation surplus						(1,087)				(1,087)
<b>Accumulated depreciation at June 30, 2021</b>	<b>0</b>	<b>10,853</b>	<b>4,917</b>	<b>5,583</b>	<b>423</b>	<b>28,180</b>	<b>3,604</b>	<b>0</b>	<b>0</b>	<b>53,558</b>
<b>Carrying amount as at 30 June, 2021</b>	<b>1,596</b>	<b>14,752</b>	<b>9,509</b>	<b>4,681</b>	<b>237</b>	<b>170,204</b>	<b>8,506</b>	<b>727</b>	<b>20,830</b>	<b>231,042</b>
Range of estimated useful life (years)		40 - 100	20-60	5-20	5-20	25-65	25-65	25-65		
<b>2020 Asset Values</b>										
Opening gross value at July 1 2019	1,674	22,245	14,161	9,750	559	173,682	12,087	727	3,160	238,045
Additions:									14,832	14,832
Other additions										0
Disposals				(126)		(282)	(3)		0	(411)
Transfers between classes		2,137	7	316	15	1,790	21		(4,286)	0
<b>Closing gross value at June 30, 2020</b>	<b>1,674</b>	<b>24,382</b>	<b>14,168</b>	<b>9,940</b>	<b>574</b>	<b>175,190</b>	<b>12,105</b>	<b>727</b>	<b>13,706</b>	<b>252,466</b>
<b>Accumulated depreciation and impairment</b>										
Opening gross value at July 1 2019	0	9,383	4,025	4,875	394	25,225	3,183			47,085
Depreciation expense	0	721	475	451	14	2,060	212			3,933
Depreciation on disposals	0			(76)		(101)	(3)			(180)
Revaluation adjustment to asset revaluation surplus										0
<b>Accumulated depreciation at June 30, 2020</b>	<b>0</b>	<b>10,104</b>	<b>4,500</b>	<b>5,250</b>	<b>408</b>	<b>27,184</b>	<b>3,392</b>	<b>0</b>	<b>0</b>	<b>50,838</b>
<b>Carrying amount as at 30 June, 2020</b>	<b>1,674</b>	<b>14,278</b>	<b>9,668</b>	<b>4,690</b>	<b>166</b>	<b>148,006</b>	<b>8,713</b>	<b>727</b>	<b>13,706</b>	<b>201,628</b>



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11. Property, Plant and Equipment (continued)

#### (a) Recognition

Purchases of property, plant and equipment are recognised as assets unless they are below asset recognition thresholds, currently \$10,000 with the exception of land, \$1, and plant, \$5,000.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. Routine operational maintenance, repair costs and minor renewals to maintain the asset component and useful life of the non-current asset are expensed as incurred.

However, individual assets valued below the asset recognition threshold, are recognised as assets when they form part of a larger, connected network (e.g. individual components of a park).

Land beneath roads, and reserve land under the *Land Act 1994* or *Land Title Act 1994*, is controlled by the Queensland State Government and not recognised in Council's Financial Statements.

#### (b) Measurement

Property plant and equipment is 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 the assets given as consideration plus costs directly attributable to the acquisition. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included as part of their capital cost.

Property, plant and equipment received in the form of contributions, or for significantly less than fair value, are recognised as assets and revenue at their perceived 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 that provision relating to the discount rate or estimated amount, or timing of restoration cost, is recognised against asset revaluation surplus, or direct against the operating result where there is insufficient reserve.

#### (c) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time such assets are completed and commissioned ready for use, at which time they are reclassified from "work in progress" to their appropriate property, plant and equipment class.

Land, work in progress, road formations and formation works associated with the construction of dams, levee banks and reservoirs are not depreciated.

Terrestrial Collection is not depreciated as it has an unlimited useful life.

Depreciation, where applicable, is calculated on a straight-line basis, progressively over the estimated useful life of the asset, representing its cost less any estimated residual balance.

Those assets having separately identified components, will have their own separately assigned useful lives.

