



FLINDERS SHIRE COUNCIL

Annual Report 2016-2017

Adopted: 14 November 2017
Resolution Number: 1594

Discovery • Opportunity • Lifestyle



Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 2 of 28

TABLE OF CONTENT

S

OUR ANNUAL REPORT	4
PERFORMANCE SUMMARY	4
VISION, MISSION, VALUES AND GUIDING PRINCIPLES	5
Our Vision	5
Our Mission	5
Our Values	5
Our Guiding Principles	5
OUR SHIRE	6
Introduction	6
Statistics	6
OUR COUNCIL	6
Organisational Structure	6
Elected Members	7
MESSAGE FROM THE MAYOR and CHIEF EXECUTIVE OFFICER	10
Financial Performance	11
Beneficial Enterprises and Business Activities	13
Beneficial Enterprises	13
Significant Business Activities	13
Senior Staff Remuneration	13
Public Service Ethics 1994 (section 23)	13
GENERAL PURPOSE Financial Statements	13
COMMUNITY FINANCIAL REPORT	14
Revenue	14
Expenses	15
The Statement of Financial Position	15
Assets	15
Liabilities	16
The Statement of Changes in Equity	17
The Statement of Cash Flows	17
Financial Ratios	17
The Operating Surplus Ratio	17
Asset Sustainability Ratio	18
Net Financial Liabilities Ratio	18
PRATICULAR RESOLUTIONS	19
Expenses Reimbursement Policy	19
Asset Accounting	19
COUNCILLORS	19
Remuneration Schedule	19

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 3 of 28

Councillor Remuneration, Meeting Attendance, Expenses and Facilities	20
Conduct and Performance of Councillors	21
ADMINISTRATIVE ACTION COMPLAINTS	22
OVERSEAS TRAVEL	22
EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS	22
Councillor's Discretionary Fund.....	22
Community Small Grants	23
Regional Arts Development Fund.....	23
Donations.....	23
Sponsorship.....	24
In-Kind Support	24
OTHER CONTENTS	25
Corporate and Operational Plans	25
Commercial Business	25
Joint Government Activities.....	25
Details of Special Rates and Charges.....	25
Contracts	25
Registers and Public Documents	26
Concessions for Rates and Charges Granted by Council.....	27
Internal Audit.....	27
Competitive Neutrality	28
ATTACHMENTS.....	28
Annual Financial Statements.....	28

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 4 of 28



OUR ANNUAL REPORT

This introductory session of the 2016-2017 Annual report outline information about the Flinders Shire Council and the Shire. It gives summary to our operational and financial performance for the 2016-2017 financial year.

The Annual Report details our performance during the financial year of 2016-2017 in meeting the strategic priorities outlines in our Corporate Plan 2014 – 2019 and our Long Term Financial Plan.

This information is relevant to the Flinders Shire residents, ratepayers, local businesses owners, potential investors, community groups, government agencies, funding bodies, current and potential staff.

PERFORMANCE SUMMARY

We are reporting according to Flinders Shire Council's Corporate Plan 2014-2019, which focuses on 6 Guiding Principles. Our Corporate Plan identifies our Councillor's long term vision and priority areas over a five year period.

We deliver on our priorities by implementing our Annual Operational Plan, which includes key projects and measures that directly respond to the priority areas from the Corporate Plan.

We focus on developing meaningful performance measures in all areas and creating key performance indicators at the organisational level. This will continue over the coming years as we strive to continuously improve both our internal and external reporting processes and accountability.

A Performance against our 2016/2017 Operational Plan is measured against project milestones and targets set at the beginning of the financial year. The performance is reported to Council and the community on a quarterly basis.

Council produces a quarterly Operational Plan Performance Report, which provides a more detailed analysis of our performance and identifies progress on projects and performance against KPIs during the financial year.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 5 of 28



VISION, MISSION, VALUES AND GUIDING PRINCIPLES

Our Vision

Flinders Shire – a place of discovery, opportunity and lifestyle

Our Mission

To promote quality of life through leadership, attitude and respect

Our Values

A Caring Philosophy
Pursuit of Excellence
Teamwork
Local Ownership
Communication
Leadership
Recognition

Our Guiding Principles

At Flinders Shire we are committed to making decisions responsibly and sustainably acting with integrity, honesty and respect.

Our Environment – We will provide stewardship to maintain, protect and enhance our natural environment whilst supporting new and existing industries.

Our Resources – We will encourage sustainable resource utilisation by providing support to businesses and their associated industries.

Our Community – We will work with our community to provide an appealing lifestyle with the available resources to build a healthy, happy and caring community.

Our Economy – We will approach all business aspects of the Shire in a manner that promotes growth and sustainability to achieve the best possible outcome.

Our Infrastructure – We will aim to continuously improve products, services and processes through sustainable management of Council's core assets.

Our Governance – We will work as a team and act with pride, accountability, transparency and integrity to deliver services to our residents.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 6 of 28

OUR SHIRE

Introduction

The Flinders Shire is one of the larger rural shires in Queensland, encompassing Hughenden and the smaller communities of Prairie, Torrens Creek and Stamford. Hughenden being the main centre for the Shire was settled on the banks of the Flinders River, Queensland's longest river. Today, with an estimated population of 1,569 live in the Flinders Shire, which is predominantly a grazing area, was once known as a major rail centre in the outback. Hughenden is the hub of the West having 5 major roads that enter the township.

Located amongst mountainous volcanic basalt country, sweeping black soil plains and rich fossil and dinosaur areas, Hughenden boasts diverse picturesque landscape and sits above the great Artesian Basin relying on sub-artesian bores for its water supply.

The history of Hughenden is a colourful recital of the past, including many explorers and pioneers of the west. The Great Shearers Strike in 1891, the rise and fall of many hotels and businesses, flooding rivers and stories of pioneer's hardship in the outback are just some of the stories known to many locals.

In the Flinders Shire there are four National Parks and a Nature Reserve. Well known for its natural beauty Hughenden also has a much longer history dating back to the Dinosaur era. The outskirts of Hughenden hold many untold secrets from fossils of dinosaurs and marine reptiles.

