

Etheridge Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

Unearthing Etheridge's future to create a
future beyond Rates, Roads & Rubbish



Etheridge Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Etheridge Shire Council

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Income			
Revenues			
Recurrent revenue			
Rates, levies and charges	3a	2,307,366	2,239,116
Fees and charges	3b	294,842	217,192
Sales revenue	3c	15,873,786	11,707,802
Grants, subsidies, contributions and donations	3d	18,265,635	8,510,275
Total recurrent revenue		36,741,628	22,674,384
Capital revenue			
Grants, subsidies, contributions and donations	3d	5,039,933	6,586,575
Total capital revenue		5,039,933	6,586,575
Rental and other incomes			
Rental income	4	178,520	141,215
Other income	4	2,545	0
Interest received	4	71,333	85,825
Capital income	5	10,027	443,893
Total rental and other incomes		262,425	670,934
Total income		42,043,987	29,931,893
Expenses			
Recurrent expenses			
Employee benefits	6	6,753,714	6,385,197
Materials and services	7	25,261,634	12,859,117
Finance costs		3,349	8,276
Depreciation and amortisation: - Property, plant and equipment	12	4,305,255	4,020,438
Total recurrent expenses		36,323,952	23,273,028
Capital expenses			
	8	1,965,326	421,827
		1,965,326	421,827
Total expenses		38,289,278	23,694,855
Net result		3,754,709	6,237,038
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	20	20,055,206	22,685,089
Total comprehensive income for the year		23,809,915	28,922,127

Etheridge Shire Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	16,117,806	13,217,528
Receivables	10	904,423	366,691
Other assets		99,433	0
Inventories	11	707,613	477,699
Contract assets	13	4,391,238	4,570,296
Total current assets		22,220,513	18,632,214
Non-current assets			
Property, plant and equipment	12	257,054,604	231,038,347
Total non-current assets		257,054,604	231,038,347
Total assets		279,275,117	249,670,561
LIABILITIES			
Current liabilities			
Payables	14	3,771,993	1,942,888
Contract liabilities	13	3,385,241	651,567
Borrowings	15	11,705	11,204
Provisions	16	772,421	944,056
Total current liabilities		7,941,360	3,549,715
Non-current liabilities			
Borrowings	15	29,796	41,378
Provisions	16	2,241,189	826,610
Total non-current liabilities		2,270,985	867,988
Total liabilities		10,212,345	4,417,703
Net community assets		269,062,772	245,252,858
COMMUNITY EQUITY			
Asset revaluation surplus	20	175,778,324	155,723,119
Retained surplus		93,284,448	89,529,739
Total community equity		269,062,772	245,252,858

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Etheridge Shire Council

Statement of Changes in Equity for the year ended 30 June 2022

	Notes	Asset revaluation surplus \$	Retained surplus \$	Total \$
2022				
Balance as at July 1, 2021		155,723,119	89,529,717	245,252,836
Net result			3,754,709	3,754,709
Other comprehensive income for the year				
Increase in asset revaluation surplus		20,055,206		20,055,206
Total comprehensive income for the year		20,055,206	3,754,709	23,809,915
Balance as at June 30, 2022		175,778,325	93,284,425	269,062,750
2021				
Balance as at July 1, 2020		133,038,030	83,292,679	216,330,709
Net result			6,237,038	6,237,038
Other comprehensive income for the year				
Increase in asset revaluation surplus		22,685,089		22,685,089
Total comprehensive income for the year		22,685,089	6,237,038	28,922,127
Balance as at June 30, 2021		155,723,119	89,529,717	245,252,836

Etheridge Shire Council

Statement of Cash Flows

as at 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		17,841,375	15,015,295
Payments to suppliers and employees		(30,065,618)	(18,553,571)
		<u>(12,224,243)</u>	<u>(3,538,276)</u>
Receipts:			
Interest received		71,333	85,750
Rental income		178,519	141,215
Non capital grants and contributions		20,986,152	7,911,570
Payments:			
Borrowing costs		(7,777)	(8,201)
Net cash - operating activities	22	<u>9,003,984</u>	<u>4,592,058</u>
Cash Flows from investing activities			
Receipts:			
Proceeds from sale of property, plant and equipment		661,000	105,426
Grants, subsidies, contributions and donations		5,232,058	5,247,279
Payments:			
Payments for property, plant and equipment		(11,985,685)	(10,801,033)
Net cash - investing activities		<u>(6,092,627)</u>	<u>(5,448,328)</u>
Cash flows from financing activities			
Payments:			
Repayment of borrowings		(11,079)	(9,985)
Net cash flow - financing activities		<u>(11,079)</u>	<u>(9,985)</u>
Net increase/(decrease) for the year		<u>2,900,278</u>	<u>(866,255)</u>
Add cash and cash equivalents - beginning of year		13,217,528	14,083,783
Cash and cash equivalents - closing		<u><u>16,117,806</u></u>	<u><u>13,217,528</u></u>