The condition assessments performed as part of the independent valuation process for assets measured at the written down current replacement cost are used to estimate the useful lives of these assets at each reporting date.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

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



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11. Property, Plant and Equipment (continued)

#### d) Impairment of non-current assets

Each non-current physical asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Non-current assets are subject to impairment loss. Impairment of assets held at valuation, is offset against the revaluation reserve. Impairment of assets not held at valuation is expensed to operating cost.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

#### (e) Valuation processes

Council's valuation policies and procedures are set by Management. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

Non-current physical assets measured at fair value are revalued, where required, such that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their assessments of the condition of the assets at the date of inspection.

During the intervening years, Council uses internal and external consulting engineers to assess for material differences in the assumptions for useful life, remaining lives and costs with all infrastructure assets. These results are also considered in combination with suitable indexes from the Australian Bureau Statistics. Jointly, these methods are combined to form the basis of a management valuation in the intervening years. Any revaluation increment arising from the revaluation of an asset is credited to the appropriate asset class revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

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. Separately identified components of assets are measured on the same basis as the assets to which they relate.

In accordance with AASB 13 fair value measurements are categorised on the following basis:

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



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11. Property, Plant and Equipment ... continued

(e) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation Approach	Comparative valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other Interim revaluation adjustments
Land (lvl 2)	Market Value	31-Mar-18	HTW	<p>The property market for residential land and houses is in limited supply with only a few recent period sales and limited housing and building construction.</p> <p>Land values were assessed using the direct comparison approach, e.g. where land owned by Council has a zoning particular to Council's ownership, such as Community Infrastructure.</p> <p>Valuation inputs were used where comparable sales evidence was available and meaningful comparisons were possible, without significant adjustment, evidence analysis or reconsidered professional judgement by HTW.</p> <p>Sales evidence was sourced from RP Data, active estate agents and gathered as part of HTW normal business processes.</p> <p>Comparable sales evidence can be obtained from HTW's valuation report.</p>	As the index movement was less than 2% and not considered material by Council, no revaluation increment has been recognised.	Nil
Buildings (Level 2) \$ 000'S	Market Value	31-Mar-18	Comprehensive Valuer 2018:  HTW	Comprehensive onsite inspections conducted between Dec 2017 - Jan 2018, in accordance with AASB13 and AASB16. The property market for residential land and houses is very small with only a few sales in recent years, and no houses or buildings under construction during the inspection period.	Australian Bureau of Statistics (ABS) Indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17	Nil
2021: \$2,392			Interim Valuer 30/06/2021:	Where there is a market for Council building assets, fair value has been derived from sales prices of comparable properties. In the absence of sales evidence, reference was made to:	Index No. 3020 "Non-Residential Building Construction"	
2020: \$2,567			Shepherd	<ul style="list-style-type: none"> <li>Rawlinsons, Australian Construction Handbook;</li> <li>HTW industry experience and business processes.</li> </ul>	As the index movement was less than 2% and not considered material by Council, no revaluation increment has been recognised.	



# Etheridge Shire Council

for the year ended 30 June 2021

## Note 11. Property, Plant and Equipment ... continued

(e) Valuation techniques used to derive fair values ... continued

Asset class and fair value hierarchy	Valuation Approach	Comparative valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other Interim revaluation adjustments
Buildings (level 2) \$ 000'S	Market Value	31-Mar-18	Comprehensive Valuer 2018 HTW  Interim Valuer 30-Jun-21  Shepherd	In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.  Where "depth in market" can be identified, we have assessed the fair value of an asset as the best estimate of price reasonably obtained in the market at the date of valuation.		
2021: \$2,392						
2020: \$2,567						
Buildings (level 3) \$ 000'S	Market Value	31-Mar-18	Comprehensive Valuer 2018 HTW  Interim Valuer: 30-Jun-21  Shepherd	Where Council buildings are of specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset of similar type and service.  The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors. (Rawlinson's Australian Construction Handbook).  Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.  In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.	Australian Bureau of Statistics (ABS) Indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17  Index No. 3020 "Non-Residential Building Construction"  As the index movement was less than 2% and not considered material by Council, no revaluation increment has been recognised.	Nil
2021: \$12,360						
2020: \$11,711						