Statistics

General		Shire Controlled Roads		State Controlled Roads	
Land Area	41,422km ²	Sealed – Rural	84.60km	Sealed	541.63km
Population	1,569	Sealed – Urban	35.49km	Gravelled	96.49km
Metres above sea level	324m	Gravelled – Urban	11.76km	Formed	123.18km
Rateable Valuation	\$265,566,150	Gravelled – Rural	285.0km	Total	761.30km
Net Rate Revenue	\$3,605,000	Formed	1575.15km		
Total Income	\$34,637,000	Total	1992.0km		
Total Expenses	\$22,855,000				

OUR COUNCIL

Organisational Structure

The operational arm of a local government authority consists of the Chief Executive Officer (CEO) and other staff. They are charged with implementing Council's resolutions (decisions) and reporting on the outcomes of those resolutions. The CEO also provides executive leadership to the Organisation. It is important to note that individual councillors do not have the authority to make decisions. They are made collectively when sitting as a Council.

Council receives its authority from the community through its elected members. Council's administration is lead by the CEO, followed by one Director and five Line Managers as our leadership team, delivering services through the 10 streams of operations.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 7 of 28

Elected Members

Flinders Shire Council comprising of the Mayor and 6 councillors, is the elected body responsible for the planning for the future of their communities, and developing strategic strategies and policies to achieve those plans. Councillors need to demonstrate strategic vision and leadership by putting in place principles, policies and local laws. A strategic focus helps ensure that the council can plan for and meet the future needs of the community.

Their role also includes other responsibilities such as providing high quality leadership to the community, participating in Council meetings, developing policy and making decisions that in the interests of the whole community. Elected members are bound by a Code of Conduct, with is their public commitment to open, accountability and ethical standards of behaviour.

MAYOR JANE MCNAMARA

Email: mayor@flinders.qld.gov.au

Mobile: 0429 417 115

Portfolios:

- Governance
- Finance
- Local and Regional Economic Development and Planning / Communication Systems
- Tourism and Regional Promotion
- Rural Streets and Roads
- South West Sector Flinders Highway – Hughenden Muttaborra Road
- Stamford
- Workshop – Plant and Equipment (Chair)

Standing Committees:

- Mt Isa Townsville Economic Zone (MITEZ)
- North West Outback Qld Tourism Authority Group (NQOQTA)
- Australia Dinosaur Trail
- Local Disaster Management Group (LDMG) (Chair)
- Hughenden District Community Advisory Network (CAN) (Vice Chair)
- North Qld Local Government Association (NQLGA)
- North West and Gulf Regional Roads Group (NWGRRG)
- Regional Organisation of Councils (ROC)

DEPUTY MAYOR SEAN O'NEILL

Email: deputymayor@flinders.qld.gov.au

Mobile: 0400 174 546

Portfolios:

- Governance
- Finance
- Audit
- Tourism and Regional Promotion
- Town Street
- Residential / Council Owned Facilities
- Sport Recreation and Parks
- Saleyards
- Community Care and Aged Care
- Community Relations
- Arts and Culture
- Environmental Health & Nuisance Control

Standing Committees:

- North West Outback Qld Tourism Authority Group (NQOQTA)
- North Qld Games Foundation
- Australia Dinosaur Trail
- Local Disaster Management Group (LDMG) (Deputy Chair)
- Hughenden District Community Advisory Network (CAN)
- North Qld Local Government Association (NQLGA)
- Northern Australia Food Futures Conference

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 8 of 28



SHIRE OF FLINDERS

Discovery • Opportunity • Lifestyle

COUNCILLOR GRAHAM SEALY

Email: Cr.sealy@flinders.qld.gov.au

Mobile: 0427 417 312

Portfolios:

- Governance
- Finance
- Audit
- Local and Regional Economic Development and Planning / Communication Systems
- Rural Streets and Roads
- North and South Sector Prairie – Hughenden Muttaborra Road across to Prairie Muttaborra Road
- Prairie
- Workshop – Plant and Equipment
- Residential / Council Owned Facilities
- Rural Lands – Wild Dogs, Pests Permits to Occupy and Leases
- Utilities – Water, Sewerage and Refuse

Standing Committees:

- Mount Isa Townsville Economic Zone (MITEZ)
- Flinders River Ag Precinct (FRAP)
- Pest Management Advisory Committee
- North West and Gulf Regional Roads Group (NWGRRG)
- Regional Organisation of Councils (ROC)
- Western Qld Local Government Association (WQLGA)
- Chamber of Commerce

COUNCILLOR KELLY CARTER

Email: Cr.carter@flinders.qld.gov.au

Mobile: 0429 411 689

Portfolios:

- Governance
- Finance
- Local and Regional Economic Development and Planning / Communication Systems
- Town Streets
- Sport Recreation and Parks
- Community Care and Aged Care
- Community Relations Youth Relations / Education
- Arts and Culture

Standing Committees:

- North Qld Games Foundation
- Local Disaster Management Group (LDMG)
- Hughenden District Community Advisory Network (CAN)
- Regional Arts and Development Fund (RADF)
- Chamber of Commerce

COUNCILLOR KATE DOWNIE

Email: Cr.downie@flinders.qld.gov.au

Mobile: 0408 742 833

Portfolios:

- Governance
- Finance
- Tourism and Regional Promotion
- Town Streets
- Residential / Council Owned Facilities
- Community Relations
- Youth Relations / Education
- Arts and Culture

Standing Committees:

- North West Outback Qld Tourism Authority Group (NQOQTA)
- Australia Dinosaur Trail
- Western Qld Local Government Association (WQLGA)
- Regional Arts and Development Fund (RADF)
- Environmental Health & Nuisance Control



COUNCILLOR ARTHUR (BILL) BODE

Email: Cr.bode@flinders.qld.gov.au

Mobile: 0428 719 579

Portfolios:

- Governance
- Finance
- Rural Street and Roads
- North and South of Torrens Creek – Torrens Creek to Aramac Road across to Prairie to Muttaborra
- Torrens Creek
- Workshop – Plant and Equipment
- Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases
- Saleyards
- Utilities – Water, Sewerage and Refuse
- Cemeteries / Undertaker
- Environmental Health & Nuisance Control (Chair)