Etheridge Shire Council

Notes to the Financial Statements

for the year ended 30 June 2022

1 Information about these financial statements

1.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 2021 to 30 June 2022, have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities. These financial statements have been prepared under the historical cost convention except for the revaluation of certain items of property, plant and equipment.

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

Council adopted all standards which became mandatorily effective for annual reporting periods beginning 1 July 2021. None of these adopted Standards has resulted in a material impact on reported positions, performance or cash flows.

1.C Standards issued by the AASB, not yet effective.

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022. These standards have not been adopted by Council and will be included in the financial statements on their effective date.

1.D 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.

1.D Estimates and judgements (continued)

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

Valuation, depreciation and impairment of Property, Plant and Equipment - Note 12
Provisions - Note 16
Contingent Liabilities - Note 18
Revenue - Note 3

1.E 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.

1.F 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.

1.G COVID-19

Council's operations were mainly affected by external factors related to COVID-19, e.g. inability to source contractors on agreed schedules, difficulty obtaining goods and services etc. The impact of these factors has resulted in substantial delays completing grant milestones and requirements by due dates. However, favourable consideration by the respective Government departments has resulted in delays for receiving, but not loss of contracted funding.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2(a). Council functions - component descriptions

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 2022

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 Income		Capital		Rental / other		Recurring	Capital				
	Grants	Other	Grants	Other		\$ 000's			\$ 000's	\$ 000's	\$ 000's	\$ 000's
2022	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Organisational excellence and governance	7,901	1,846	0	10	65	9,822	(4,558)	(612)	(5,170)	5,189	4,652	264,246
Improving shire communications												
Infrastructure and mechanisms	0	0	0	0	0	0	(295)	0	(295)	(295)	(295)	0
Equitable social infrastructure	54	4	580	0	181	819	(1,238)	0	(1,238)	(1,180)	(419)	21
Resilient transport infrastructure	10,116	15,790	2,743	0	0	28,649	(27,198)	0	(27,198)	(1,292)	1,451	7,051
Delivering reliable potable and irrigation water	0	367	1,467	0	5	1,839	(1,096)	0	(1,096)	(729)	743	6,442
Natural assets, environment and economy	14	173	0	0	1	188	(1,009)	(1,353)	(2,362)	(822)	(2,174)	727
Commercial services	181	296	250	0	0	727	(930)	0	(930)	(453)	(203)	788
TOTAL	18,266	18,476	5,040	10	252	42,044	(36,324)	(1,965)	(38,289)	418	3,755	279,275

Functions	Gross program Income					Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net Result	Total Assets
	Recurring		Capital		Rental / other		Recurring	Capital				
	Grants	Other	Grants	Other		\$ 000's			\$ 000's	\$ 000's	\$ 000's	\$ 000's
2021	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Organisational excellence and governance	5,039	1,854	0	0	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	0	(274)	0	(274)	(274)	(274)	0
Equitable social infrastructure	49	135	378	0	227	789	(1,142)	0	(1,142)	(958)	(353)	11
Resilient transport infrastructure	2,126	11,600	3,218	0	0	16,944	(14,943)	0	(14,943)	(1,220)	2,001	170,216
Delivering reliable potable and irrigation water	0	358	2,739	0	0	3,097	(777)	0	(777)	(419)	2,320	19,219
Natural assets, environment and economy	3	170	0	444	0	617	(780)	0	(780)	(607)	(163)	746
Commercial services	1,292	275	25	0	0	1,592	(751)	0	(751)	817	841	120
TOTAL	8,509	14,392	6,360	444	227	29,932	(23,273)	(422)	(23,695)	(374)	6,237	249,671