# Etheridge Shire Council

for the year ended 30 June 2021

## Note 11. Property, Plant and Equipment ... continued

(e) Valuation techniques used to derive fair values ... continued

Asset class and fair value hierarchy	Valuation Approach	Last comp'ive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other Interim revaluation adjustments
Water (Level 3)	Current Replacement Cost	31-Mar-18	Comprehensive Valuer  Valuer 30-Jun-21 SHEPHERD	<p>CRC was calculated based on expected replacement costs.</p> <p>In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.</p> <p>Unit rates were developed from a combination of past construction project averages or from first principles calculation for assets where recent construction unit costs are not known.</p> <p><b>Accumulated Depreciation</b> The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available.</p> <p>Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.</p>	<p>Australian Bureau of Statistics (ABS) Indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17 Index No. 3101 "Building Construction Queensland"</p> <p>As the index movement was less than 2% and not considered material by Council, no revaluation increment has been recognised.</p>	Nil
Roads, Bridges and Drainage Networks (Level 3)	Current Replacement Cost	31-Mar-21	Comprehensive Valuer  31-Mar-21 SHEPHERD	<p><b>Roads:</b> Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable) Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.</p>	NA	Nil

# Etheridge Shire Council

for the year ended 30 June 2021

## Note 11. Property, Plant and Equipment ... continued

(e) Valuation techniques used to derive fair values ... continued

Asset class and fair value hierarchy	Valuation Approach	Last comp'ive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other Interim revaluation adjustments
Roads, Bridges and Drainage Networks (Level 3)  (continued)	Current Replacement Cost	31-Mar-21	Comprehensive Valuer  Valuer 31-Mar-21 SHEPHERD	<p><b>Roads (continued):</b> CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 200mm for urban areas and 150mm for rural roads.</p> <p>For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.</p> <p><b>Accumulated depreciation</b> In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.</p> <p>A consumption assessment was undertaken based on defects/condition assessments for each segment. For sealed surfaces defect % by Area and Average International Roughness Index, for sealed pavements % of rutting by area and average international roughness index, for unsealed pavements % of gravel remaining were all used to determine remaining lives.</p> <p><b>Bridges</b> Each bridge was assessed individually, with the valuation varying according to deck area, condition and size. Construction estimates were determined on a similar basis to roads.</p>		



# Etheridge Shire Council

for the year ended 30 June 2021

## Note 11. Property, Plant and Equipment ... continued

(e) Valuation techniques used to derive fair values ... continued

Asset class and fair value hierarchy	Valuation Approach	Last comp'ive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in index recognised this year)	Other interim revaluation adjustments
Roads, Bridges and Drainage Networks (Level 3) (continued)	Current Replacement Cost	31-Mar-21	Comprehensive Valuer  Valuer 31-Mar-21 SHEPHERD	<p><b>Bridges (continued)</b></p> <p><b>Accumulated depreciation</b> The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available.</p> <p><b>Drainage Infrastructure</b> Similar to roads, drainage assets are managed by major components pipes, headwalls, surfaces and pits. Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard yet grouped into urban and rural types. Where drainage assets are located underground, and physical inspection is not possible, the age, size and type of construction material are used to determine the fair value at reporting date.</p> <p><b>Accumulated depreciation</b> The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available.</p>		
Other Infrastructure	Current Replacement Cost	31-Mar-18	Comprehensive Valuer SHEPHERD  Interim Valuer 30-Jun-21 SHEPHERD	<p><b>Other Structures</b> Include small shelters, play equipment, fencing and various airstrip and remaining land improvement assets. CRC was calculated based on expected replacement costs, where unit rates were developed from a combination of past construction project averages, from first principles' calculations or indexation.</p> <p><b>Accumulated depreciation</b> The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available.</p> <p>Where site inspections were not conducted, the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.</p>	Australian Bureau of Statistics (ABS) Indexes, ABS Catalogues, 6427.0 Producer Price Indexes Australia, Table 17 Index No. 3101 "Building Construction Queensland"	Nil
					As the index movement was less than 2% and not considered material by Council, no revaluation increment has been recognised.	

# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	Notes	2021 \$	Restated 2020 \$
<b>Note 12. Contract balances</b>			
Contract assets represent the excess of costs incurred, in relation to a contract with the customer or the construction of an asset, over the amounts 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.			
<b>(a) Contract assets</b>			
Contract assets		4,570,296	5,464,177
		<u>4,570,296</u>	<u>5,464,177</u>
<b>(b) Contract Liabilities</b>			
Funds received upfront to construct Council controlled assets		291,851	2,483,226
Non-capital performance obligations not yet satisfied.		359,716	1,000,313
		<u>651,567</u>	<u>3,483,539</u>
<b>(c) Revenue previously recognised and included in contract liability balance at the beginning of the year</b>			
Funds received upfront to construct Council controlled assets		2,483,226	0
Non-capital performance obligations not yet satisfied.		1,000,313	0
		<u>3,483,539</u>	<u>0</u>
<b>(d) Significant changes in contract balances</b>			
The more significant changes have been the capital expense movement over time associated with construction at Charleston Dam during the period to Dec 2020, and upgrade of the TerrEstrial Centre, resulting in release of previously constrained funds.			
<b>Note 13. Payables</b>			
Creditors are recognised when goods or services are received, at the contracted amounts agreed. Such agreed amounts are unsecured and generally settled within 30 day terms or by arrangement.			
<b>Current</b>			
Creditors		47,144	261,747
ATO Payable		177,714	0
Accrued expenses		1,658,163	358,872
Unearned income (rates received in advance)		59,867	50,975
		<u>1,942,888</u>	<u>671,594</u>



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

Notes	2021 \$	2020 \$
<b>Note 14. Borrowings</b>		
Borrowings are initially recognised at the agreed contract amount plus any directly attributable, transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.		
<b>Current</b>		
Loans - Queensland Treasury Corporation	11,203	10,305
	<u>11,203</u>	<u>10,305</u>
<b>Non-Current</b>		
Loans - Queensland Treasury Corporation	41,377	52,260
	<u>41,377</u>	<u>52,260</u>

All borrowings are in \$A denominated amounts and interest is expensed as it is incurred. No interest charge has been capitalised into the value of the underlying asset. Expected final loan instalment for this borrowing extinguishment is Sept 2025. There have been no defaults or breaches of the loan agreement during the period of the borrowing.

The loan market value at reporting date was \$ 60,384 representing the market value of the debt, if Council repaid it at that time. As Council intends to carry the debt for its full term, no provision for loss is required to be made in these accounts.

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.

**Note 15. Provisions**

Liabilities are recognised for employee benefits such as annual and long service leave entitlements accrued, in respect of services provided by employees up to reporting date. Short term benefits, which are expected to be settled within 12 months, are calculated on wage and salary levels which are expected to be paid during that timeframe. Amounts expected to be settled later than this timeframe are calculated on projected future wage and salary levels, discounted to present values.

The provision for long service leave represents the present value of estimated future entitlements to be made in respect of services provided by employees up to this reporting date.

The qualifying liability is calculated using current pay rates and projected future increases in those rates including eligible employee on-costs.

The estimates are premised on the probability of the employee remaining in Council's employment or associated employment, resulting in the Council requirement to meet this liability. Adjustments are made to allow for the proportion of the benefit earned to date, with the result discounted to a present value.

The interest rates attaching to Commonwealth Government guaranteed securities at reporting date are used to discount these estimated future entitlements.



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	2021	2020
Notes	\$	\$
<b>Note 15. Provisions (continued)</b>		
<b>Refuse Sites Rehabilitation</b>		
Council has established and maintains a provision for the restoration of the four township landfill sites, at the end of their useful lives. Council estimates these sites will close between 2034 and 2039 and the restoration program will continue over the subsequent thirty years, under post-closure care.		
The provision for landfill restoration is calculated as the present value of the anticipated future costs associated with their closure, decontamination and monitoring of historical residues and leaching on these sites.		
The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. Uncertainties surrounding these assumptions may result in actual future expenditure differing from amounts currently provided.		
It is the long term nature of the liability, causing the main significant uncertainty in estimating the costs that may be incurred in determining a provision. The rehabilitation provision is reviewed at least annually and updated based on the facts and circumstances available at the time. Changes in the provision are charged against comprehensive income for that year.		
<b>Current</b>		
Annual and other leave entitlements	603,707	583,809
Long service leave	340,349	346,531
	<u>944,056</u>	<u>930,340</u>
<b>Non-Current</b>		
Long service leave	78,671	117,390
Refuse sites rehabilitation	747,939	1,191,832
	<u>826,610</u>	<u>1,309,222</u>
<b>Refuse site rehabilitation</b>		
Balance at the beginning of the financial year	1,191,832	1,191,832
Decrease in provision due to changes in estimated timing and costs	(443,893)	0
	<u>747,939</u>	<u>1,191,832</u>
Provision costs were reassessed during the year by both Works and Engineering and estimated costs associated with timing and closure were revised downwards.		
<b>Note 16. Commitments for Expenditure</b>		
Contractual commitments and arrangement estimates at the end of the financial year, but not recognised in the financial statements are as follows:		
Management of ESC Student Hostel (permits attendance variations)	70,000	70,350
Town maintenance arrangement - Mt Surprise	50,000	48,703
Town maintenance arrangement - Einsaleigh	32,000	29,746
	<u>152,000</u>	<u>148,799</u>