Standing Committees

- Western Qld Local Government Association Inc (WQLGA)
- Flinders River Agricultural Precinct (FRAP)
- Wild Dog Advisory Group
- Lake Eyre Basin Advisory Group
- Great Artesian Basin (GABAC)
- Western Rivers Advisory Panel – Longreach (WRAP)

COUNCILLOR KIM (CLANCY) MIDDLETON

Email: Cr.middleton@flinders.qld.gov.au

Mobile: 0427 411 281

Portfolios:

- Governance
- Finance
- Rural Streets and Roads
- North and North West Sector from Hughenden – Hann Highway – Basalt Byways
- Workshop Plant and Equipment
- Sport Recreation and Parks
- Rural Lands – Wild Dogs, Pests, Permit to Occupy and Leases
- Saleyards (Chair)
- Youth Relations / Education
- Utilities – Water, Sewerage and Refuse

Standing Committees:

- Flinders River Ag Precinct (FRAP)
- Pest Management Advisory Committee
- Chamber of Commerce

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER

On behalf of all Councillors and the Management Team, we are pleased to present the Flinders Shire Council 2016-2017 Annual Report.

Flinders Shire Council's focus since the 2016 Local Government Elections has been to drive economic development in the Shire. The focus for Council has been on diversification of industry within the Flinders Shire and Hughenden. This has been especially important since the decision of Aurizon to reduce staff in Hughenden.

Projects that are being progressed through the Flinders Shire Council and the Management Team are listed below:

- Hann Highway upgrade through funding secured from Federal Northern Australia Road Program and Queensland State Government = \$53.6 million between Flinders and Etheridge Shires.
- Hughenden Meat Processing Facility and Feedlot – Development Deed signed between CNVM Investment Group, NorthBEEF and Flinders Shire Council.
- 15 Mile Irrigation Project – securing water supply and developing suitable farm plan.
- Hughenden Recreational Lake – secured funding from Federal Building Better Regions Fund. Project in planning and due to commence construction in 2018.
- Encourage and assist the Hughenden Solar Farm and Kennedy Energy Farm with planning and construction needs.
- Work 4 Queensland Stage 1 - 2017 - Flinders Riverbank Stabilisation Project and Stage 2 -2018-19 projects for CBD rejuvenation and Heavy Vehicle Rest Area.
- Promoting the Flinders Shire as a Tourist destination by adding new activities and securing funding to plan for new infrastructure at Porcupine Gorge National Park.
- Securing funding from the State and Commonwealth Governments to complete the sealing of the Hann Highway and the Torrens Creek to Aramac Road.
- Secured funding from Building our regions for the upgrade of the Airport perimeter fence as well as a new cell at the Hughenden Landfill to be constructed.
- Secured funding from the Department of Local Government Infrastructure Program (Local Government Grant Subsidy Program) for the Stabilisation of the Flinders River Bank and the upgrade of the Hughenden Sewerage Treatment Plant from Class b to Class A.

Council has and will continue to be proactive in achieving these important projects to ensure our Shire has a long term sustainable future.

Some Highlights for the period 2016/17:

- Continued upgrades to facilities in the townships of Prairie, Torrens Creek and Stamford.
- Support for HACC Services within our Communities and upgrading to the new Federal and State programs.
- Finalising the Shire's new town plan for the next 10 years. The plan has been approved by Council and the State Government.
- Upgrades to the Hughenden Saleyards Facility.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 11 of 28



- Continuing improved pest management throughout the Shire including additional resources for dog trapping; promotion of the Good Neighbour Program and Biosecurity Plan.
 - Flinders Shire Council was successful in obtaining funding for the Shire's Good Neighbour Program.
 - Flinders Shire Council would like to thank our funders (Queensland Government), partners (Desert Channels Queensland Inc. and McKinlay Shire Council) and the people of the Shire for their involvement in this project.
- Development of the western entrance to Hughenden as part of the STP Upgrade. This will involve a nature park and walk with planting of scrubs to provide colour to the town entrance.
- The upgrade of the Flinders Highway on the Eastern approach to Hughenden.
- Introduced an electronic quotation system.
- Conducted an ICT review and recommendations commenced.
- Fraud policies and plans developed and training conducted organisation wide.

Financial Performance

Included in the Annual Report is a compressive outline of Council's financial statements for the 2016/17 financial year.

Council finished the 2016/17 financial year with an operating surplus of \$6.875 million. This operating surplus, however, does include a prepayment of \$3.108 million, being two quarterly payments of Council's 2017/18 Commonwealth Financial Assistance Grant allocation through the from the Queensland Local Government Grants Commission.

Council's operational expenditure, covering wage and salaries, purchases, finance costs and depreciation, totalled to \$22.702 million with total operating income totalling to \$29.577 million.

The Financial Statements show that Council has total assets of some \$216.278 million. Council's total liabilities are recorded at \$6.089 million. Historically, Council's external borrowings have been kept to a minimum.

Council has continued to lobby for increased State and Commonwealth grant funding throughout the year, particularly in regard to improved outcomes under the Financial Assistance Grants National Principles. Total recurrent grants received in 2016/17 were approximately \$11 million.

Council's workforce has been kept very busy this financial year undertaking significant roadworks on behalf of the Department of Transport and Main Roads. The Financial Statements show that road contract works (Sales) totalled \$13.311 million this financial year compared to \$5.178 in 2015/16. This has had a big bearing on Council finishing the year with a strong operating result.

Council's Statement of Cash Flows shows that Council has maintained a strong cash position through the year, completing the year with some \$24.038 million. Given Council's high reliance on external grant funding and external road works contracts, it is important that Council maintain a strong cash position.

Council is required in the Annual Report to show Long-Term Financial Sustainability performance indicators. It is pleasing to report that Council has met the benchmarks recommended in respect to the indicators of Operating Surplus; Asset Sustainability and Net Financial Liabilities. The results are fully set out in the Financial Statements.