Etheridge Shire Council

Notes to the Financial Statements for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
3 Revenue		
(a) Rates, levies and charges		
<p>Rates, levies and other annual charges are recognised as revenue, when council earns the right to entitlement, at the commencement of the rating period.</p> <p>Prepaid rates are customer rates payments received prior to the rating period, initially recognised as a financial liability until the commencement of the rating period.</p> <p>Council has no entitlement to such funds, and consequently, any such receipts are held to the credit benefit of customers rates accounts, until commencement of the ratings period.</p>		
Rates, levies and charges		
General rates	2,132,325	2,041,601
Water consumption	412,984	396,036
Waste and refuse management	149,991	143,228
	<u>2,695,299</u>	<u>2,580,865</u>
Less: Discounts and concession remissions	(387,934)	(341,749)
Total rates, levies and charges income	<u><u>2,307,366</u></u>	<u><u>2,239,116</u></u>
(b) Fees and charges		
<p>Revenue arising from fees and charges, is recognised at that point in time when the performance obligation is completed and the customer receives the benefit of the contracted goods and services provided.</p> <p>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.</p> <p>There is no material obligation for Council in relation to refunds or returns.</p> <p>Licences, granted by Council, are generally annual or low value and licence income is recognised at the time of granting the licence.</p>		
Licences, registrations and other fees and charges		
TerrEstrial centre - admission fees	47,696	41,438
Einasleygh common - agistment	29,712	26,582
Other fees and charges - agistment, rebates, licences, sundry receipts	217,434	149,172
Total fees and charges	<u><u>294,842</u></u>	<u><u>217,192</u></u>

Etheridge Shire Council

Notes to the Financial Statements for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
3 Revenue (continued)		
(c) Sales revenue		
<p>Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised upon completion of the requested service.</p> <p>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 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 revenue.</p>		
Rendering of services		
Contract and recoverable works	15,493,956	11,469,356
Private and other works	131,595	14,323
	<u>15,625,550</u>	<u>11,483,679</u>
Childcare centre fees	101,772	105,108
Hostel fees	71,943	90,754
	<u>173,714</u>	<u>195,862</u>
	<u>15,799,264</u>	<u>11,679,541</u>
Sale of goods		
TerrEstrial Centre	74,522	28,261
	<u>74,522</u>	<u>28,261</u>
Total sales revenue	<u>15,873,786</u>	<u>11,707,802</u>

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

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

Performance obligations vary in each agreement, but can include milestone events, completion to a specification or standard, within a certain timeframe etc.

Payment terms vary depending on the terms and conditions of the grant agreements.

Grants may be received upfront for some agreements or on achievement of certain payment milestones for others. Some agreements may permit control transfers at specific points in time while others may allow continuous control transfer.

In the latter instance, a relevant method of revenue recognition is using either costs or time incurred.

Etheridge Shire Council

Notes to the Financial Statements

for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
3 Revenue (continued)		
(d) Grants, subsidies, contributions and donations (continued)		
Grant income under AASB 1058		
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 either income or expense.		
Capital Grants		
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 revenue is recognised at the point in time when the obligation to construct or purchase is completed.		
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.		
Donations and contributions		
Where assets are donated or contributed, revenue 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.		
Physical assets contributed to Council in the form of Road works and associated infrastructure, are recognised as revenue when Council obtains control of the asset and there is sufficient supporting documentation and information to attribute a value to the asset obtained.		
Non-cash assets contributed, with a value in excess of recognition thresholds are capitalised at their value as non-current assets. Assets contributed below such thresholds are expensed.		
(i) Operating		
General purpose grants	101,755	0
State government subsidies and grants	10,357,202	2,217,404
Commonwealth government subsidies and grants	7,800,744	6,290,271
Donations	5,934	2,600
Total recurrent grants, subsidies, contributions and donations	18,265,635	8,510,275
(ii) Capital		
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	1,932,407	2,376,843
Commonwealth government subsidies and grants	3,107,526	4,209,732
Total Capital Grants, Subsidies, Contributions and Donations	5,039,933	6,586,575

Etheridge Shire Council

Notes to the Financial Statements

for the year ended 30 June 2022

3 Revenue (continued)

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

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

	Notes	2022	
		Revenue recognised at a point in time \$	Revenue recognised over time \$
Grants and subsidies		8,009,136	15,290,497
Donations		5,934	0
		<u>8,015,070</u>	<u>15,290,497</u>

	Notes	2021	
		Revenue recognised at a point in time \$	Revenue recognised over time \$
Grants and subsidies		8,507,675	6,586,575
Donations		2,600	0
		<u>8,510,275</u>	<u>6,586,575</u>

	Notes	2022 \$	2021 \$
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4 Rental, interest and other income

Rental income

Council earns rental income from employee provided housing standard residential tenancy agreements. Bond deposits are lodged with the RTA. Council also has an arms length commercial office agreement with a contractor under a services provision contract.