Etheridge council parks and gardens team maintain Etheridge and Forsayth townships.



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	2021	2020
Notes	\$	\$

### Note 17. Contingent Assets and Liabilities

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

#### Local Government Mutual

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

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity by way of bank guarantee in favour of LGW, drawn against deposits held with QTC to cover shortfall funding in the event the self-insurance licence was cancelled and there were insufficient funds available to cover the outstanding liabilities. Only the Queensland Government's workers regulator may exercise any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$ 80,875 (2020: \$72,071).

### Note 18. Related Party Transactions

#### (a) Transactions with key management personnel ("KMP")

Key management personnel include the mayor, councillors, council's Chief Executive Officer and executive management.

Compensation paid to KMP comprises:

Short-term employee benefits	560,362	640,050
Long term benefits	11,159	45,819
Post employment benefits	53,527	0
Termination benefits	110,260	0
Total	<u>735,308</u>	<u>685,869</u>



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
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### Note 18. Related Party Transactions (continued)

#### (b) Transactions with other related parties

Employee costs for close family members of KMP (No. of employees 2021: 2; 2020: 5) 81,975 224,191

All close family members of KMP were employed through arm's length process, and paid in accordance with the relevant Award for their position.

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

There are no loans or guarantees provided to or held with related parties.

#### (d) Commitments to/from other related parties

There are no specific commitments or contracts for future transactions. Unspecified transactions may occur during the ordinary course of business.

#### (e) Transactions with related parties

Purchases of materials and services from entities controlled by KMP (being payments to Georgetown Butchery and Lynd Roadhouse under commercial terms) 14,854 38,924

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

Most of the people and entities that may be considered related parties live and operate within Etheridge Shire. Consequently related party transactions may occur during the ordinary course of business. These may include payment of rates, use of of community provided facilities at no charge (e.g.) Georgetown swimming pool and Council Library. These transactions have not been disclosed where they are available to the general public.

No close family members of either Councillors or KMP are employed with Council.

### Note 19. Asset Revaluation Surplus

The asset revaluation surplus comprises movements of Council's non-current assets, reflecting changing values of assets under direct valuation, conducted by appropriately qualified and independent valuers

Balance at the beginning of the financial year	133,038,030	133,038,030
Increment in revaluation surplus on roads infrastructure	22,685,089	0
<b>Balance at the end of the financial year</b>	<b>155,723,119</b>	<b>133,038,030</b>

### Note 20. Superannuation

Total superannuation contributions paid by Council for employees	511,255	526,835
	<b>511,255</b>	<b>526,835</b>

All employees have contributions paid to compliant employee choice funds and LGIA. Council contributes at the current SGL rate of 9.5% of an employees eligible gross ordinary earnings before overtime. Where employees choose to make an additional contribution of 6% of eligible earnings, Council increases its SGL contribution to 12%.

Effective July 2021, the SGL rate was increased to 10%.