Capital outlays in 2016/17 totalled some \$8.429 million, covering major new construction and renewals amounting to \$6.46 million.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 12 of 28

Buildings and Recreation Facilities construction outlays in 2016/17 amounted to \$1.568 million which was offset by capital grants of \$1.388 million. The major projects improvements included:

- Swimming Pool - change room rebuild and disabled ramp access
- Showgrounds - bar and kitchen renewals and improvements to RV camping area
- Flinders Sports Ground – commencement of shade over grandstands project
- Mt Walker Development – commencement of shade shelters and amenities project
- Flinders River Bank Stabilising
- Town Beautification – Tree planting on Richmond entrance
- Airport – commencement of security fencing
- Horse Paddocks – shade shelters
- Purchase of State Buildings – Units 5 & 6 Pensioner Cottages and 33 McLay St
- Employee Housing - renewals of fittings such as floor coverings and painting

Road construction outlays in 2016/17 amounted to \$4.085 million with \$3.58 being funded externally for programs such as Roads to Recovery and TIDs.

Water infrastructure expenditure amounted to \$275,167 and was mostly related to upgrades to water mains.

As Council's sewer infrastructure is mostly new, capital replacements are not extensive. Council has commenced an upgrade to the Sewerage Treatment Plant from Class B to A. Expenditure amounted to \$115,043 in the 2016/17 year.

Capital expenditure on plant amounted to \$2.143 million with an estimated \$1.9 million relating to renewals of Council's existing fleet.

There were freeholding and purchase costs of land which amounted to \$243,000.



Cr Jane McNamara
MAYOR



Mr Graham King
CHIEF EXECUTIVE OFFICER

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 13 of 28

BENEFICIAL ENTERPRISES AND BUSINESS ACTIVITIES

(Local Government Act 2009 section 41 & 45(a))

Beneficial Enterprises

Section 41 of the act requires that the Annual Report contain a list of all beneficial enterprises conducted during the year.

Flinders Shire Council has had no beneficial enterprises that the Council conducted during 2016-2017.

Significant Business Activities

Section 45(a) of the act requires that the Annual Report contain a list of all the business activities the local government conducted during the financial year.

Flinders Shire Council conducted no Significant Business Activities during 2016-2017. Due to no significant business activities the competitive neutrality principle is not applicable for 2016-2017.

SENIOR STAFF REMUNERATION

(Local Government Act 2009 section 201)

Remuneration levels for council executives take many factors into account, including work value and the complexity of the job. This ensures remuneration levels for executives are appropriate and that Council is well placed to retain and attract executives with skills necessary to help deliver value for money services to the community. In accordance with s201 of the Act, the total number of remuneration packages available to senior management during the period was:

Package Band	Number of Employees
\$100,000 to \$199,999	3
\$200,000 to \$299,999	0

Public Service Ethics 1994 (section 23)

Council has implemented the Code of Conduct and undertaken regular education, training and review of procedures.

GENERAL PURPOSE FINANCIAL STATEMENTS

(Local Government Regulation 2012 section 183)

Please see attached Flinders Shire Council's Annual Audited Financial Statements for the year ended 30 June 2017.

COMMUNITY FINANCIAL REPORT

(section 184 Local Government Regulation 2012)

The Community Financial Report is designed to give interested parties a better understanding of the financial performance and financial position of Council for the financial year. The information presents a summary of the financial results for the 2016-2017 year.

Revenue

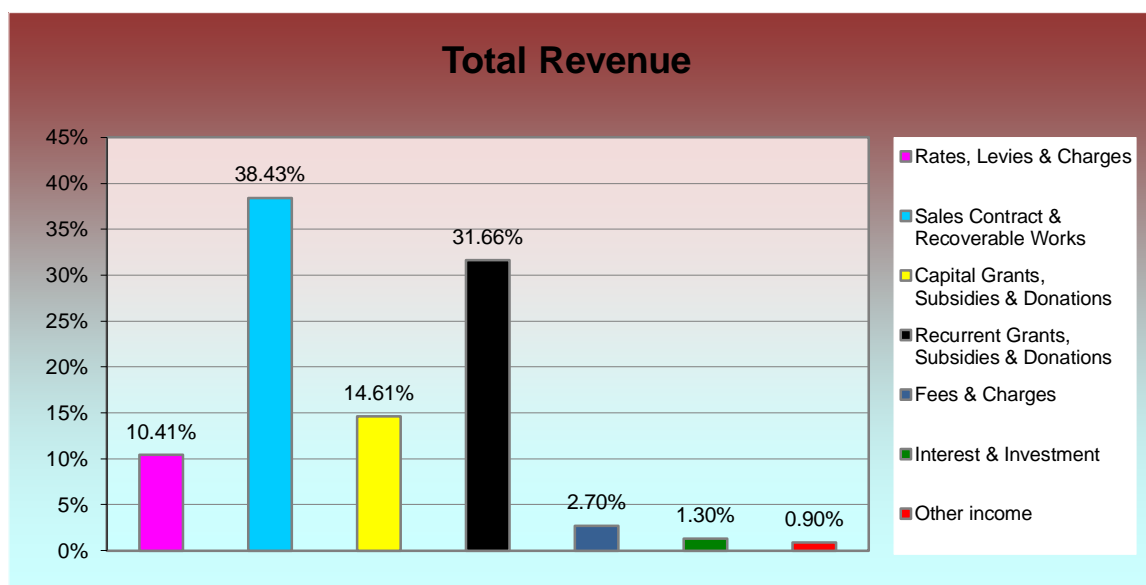
The two main categories of revenue are recurrent revenue and capital revenue. Council's recurrent revenue is money raised that is used to fund the operations of Council. Council raises recurrent revenue from income sources such as rates, levies and charges, grants, subsidies and donations, contract and recoverable works revenue, interest, fees and charges, rents and other income. Council's capital revenue is sourced for the purpose of constructing and/or reconstructing Council's assets now and into the future. Capital revenue consists of grants, subsidies and donations, as well as gains/losses on disposal of assets.

Total recurrent revenue has increased significantly by \$11.735M compared to the previous year. This increase was mainly related to sales contract and recoverable works revenue and the early payment of \$3.108M for the Financial Assistance Grant. The main source of income for the year was sales contract and recoverable works revenue comprising 45% of recurrent revenue and 38.43% of Council's total revenue.

It is important to note that sales contract and recoverable works revenue is almost all related to Transport and Main Roads contract and flood damage works on state owned assets. An analysis of income shows these works have increased by \$8.133M compared to the previous financial year. Council is heavily reliant on both sales contract and recoverable works and grant revenue.

Capital revenue of \$5.06M decreased marginally compared to the previous year. Capital revenue is sourced for the purpose of constructing assets, including upgrades and renewals.