Rental income		178,520	141,215
Other income		2,545	0
Interest received			
earned on at call deposit accounts		59,162	70,043
earned on overdue rates and charges		12,171	15,782
Sub-total Interest received		<u>71,333</u>	<u>85,825</u>
Total rental, interest and other income		<u>252,398</u>	<u>227,040</u>

5 Capital income

Write back of landfill closure provision estimates for timing and costs

Proceeds from sale of property, plant and equipment

Less: Carrying value of disposed property, plant and equipment

Total profit on disposal of property, plant and equipment

Total capital income

		0	443,893
		10,027	0
		0	0
		<u>10,027</u>	<u>0</u>
Total capital income		<u>10,027</u>	<u>443,893</u>

Etheridge Shire Council

Notes to the Financial Statements for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
6 Employee benefits			
Employee benefit expenses are recorded as the employee provides the service			
Wages and salaries		5,013,028	4,768,218
Councillors remuneration		368,896	347,909
Annual, personal and long-service leave entitlements		920,314	771,018
Superannuation		563,647	511,255
Other employee related expenses		134,977	154,358
		<u>7,000,863</u>	<u>6,552,758</u>
Less: capitalised employee expenses		(247,149)	(167,561)
Total employee benefits		<u>6,753,714</u>	<u>6,385,197</u>
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)		20	21
Depot and Works staff		30	37
Child care		4	4
Total full time equivalent employees		<u>59</u>	<u>67</u>
7 Materials and Services			
Consumables		359,543	321,697
Professional services		587,158	478,323
Contract works		12,607,348	4,382,942
Repairs and maintenance		1,790,484	1,514,662
Other materials and services		8,638,362	5,286,818
Water and waste management		951,996	531,758
Communications		131,115	120,682
Insurances		195,627	222,234
		<u>25,261,634</u>	<u>12,859,116</u>
Total Materials and Services			
Audit fees for the current year are estimated at \$66,500 incl travel (2021: \$65,000)			
8 Capital expense			
Increased provision for landfill closure and monitoring		1,353,064	0
Losses on disposal of property, plant and equipment			
Proceeds on sale		0	-74,088
Less: Carrying value		0	67,653
Less: Disposal costs		0	1,433
Total profit on land sales		<u>1,353,064</u>	<u>-5,002</u>
Proceeds received on disposal of property, plant and equipment		-660,827	-22,424
Less: Carrying value of disposed fleet		827,335	55,152
Less: Carrying value of disposed road infrastructure		16,584	362,147
Less: Carrying value of disposed property, plant and equipment		0	31,954
Less: Carrying value of other infrastructure		429,170	0
Total losses on disposals of property, plant and equipment		<u>612,262</u>	<u>426,829</u>
Total capital expenses		<u>1,965,326</u>	<u>421,827</u>

Etheridge Shire Council

Notes to the Financial Statements

for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
9 Cash and cash equivalents			
Cash and cash equivalents in the Statement of Cash Flows includes cash on hand, monies received but not banked at year end, at-call deposits held with Queensland Treasury Corporation which are not considered at risk due to changes in value.			
Cash and cash equivalents			
Cash at bank and on hand		330,431	1,353,858
Deposits at call		15,787,376	11,863,670
Balance per Statements of Financial Position and Cash Flows		16,117,806	13,217,528
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.			
Restricted cash and cash equivalents over Government grants and subsidies			
Council's cash and cash equivalents may be subject to internal and external restrictions identifying amounts for specific purpose allocation.			
Council's internal restriction is over financial assistance grants for the ensuing financial year, received in advance.			
Cash and cash equivalents		16,117,806	13,217,528
Less: Externally imposed restrictions on use			
Unrestricted cash		16,117,806	13,217,528
(i) Externally imposed expenditure restrictions			
Future capital works		871,970	892,476
Future recurrent works		2,513,271	0
Unspent and restricted Government grants and subsidies		3,385,241	892,476
(ii) Internal allocations of cash at the reporting date			
Future recurrent expenditure		4,476,359	3,161,034
		4,476,359	3,161,034
		7,861,600	4,053,510
Trust funds			
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 external, third parties.			
Council performs a custodial role in respect of these monies, imposing internal restrictions on their use for other Council purposes, and they are neither considered revenue nor recognised as a Council asset.			
Trust funds held for outside parties			
Monies collected or held on behalf of external parties		1,778	9,089
Total trust funds held		1,778	9,089