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Note 21. Reconciliation of net result to net cash inflow from operating activities</b>			
Net result		6,237,038	9,609,423
Non-cash items:			
Depreciation and amortisation		4,020,438	3,932,770
Changes in accounting policy		0	5,522
Impairment of receivables		0	0
Unwinding of discounts on provisions		0	0
Impairment of property, plant and equipment		0	0
		<b>4,020,438</b>	<b>3,938,292</b>
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		426,829	186,609
Net (profit)/loss on disposal on land sales		(5,002)	0
Capital grants and contributions		(6,586,575)	(10,405,626)
		<b>(6,164,748)</b>	<b>(10,219,017)</b>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		851,185	1,786,600
(Increase)/decrease in contract assets		0	0
(Increase)/decrease in inventories		(82,755)	15,054
Increase/(decrease) in payables		798,502	(1,093,413)
Increase/(decrease) in contract liabilities		(598,705)	1,000,313
Increase/(decrease) in provisions		(468,895)	98,938
Increase/(decrease) in other liabilities			
		<b>499,332</b>	<b>1,807,492</b>
<b>Net cash inflows from operating activities</b>		<b>4,592,060</b>	<b>5,136,190</b>

### Note 22. Correction of error

Adjustments has been made to the comparatives figures in these financial statements to reflect the correction of errors in the financial statements for the year ended 30 June 2020.

Errors were made in the calculation of contract assets and contract liabilities at 30 June 2020 and in the calculation of the impact of the initial application of AASB 15/1058.

The error described above has been corrected by restating the adjustment on the initial recognition of AASB 15 / AASB 1058 and the contract assets, contract liabilities and capital grants and sales revenue.



# Etheridge Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 22 Correction of error (continued)

	Original balance as presented at 30 June 2020	Adjustment	Restated balance at 30 June 2020
	\$	\$	\$
<b>Statement of Comprehensive Income</b>			
<i>Recurrent Revenue</i>			
Sales Revenue	12,566,694	378,522	12,945,216
<b>Total recurrent revenue</b>	<b>25,726,380</b>	<b>378,522</b>	<b>26,104,902</b>
<i>Capital Revenue</i>			
Grants, Subsidies and contributions and donations	7,661,741	2,743,885	10,405,626
<b>Total Capital Revenue</b>	<b>7,661,741</b>	<b>2,743,885</b>	<b>10,405,626</b>
<b>Total income</b>	<b>33,388,121</b>	<b>3,122,408</b>	<b>36,510,529</b>
<b>Net Result</b>	<b>6,487,016</b>	<b>3,122,408</b>	<b>9,609,424</b>
<b>Total Comprehensive Income for the year</b>	<b>6,487,016</b>	<b>3,122,408</b>	<b>9,609,424</b>

### Statement Financial Position

Receivables	2,826,341	(1,608,465)	1,217,876
Contract assets	0	5,464,177	5,464,177
<b>Total current assets</b>	<b>17,305,068</b>	<b>3,855,712</b>	<b>21,160,780</b>
<b>Total assets</b>	<b>218,932,257</b>	<b>3,855,712</b>	<b>222,787,969</b>
Contract liabilities	3,285,234	198,305	3,483,539
<b>Total current liabilities</b>	<b>4,897,473</b>	<b>198,305</b>	<b>5,095,778</b>
<b>Total liabilities</b>	<b>6,258,955</b>	<b>198,305</b>	<b>6,457,260</b>
<b>Net Community assets</b>	<b>212,673,302</b>	<b>3,657,408</b>	<b>216,330,710</b>

### Statement of Changes in Equity

#### Retained Surplus

<b>Balance as at 1 July 2019</b>	<b>73,677,734</b>	<b>0</b>	<b>73,677,734</b>
Adjustment on initial application of AASB 15/AASB 1058	(529,478)	535,000	5,522
Restated balance as at 1 July 2019	73,148,256	535,000	73,683,256
Net result	6,487,016	3,122,408	9,609,424
<b>Balance at 30 June 2020</b>	<b>79,635,272</b>	<b>3,657,408</b>	<b>83,292,680</b>
<b>Total equity</b>	<b>212,673,302</b>	<b>3,657,408</b>	<b>216,330,710</b>

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

	As at June 30 2020 \$	Cashflows \$	As at June 30 2021 \$
QTC Loan financing Forsyth Water Treatment Facility	62,566	(9,985)	52,581
	<b>62,566</b>	<b>(9,985)</b>	<b>52,581</b>

	As at June 30 2019 \$	Cashflows \$	As at June 30 2020 \$
QTC Loan financing Forsyth Water Treatment Facility	72,002	(9,436)	62,566
	<b>72,002</b>	<b>(9,436)</b>	<b>62,566</b>



# Etheridge Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

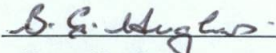
### Management Certificate For the year ended 30 June 2021

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 Regulations 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 30, 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.