Council's ability to raise income from rates, levies and charges is limited. The income generated from this source is 10.41% of total revenue. This percentage decrease to the previous year does not entirely represent an decrease in rates, but rather an increase in the total revenue on which this percentage is calculated.



Annual Report 2016-2017

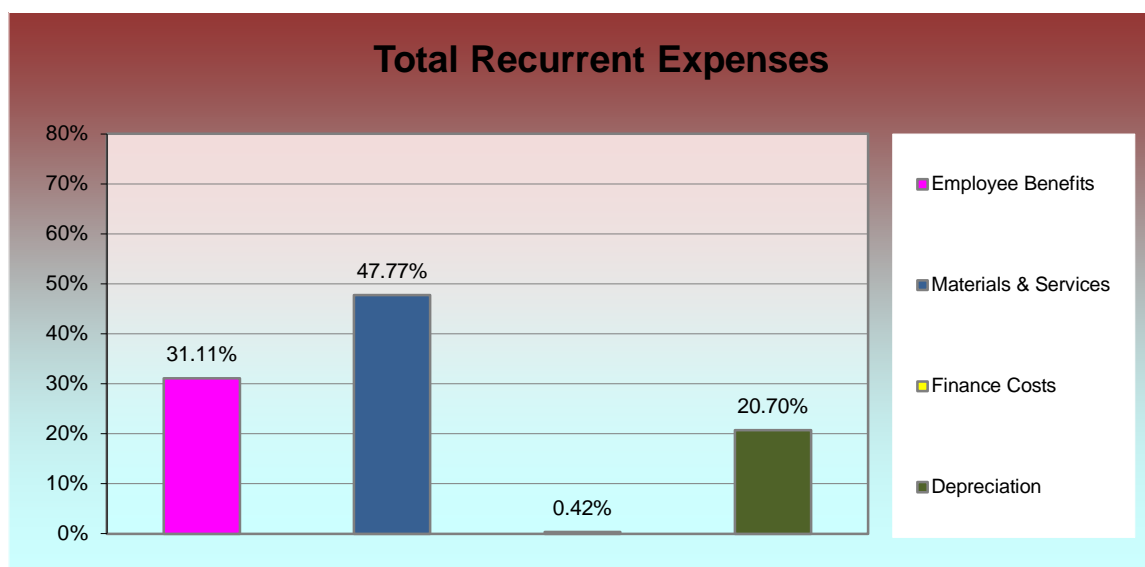
TRIM Ref: SF17/238 R17/3712

Page 15 of 28

Expenses

Council's recurrent expenses include employee benefits, materials and services, finance costs and depreciation. These line items represent the cost to Council of providing services, operating facilities and maintaining assets.

Council's recurrent expenditure increased by \$5.82M compared to the previous year. This was not surprising given the significant increase in sales contract and recoverable works.



The Statement of Financial Position

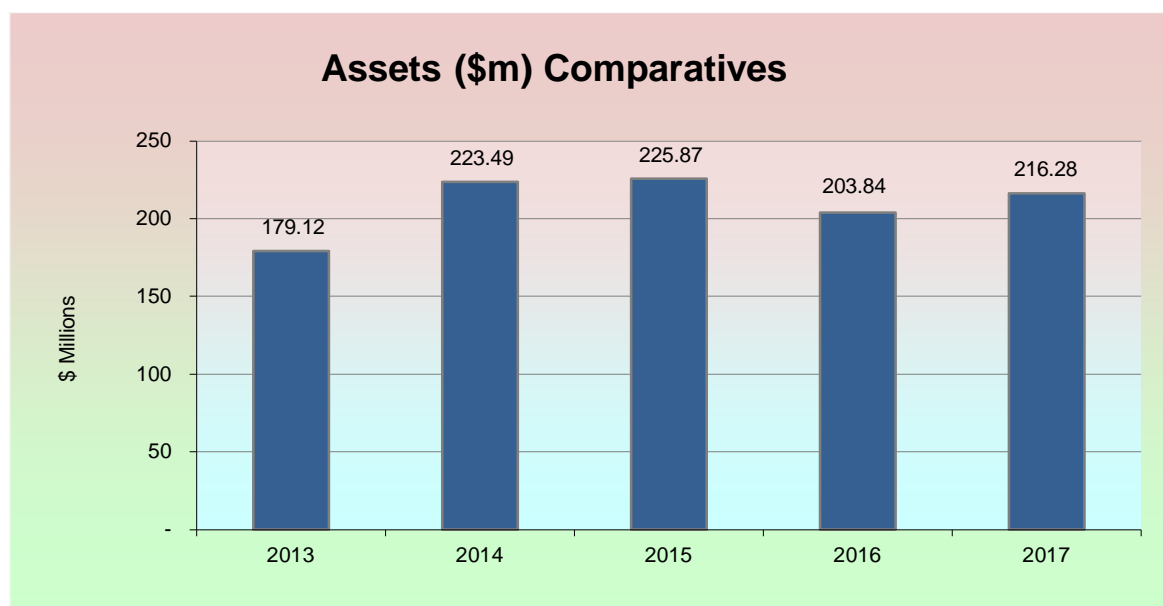
This statement is often referred to as the balance sheet and summarises the financial position of Council at the end of the financial year. The statement measures what Council owns (assets) and what Council owes (liabilities) at the end of the financial year with the difference between these two components being the net community wealth (equity of Council).

Assets

Property plant and equipment increased by \$4.49M which is payments for the construction of assets. Trade and other receivables increased by \$2.29M largely due to the nature of receivables as there was significant sales contract and recoverable works underway at year end.

There was an increase in the cash balance of \$5.64M. The cash balance was topped up by the early payment of the Financial Assistance Grant amounting to \$3.108M and the significant contract works undertaken during the year.

Council had \$20.138M invested in a cash management account with Queensland Treasury Corporation. A short term deposit amounting to \$3M was also held with the National Australia Bank. Interest received on cash investments for the year was \$449 thousand.