Etheridge Shire Council

Notes to the Financial Statements for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
10 Receivables			
<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 a sale or service delivery transaction. Settlement of receivables is required within 30 days from invoice date with additional transaction security 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 balance date with any future recovery of these written-off amounts, to 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		53,729	168,115
Debtor receivables		850,693	198,576
Total current receivables		904,423	366,691
11 Inventories			
Land Held for Resale			
<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>			
Inventories Held for Distribution			
<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>			
(a) Inventories held for sale			
Real estate for resale		53,093	53,093
		<u>53,093</u>	<u>53,093</u>
(b) Inventories held for distribution			
Plant and equipment stores		654,520	424,606
		<u>654,520</u>	<u>424,606</u>
Total Inventories		707,613	477,699

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

	Land	Land Improvements	Buildings	Other plant structures equipment	Fleet and other plant and equipment	Furniture & office equipment	Road drainage & bridge network	Water infrastructure	Waste management	TerrEstrial collection	Work In progress	Total
Basis of measurement	Fair value Level 2	Cost	Fair value Level 2 & 3	Fair value Level 3	Cost	Cost	Fair value Level 3	Fair value Level 3		Fair value Level 3	Cost	
Fair value category	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
2022 Asset Values												
Opening gross value at July 1 2021	1,596	0	25,605	14,426	10,263	659	198,384	12,110	0	727	20,830	284,600
Additions:												0
Renewals												0
Other additions at Cost	78										10,741	10,819
Disposals		(429)			(1,977)		(17)				708	(1,715)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	27		1,437	1,193			20,275	(866)				22,066
Transfers between classes		13,256	856	(1,452)	3,752	408	1,039	(40)	1,466		(19,285)	0
Closing gross value at June 30, 2022	1,701	12,827	27,898	14,167	12,038	1,067	219,681	11,204	1,466	727	12,994	315,770
Accumulated depreciation and impairment												
Opening gross value at July 1 2021	0	0	10,853	4,917	5,582	423	28,181	3,604	0	0	0	53,560
Depreciation expense	0	0	809	409	565	23	2,217	209	73	0	0	4,305
Depreciation on disposals					(1,160)					0		(1,160)
Revaluation adjustment to asset revaluation surplus			(2,686)	654			3,093	950				2,011
Transfers between classes				(604)				(1)	605			0
Accumulated depreciation at June 30, 2022	0	0	8,976	5,376	4,987	446	33,491	4,762	678	0	0	58,716
Carrying amount as at 30 June, 2022	1,701	12,827	18,922	8,791	7,051	621	186,190	6,442	788	727	12,994	257,054
Range of estimated useful life (years)		100	40 - 100	20-60	5-20	5-20	25-65	25-65		25-65		
2021 Asset Values												
Opening gross value at July 1 2020	1,674	0	24,382	14,168	9,940	574	175,190	12,105	0	727	13,706	252,466
Additions:												0
Other additions											11,306	11,306
Disposals	-78			-89	-184		-430				0	-781
Revaluation adjustment to other comprehensive income							21,609					21,609
Transfers between classes			1,223	347	507	85	2,015	5			-4,182	0
Closing gross value at June 30, 2021	1,596	0	25,605	14,426	10,263	659	198,384	12,110	0	727	20,830	284,600
Accumulated depreciation and impairment												
Opening gross value at July 1 2020	0		10,104	4,499	5,250	408	27,184	3,392	0			50,837
Depreciation expense	0		749	475	461	15	2,109	212				4,021
Depreciation on disposals	0			-57	-129		-25					-211
Revaluation adjustment to asset revaluation surplus							-1,087					-1,087
Accumulated depreciation at June 30, 2021	0	0	10,853	4,917	5,582	423	28,181	3,604	0	0	0	53,560
Carrying amount as at 30 June, 2021	1,596	0	14,752	9,509	4,681	236	170,203	8,506		727	20,830	231,040
Range of estimated useful life (years)			40 - 100	20-60	5-20	5-20	25-65	25-65		25-65		

Etheridge Shire Council

Notes to the Financial Statements

for the year ended 30 June 2022

12 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

Purchased 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 or 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 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.