  
Barry Hughes

Mayor

Date: 29 / 11 / 21

  
Ken Timms

Chief Executive Officer

Date: 29 / 11 / 21



## INDEPENDENT AUDITOR'S REPORT

To the councillors of Etheridge Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Etheridge 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 Etheridge 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.



Sri Narasimhan  
as delegate of the Auditor-General

30 November 2021

Queensland Audit Office  
Brisbane

# Etheridge Shire Council

## Current Year Financial Sustainability Statement

for the year ended 30 June 2021

Measures of Financial Sustainability	How the measure is calculated	Notes	Actual 2021	Target 2021
Council's performance at 30 June 2021 measured against key financial ratios and targets:				
<b>1. Operating surplus ratio</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	1 2	-1.62%	Between 0 and 10 %
An indicator measuring the extent to which revenues cover operational expenses only or are available for capital funding and / or other purposes.				
<b>2. Asset sustainability ratio</b>	Capital expenditure on asset replacement (renewals) divided by depreciation expense.	3	0%	Greater than 90% 90%
An approximation of the extent infrastructure assets managed are replaced, as they reach the end of their useful lives.				
<b>3. Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	2	-62.07%	Not greater than 60%
An indicator measuring the extent net financial liabilities can be serviced with 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, drawn from Council's audited general purpose financial statements for this financial year.

#### Notes

(1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to note 5 for exclusions), and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.

(2) Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to note 5 for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.



# Etheridge Shire Council

## General Purpose Financial Statements

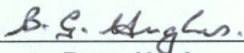
for the year ended 30 June 2021

### 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).

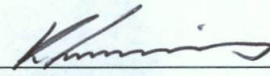
In accordance with Section 212(5) of the Regulation we certify that this current year financial sustainability Statement has been accurately calculated.



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**Barry Hughes**

Mayor



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**Ken Timms**

Chief Executive Officer

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Etheridge Shire Council

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

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Etheridge 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 Etheridge 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 Etheridge 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.



Sri Narasimhan  
as delegate of the Auditor-General

30 November 2021

Queensland Audit Office  
Brisbane



## Etheridge Shire Council

### Unaudited Long Term Financial Sustainability Statement

Prepared as at June 30, 2021

Measures of Financial Sustainability	Measure	Target Range	Actual Jun-21	Forecasts									
				Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
1. Operating surplus ratio %	Net result divided by total operating revenue	0% - 10%	(1.62)	0.02	0.99	0.78	(2.60)	(4.99)	(5.35)	(53.71)	(6.07)	(6.43)	(6.80)
2. Asset sustainability ratio %	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	> 90%	0.00	100.48	68.59	39.90	43.55	42.82	28.74	45.25	49.87	48.89	47.68
3. Net financial liabilities ratio %	Total liabilities minus current assets divided by total operating revenue	Not > 90%	(62.07)	(22.03)	(23.50)	(24.60)	(35.69)	(44.83)	(45.55)	(47.32)	(49.07)	(48.63)	(48.19)

### Etheridge 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.

Council aims to operate within a set of conservative guide-posts to ensure our financially sustainable over the short, medium and longer terms.

As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. Additionally, we also employ the above three sustainability indicators, devised by the Department of Infrastructure, Local Government and Planning, to help monitor the longer term sustainability of all Queensland Councils. Throughout the financial year, these indicators are calculated and reported on at monthly, Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action, as required.

The table above summarises how we have performed against set targets for the seven key financial performance indicators established in our financial strategy.

In summary, we achieved or bettered six of those targets, with a strong performance in our ability to generate cash flow from day to day operations, meeting all financial targets in the financial year while keeping debt to very conservative and manageable levels.

This was achieved while maintaining community services and continuing investment in community required infrastructure. Our operating result for this period was adversely affected with the impacts of water reform and this issue is outlined in more detail in the accompanying report.

# Etheridge Shire Council

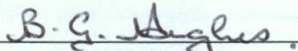
## Unaudited Long Term Financial Sustainability Statement (continued)

### Certificate of Accuracy

for the long term financial sustainability statement prepared as at 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.

  
Barry Hughes

Mayor

  
Ken Timms

Chief Executive Officer