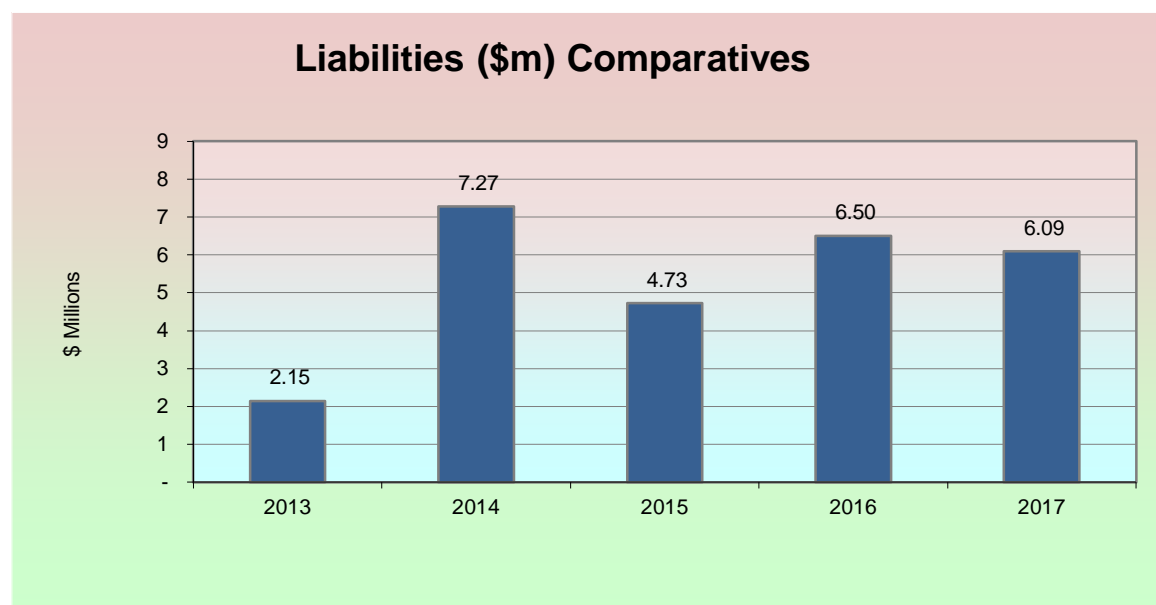


Property plant and equipment is the largest asset type comprising \$187M. Property plant and equipment is made up of Council asset classes including land, buildings, recreation facilities, plant and equipment, corporate and IT, road network, water network, sewer network, stormwater drainage network, waste / landfill and works in progress. Council's road network assets are the largest component of property plant and equipment amounting to \$115.5M.

Liabilities

Council's liabilities comprise amounts owing for provisions, borrowings and trade and other payables. The provisions balance comprises employee entitlements for long service leave and the restoration of the tip in future years. Trade and other payables is made up of annual leave entitlements in future years.

Borrowings of \$2.45M relate to loans from Queensland Treasury Corporation. Council has not had any borrowings for many years and these loans have been taken out to construct a new sewer network in North Hughenden, upgrade the Sewerage Treatment Plant and replace Caravan Park Infrastructure.



Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 17 of 28

The Statement of Changes in Equity

Community equity is represented by Council's net worth. This is calculated by what Council own, minus what Council owes.

Total Assets **\$216.28M** – Total Liabilities **\$6.09M** = Community Equity **\$210.19M**

Community equity increased by \$12.85M compared to the previous year. An annual condition assessment of Council's road network assets undertaken by Council's engineers resulted in a \$1.157M increment in the asset revaluation surplus.

Council's retained surplus represents amounts which have been invested into assets to provide services. The asset revaluation surplus comprises amounts representing the asset retained capital and other change in the value of Council's assets over time.

The Statement of Cash Flows

The Statement of Cash Flows identifies the cash received and cash spent throughout the year. The statement shows Council's ability to cover its expenditures and where those funds are derived. Council's cash balance increased by \$5.642M compared to the previous year.

Council's cash flows from operating activities incorporate the recurrent activities of Council. The cash flows from investing activities shows Council spent \$3.01M investing in property plant and equipment. This includes capital works on Council's road network assets and other asset classes.

Cash flows from financing activities shows that Council drew down a loan of \$600 thousand. Repayments of \$204 thousand have been made on all loans during the year.

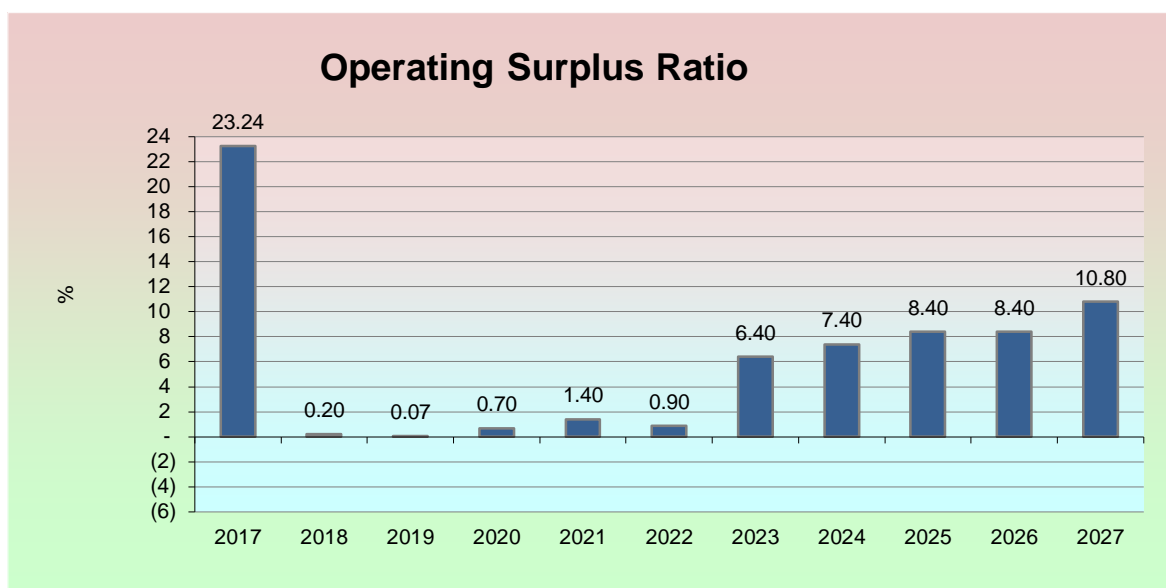
Financial Ratios

Section 169 of the Local Government Regulation 2012 requires the inclusion of the relevant measures of financial sustainability. These ratios are also included in Council's long term financial plan with reviews conducted on a regular basis. The targets have been set by the Department of Local Government and Planning.