(c) Depreciation

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

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 to Council. Management considers this method of depreciation appropriately reflects the pattern of consumption over the remaining useful life of the asset.

Assets identified with having separate components, will have their own separately assigned useful lives.

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.

(d) Impairment

Each non-current physical asset and group of assets, 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 carrying amount of the asset exceeds this recoverable amount is recorded as the impairment loss.

Notes to the Financial Statements

for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

(e)(i) Valuation

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.

Within every 5 year period, Council arranges a full comprehensive valuation of assets by engaging an external, professionally qualified valuer.

During this year, Council's buildings and infrastructure was comprehensively valued. In the prior year, Council arranged for its roads and associated infrastructure to be comprehensively valued.

The purpose of these rolling valuations is to ensure carrying amount of each class of asset does not materially differ from its fair value at the reporting date.

The valuation 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 2022

12 Property, Plant and Equipment (continued)

(e) (ii) Valuation techniques used to derive fair values

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 adjustments
Land (Level 2)	Market Value	31-Mar-22	Herron Todd and White (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, whereby Land owned by Council has a zoning particular to Council's ownership, such as "Community Infrastructure". In these cases, land values have been assessed based upon sale of other land with similar, physical attributes, with allowances being made for the restrictive zoning.</p> <p>Valuation inputs were used where comparable sales evidence was available and meaningful comparisons were possible, without significant adjustment or evidence analysis, or significant professional judgement by HTW. Sales evidence was sourced from RP Data, active estate agents and gathered as part of HTW normal business processes. Comparable sales evidence can be obtained from HTW's valuation report.</p>	Nil	Nil

Buildings (Level 2)	Market Value	31-Mar-22	Comprehensive Valuer 2022: HTW	<p>Comprehensive onsite inspections conducted between Dec 2021, 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 with few houses or buildings under construction during the inspection period.</p> <p>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 has been made to:</p> <ul style="list-style-type: none"> Rawlinsons, Australian Construction Handbook; HTW industry experience and business processes. <p>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.</p> <p>Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.</p> <p>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.</p>	Nil	Nil
	2022:					
	\$2,779					
	2021:					
	\$2,392					

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

(e) (ii) Valuation techniques used to derive fair values

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 adjustments
Buildings (level 3) \$ 000'S	Current Replacement Cost	31-Mar-22	Comprehensive Valuer HTW	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.	Nil	Nil
2022: \$17,162						
2021: \$10,695				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. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. Once the accumulated depreciation has been calculated, it is aggregated into a parent asset for aggregation within the financial system.		

Water Infrastructure (Level 3)	Current Replacement Cost (CRC)	31-Mar-22	Comprehensive Valuer Shepherd	CRC was calculated based on expected replacement costs. 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. Unit rates were developed from a combination of past construction project averages and first principles calculations for assets, where recent construction unit costs are not known.	Nil	Nil
Accumulated Depreciation						
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 reliable construction data information was unavailable. Where site inspections were not conducted (i.e. for passive assets and active assets for which site inspections were not undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.						

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

(e) (ii) Valuation techniques used to derive fair values

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 adjustments
Roads, Bridges and Drainage Networks (Level 3)	Current Replacement Cost	31-Mar-21	Comprehensive Valuer Shepherd Interim Valuer Shepherd June 30, 2022	<p>Roads Council categorises its road infrastructure into urban and rural roads and then further sub-categorises 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> <p>CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes 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>Accumulated depreciation In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives. 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>	10.2%	<p>Australian Bureau of Statistics Indexes, ABS Catalogues, No. 6427</p> <p>Producer Price Indexes, Australia</p> <p>Table 17, Index Number 3101 "Road and Bridge Construction Queensland"</p> <p>Indexation was adopted on June 30, 2022</p>

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

(e) (ii) Valuation techniques used to derive fair values

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 adjustments
Roads, Bridges and Drainage Networks (Level 3)	Current Replacement Cost	31-Mar-21	Comprehensive Valuer	Bridges Each bridge was assessed individually, with the valuation varying according to deck area, condition and size. Construction estimates were determined on a basis similar to roads.	10.2%	Australian Bureau of Statistics Indexes, ABS Catalogues, No. 6427
(continued)			Interim Valuer Shepherd June 30, 2022	Accumulated depreciation 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.		Producer Price Indexes, Australia Table 17, Index Number 3101 "Road and Bridge Construction Queensland"
				Drainage Infrastructure 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.		Indexation was adopted on June 30, 2022
				Accumulated depreciation 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.		