The Operating Surplus Ratio

The operating surplus ratio measures the extent to which revenue raised (excluding capital grants and contributions) covers operational expenses. At the end of the financial year Council's operating surplus ratio was a surplus of 23.24%.

In future years' forecasts indicate Council will operate close to break even, with small surpluses through to 2027. Council is mindful that changes can occur during the year, and Management regularly conducts reviews to ensure any budget variances are address as soon as possible. Council is aware of the need to conduct service level reviews to ensure operational expenses are going to be sustainable in the longer term. The target for the operating surplus ratio is between 0 and 10%.



Asset Sustainability Ratio

This ratio measures the amount of capital expenditure on renewal of existing assets compared to the depreciation expense. The target for this ratio is for it to be greater than 90%. The long term forecast indicates that Council may not meet this target in all of the coming years. It should be noted that Council's assumptions in its long term forecast were to be conservative in capital expenditure given the reliance on grant funding for large capital projects, therefore it is probable actual expenditure on asset renewals will be higher than predicted.



Net Financial Liabilities Ratio

This ratio measures the extent to which Council can fund its liabilities through its operating revenues. The target for this ratio is less than 60%. Council has very little borrowings of \$2.451M and has few liabilities which is why the ratio is so low.

Annual Report 2016-2017

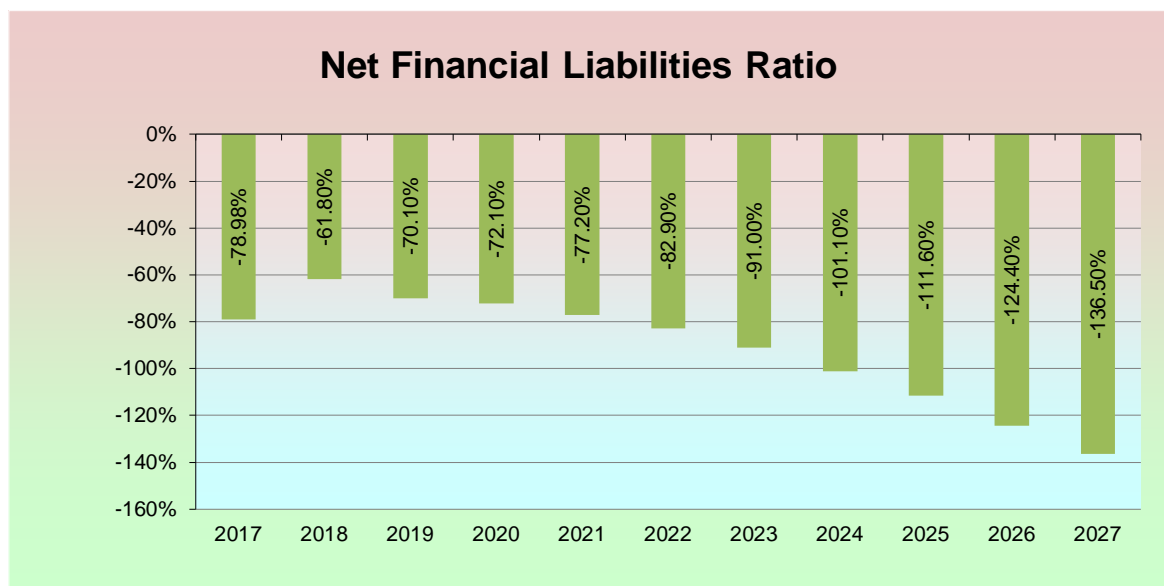
TRIM Ref: SF17/238 R17/3712

Page 19 of 28



SHIRE OF FLINDERS

Discovery • Opportunity • Lifestyle



PRATICULAR RESOLUTIONS

(Local Government Regulations 2012 section 185)

Expenses Reimbursement Policy

Councillor Expenses Reimbursement Policy:

Council did not resolve to make any changes to the policy referred to in section 250(1) of the Regulation during the 2016-2017 financial year.

Asset Accounting

Asset and Services Management Policy:

Council did not resolve to make any changes to the policy referred to in section 206(2) of the Regulation during the 2016-2017 financial year.

COUNCILLORS

(Local Government Regulations 2012 section 186)

Remuneration Schedule

(Local Government Regulation 2012 section 186(a))

Pursuant to Section 247 of the *Local Government Regulation 2012* the following remuneration rates are set for Council.

From 1 July 2016:

Position	Annual Remuneration*	Meeting Allowance**	Total Allowance
Mayor Allowance	\$99,638.00	Nil	\$99,638.00
Deputy Mayor Allowance	\$57,483.00	Nil	\$57,483.00
Councillor Allowance	\$33,212.68	\$16,606.34	\$49,819.00

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 20 of 28

From 1 July 2017:

Position	Annual Remuneration*	Meeting Allowance**	Total Allowance
Mayor Allowance	\$101,631.00	Nil	\$101,631.00
Deputy Mayor Allowance	\$58,683.00	Nil	\$58,683.00
Councillor Allowance	\$33,876.68	\$16,938.34	\$50,815.00

* The allowance is paid in twelve equal instalments at the end of each calendar month.