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

12 Property, Plant and Equipment (continued)

(e) (ii) Valuation techniques used to derive fair values

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 adjustments
Other Infrastructure	Current Replacement Cost	31-Mar-22	Comprehensive Valuer Shepherd	<p>Other Structures 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>Accumulated depreciation 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>	NIL	<p>Australian Bureau of Statistics Indexes, ABS Catalogues, No. 6427 Producer Price Indexes, Australia Table 17, Index Number 3101 "Road and Bridge Construction Queensland"</p>

Notes to the Financial Statements
for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
13 Contract balances			
Contract assets represent the excess of billable costs incurred, against amounts Council has invoiced a customer or grantor with respect to a contract for the construction of an asset. A contract liability may arise, where Council has received amounts in advance, from a customer or grantor, in excess of currently incurred amounts in respect of a contract or construction of an asset.			
(a) Contract assets			
Contract assets		4,391,238	4,570,296
		<u>4,391,238</u>	<u>4,570,296</u>
(b) Contract liabilities			
Funds received upfront to construct Council controlled assets		871,970	291,851
Non-capital performance obligations not yet satisfied.		2,513,271	359,716
		<u>3,385,241</u>	<u>651,567</u>
(c) Revenue previously recognised and included in contract liability balance at the beginning of the year			
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>
(d) Significant changes in contract balances			
The most significant changes have been the capital expense movement over time associated with construction at Charleston Dam during the period to Dec 2021, and upgrade of the TerrEstrial Centre, resulting in release of previously constrained funds.			
14 Payables			
Creditors are recognised when goods or services are received, at the contracted, agreed amounts, such amounts are unsecured and generally settled within a 30 day term or otherwise by arrangement.			
Current			
Creditors		1,135,040	47,144
ATO payable		7,198	177,714
Accrued expenses		2,585,796	1,658,163
Employment benefits		4,560	0
Unearned income (rates received in advance)		39,399	59,867
		<u>3,771,993</u>	<u>1,942,888</u>

Notes to the Financial Statements

for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
15 Borrowings		
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.		
Current		
Loans - Queensland Treasury Corporation	11,705	11,203
	<u>11,705</u>	<u>11,203</u>
Non-Current		
Loans - Queensland Treasury Corporation	29,796	41,377
	<u>29,796</u>	<u>41,377</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. The expected final loan instalment is Sept 2025, fully repaying this liability. There have not been any defaults or breaches of the loan agreement during the period of the borrowing.

The loan market value of this debt, at reporting date was \$44,247 if Council was to fully repay this debt at that time. However, it is Council's intention to carry the debt for its full term and consequently, no provision for loss is required to be made.

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.

16 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 value.

Long Service Leave

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.

Notes to the Financial Statements
for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
16 Provisions (continued)		
Refuse Sites Rehabilitation		
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 are estimated to close between 2026 and 2040 and the restoration program will continue over a subsequent, thirty years, post-closure care program.		
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 possible 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 the 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. This provision is reviewed on a regular basis and updated with changes in costs and circumstances available at the time with changes in the provision charged against comprehensive income for that year.		
Current		
Annual and other leave entitlements	497,167	603,707
Long service leave	275,253	340,349
	<u>772,421</u>	<u>944,056</u>
Non-Current		
Long service leave	140,186	78,671
Refuse sites rehabilitation	2,101,003	747,939
	<u>2,241,189</u>	<u>826,610</u>
Refuse site rehabilitation		
Balance at the beginning of the financial year	747,939	1,191,832
Increase due to unwinding of discount	13,239	0
Increase / (decrease) due to change in projected costs	1,248,949	(443,893)
Decrease due to change in timing of cost	(20,677)	0
Decrease due to change in discount rate	(330,847)	0
Increase due to change in inflation rate	442,400	0
Balance at the end of the financial year	<u>2,101,003</u>	<u>747,939</u>
Provision costs were reassessed during the current year by an independent, professional firm resulting in increased provisioning due to revised site and fill life, additional capping and survey costs and increased costs associated with rehabilitation and monitoring costs.		
17 Commitments for expenditure		
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)	72,500	70,000
Town maintenance arrangement - Mt Surprise due for tender offer.	52,500	50,000
Town maintenance arrangement - Einasleigh due for tender offer.	35,000	32,000
	<u>160,000</u>	<u>152,000</u>

Council's parks and gardens team maintain Etheridge and Forsyth townships.

Notes to the Financial Statements
for the year ended 30 June 2022

Notes	2022 \$	2021 \$
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18 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 Work Care

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Work Care. 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 \$98,073 (2021: \$86,304).

19 Related party transactions

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

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

Compensation paid to KMP comprises:

Short-term employee benefits	771,405	560,362
Long term benefits	21,171	11,159
Post employment benefits	51,066	53,527
Termination benefits	0	110,260
Total	843,642	735,308

Detailed remuneration disclosures are provided in the annual report

Etheridge Shire Council

Notes to the Financial Statements for the year ended 30 June 2022

Notes	2022 \$	2021 \$
19 Related party transactions (continued)		
(b) Transactions with other related parties		
Employee costs for close family members of KMP (No. of employees 2022: 0; 2021: 2)	0	81,975
All close family members of KMP were employed through arm's length process, and are 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)	15,969	14,854
(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 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.		
20 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	155,723,119	133,038,030
Increment in revaluation and indexation surplus on assets	20,055,206	22,685,089
Balance at the end of the financial year	<u>175,778,325</u>	<u>155,723,119</u>
21 Superannuation		
Total superannuation contributions paid by Council for employees	563,647	511,255
	<u>563,647</u>	<u>511,255</u>

All employees have contributions paid to compliant, employee choice funds and LGIA. Council contributes at the current SGL rate of 10% of an employees eligible gross ordinary earnings before overtime. Where employees choose to make an additional contribution of 6% of eligible earnings, Council contributes the minimum SGL plus a complimentary contribution to a cap of 12%. Effective July 2022, the SGL rate will increase to 10.5%.

Notes to the Financial Statements
for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
22 Reconciliation of net result to net cash inflow from operating activities			
Net result		3,754,709	6,237,038
Non-cash items:			
Depreciation and amortisation	2, 12	4,305,255	4,020,438
		4,305,255	4,020,438
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		585,651	426,829
Net (profit)/loss on disposal on land sales		0	(5,002)
Capital grants and contributions		(5,005,266)	(6,586,575)
		(4,419,615)	(6,164,748)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(637,165)	851,185
(Increase)/decrease in inventories		(229,861)	(82,755)
Increase/(decrease) in payables		2,301,675	798,502
Increase/(decrease) in contract liabilities		2,685,850	(598,705)
Increase/(decrease) in provisions		1,243,136	(468,896)
Increase/(decrease) in other liabilities			0
		5,363,635	499,331
Net cash inflows from operating activities		9,003,983	4,592,059

Etheridge Shire Council

Notes to the Financial Statements
for the year ended 30 June 2022

Management Certificate
For the year ended 30 June 2022

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 29, 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: 14 / 12 / 2022



Ken Timms

Chief Executive Officer

Date: 14 / 12 / 2022

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 2022, 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 2022, 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 2022 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 2022:

- 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.



David Adams
as delegate of the Auditor-General

14 December 2022

Queensland Audit Office
Brisbane

Etheridge Shire Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2022

Measures of Financial Sustainability

	How the measure is calculated	Actual 2022	Target
Council's performance at 30 June 2022 measured against key financial ratios and targets:			
1. Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	1.85%	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.			
2. Asset sustainability ratio	Capital expenditure on asset replacement (renewals) divided by depreciation expense.	0%	Greater than 90%
An approximation of the extent infrastructure assets managed are replaced, as they reach the end of their useful lives.			
3. Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-32.68%	Not greater than 60% 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 the year ended 30 June 2022.

Etheridge Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2022

Certificate of Accuracy For the year ended 30 June 2022

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

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 2022, 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 2022 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 Etheridge 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 2022 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.



David Adams
as delegate of the Auditor-General

14 December 2022

Queensland Audit Office
Brisbane

Etheridge Shire Council

Unaudited Long Term Financial Sustainability Statement Prepared as at June 30, 2022

Measures of Financial Sustainability	Measure	Target Range	Actual Jun-22	Forecasts														
				Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32					
1. Operating surplus ratio %	Net result divided by total operating revenue	0% - 10%	1.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.89%	
2. Asset sustainability ratio %	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	> 90%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3. Net financial liabilities ratio %	Total liabilities minus current assets divided by total operating revenue	Not > 90%	-33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-146.54%

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.

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 2022

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.



Barry Hughes

Mayor



Ken Timms

Chief Executive Officer