** One twelfth of the meeting allowance is paid for each monthly meeting attended.

Councillor Remuneration, Meeting Attendance, Expenses and Facilities

(Local Government Regulation 2012 section 186 (b) and (c))

Councillor remuneration and meeting attendance: – 1 July 2016 to 30 June 2017

Councillor	General Meeting Attendance	Special Meeting Attendance	Annual Remuneration	Meeting Allowance	Vehicle Allowance	TOTAL
Mayor J McNamara	11	1	\$97,683.96	N/A		\$97,683.96
Deputy Mayor S O'Neill	12	1	\$56,355.96	N/A	\$823.50	\$57,179.46
Cr G Sealy	12	1	\$32,562.12	\$16,279.92		\$48,842.04
Cr K Carter	12	1	\$32,562.12	\$16,279.92	\$917.40	\$49,759.44
Cr K Downie	12	1	\$32,562.12	\$16,279.92		\$48,842.04
Cr A Bode	11	1	\$32,562.12	\$16,279.92	\$7,251.00	\$56,093.04
Cr K Middleton	12	1	\$32,562.12	\$16,279.92	\$460.00	\$49,302.04

Superannuation:

That pursuant to Section 226 of the *Local Government Act 2009* no voluntary superannuation payments be made to Councillors.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 21 of 28



**SHIRE OF
FLINDERS**

Discovery • Opportunity • Lifestyle

Other Expenses Incurred:

Councillor	Travel Expenses (Accom, Meals, Flights, ect)	Registrations	iPad Allowance	TOTAL
Mayor J McNamara	\$2,610.46	\$1,225.00	\$539.88	\$4,375.34
Deputy Mayor S O'Neill	\$3,920.68	\$3,065.00	\$539.88	\$7,525.56
Cr G Sealy	\$2,403.84	\$3,586.50	\$539.88	\$6,530.22
Cr K Carter	\$1,567.46	\$2,730.50	\$540.23	\$4,838.19
Cr K Downie	\$1,434.46	\$3,580.50	\$539.88	\$5,554.84
Cr A Bode	\$147.42	\$1,628.00	\$540.10	\$2,315.52
Cr K Middleton	\$1,736.64	\$2,530.50	\$539.00	\$4,806.14

Facilities Provided:

<p>The Mayor was provided with the following items:</p> <ul style="list-style-type: none"> • Laptop • 2 x Printers • iPad • Car 	<p>All Councillors were provided with the following items:</p> <ul style="list-style-type: none"> • Laptop • Printer • iPad
---	--

Conduct and Performance of Councillors

(Local Government Regulation 2012 section 186 (d), (e), (f))

Description	Number
Total number of breaches of the local government's code of conduct committed by Councillors as decided during the year by the local government.	Nil
The name of each Councillor decided during the year by the local government to have breached the code, and details of any penalty imposed.	N/A
The number of complaints about alleged code of conduct breaches by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the Chief Executive Officer under chapter 3, part 3A.	Nil
The number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government.	Nil
The number of complaints resolved under the local government's general complaints process during the year and the number of those complaints that related to a breach by a Councillor of the local government's code of conduct.	N/A
The number of complaints made to the ombudsman, and notified to the local government, during the year about decisions made by the local government in relation to enforcement of its code of conduct.	Nil

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 22 of 28

ADMINISTRATIVE ACTION COMPLAINTS

(Local Government Regulations 2012 section 187)

The following is a brief summary of the Council adopted policy “Complaints Management Policy”.

Objective:

The role of Council is to provide open and accountable local government. An effective and transparent method of responding to complaints regarding its services, administrative actions, competitive neutrality, the conduct and performance of councillors and staff behaviour and misconduct better enables council to undertake this role.

Principles:

Council is committed to a complaints management process which ensures the transparent, effective and timely resolution of complaints.

Scope:

This policy has been established to provide a clear administrative method of handling and resolving of all complaints made by affected persons

Administrative complaints made during the 2016/2017 financial year	Nil
Number of complaints resolved under the complaints management process	N/A
Number of complaints not resolved under the complaints management process	N/A
Number of administrative action complaints that were made in a previous financial year	Nil

OVERSEAS TRAVEL

(Local Government Regulation 2012 section 188)

During the 2016-2017 period there was one overseas trip undertaken, in an official capacity, by a Councillor or Council employee or representative.

Position	Name	Destination	Purpose	Cost
Mayor	Jane McNamara	China	Invitation from the organising committee of China Overseas Investment Fair (COIFAIR)	\$2848.44

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

(Local Government Regulation 2012 section 189)

Council is required under Section 189 of the *Local Government Regulation 2012* to provide a summary of the expenditure for the Financial Year on grants to community organisations and from each Councillor’s discretionary funds.

Council provides assistance to community organisations by way of grants, sponsorship or donations.

Councillor’s Discretionary Fund

In accordance with s189, the Annual Report must contain a summary of the expenditure from each Councillor’s discretionary fund. Flinders Shire does not have discretionary funds and therefore there is no report for 2016-2017 for the purpose of allocation as community grants.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 23 of 28

Community Small Grants

Community Group	Purpose	Amount
Lions Club of Hughenden	Fitting Out / Refurbishing of van to be used as a mobile catering van	\$ 7,480.00
Hughenden Country Music Association Inc	Purchase of Office Equipment	\$ 974.35
St Thomas Anglican Church	Supply and Install Speaker System In Church	\$ 2,750.00
Stamford Sports Club Inc	Purchase of Equipment for Garden Maintenance	\$ 3,198.00
Flinders River Roping Association Inc	Upgrade of Community Area	\$ 9,500.00
Oakley Amateur Picnic Race Club	Kooroorinya History Book	\$ 1,875.00
TOTAL		\$ 25,777.35

Regional Arts Development Fund

Community Group	Purpose	Amount
Hughenden Country Music Association Inc	Music / Verse / Musical Instruments / Signwriting Workshop	\$ 2,995.00
Hughenden Show Society	Hughenden ShowCase	\$ 2,000.00
Hughenden State School Parent & Citizen Association	Hip Hop Dance Workshop	\$ 1,624.00
TOTAL		\$ 6,619.00

Donations

Community Group	Purpose	Amount
Hughenden Lions Club	Fete	\$ 500.00
Hughenden Town and Country Club	Hughenden Rugby 7's Carnival	\$ 500.00
Hughenden Gymnastics Club	Hughenden Junior Invitational Gymnastics	\$ 400.00
Cancer Council	Cloncurry Relay for Life	\$ 500.00
Kooroorinya Ladies Day Inc.	Happy Days 2016	\$ 500.00
Hughenden Netball Association Inc.	Flinders Challenge	\$ 500.00
Hughenden Bowls Club Inc.	Invitational Triples	\$ 500.00
Hughenden State School P&C Association	Speech Night 2016	\$ 100.00
TOTAL		\$ 3,500.00

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 24 of 28



SHIRE OF FLINDERS

Discovery • Opportunity • Lifestyle

Sponsorship

Community Group	Purpose	Amount
Heart of Australia Van	Assistance in providing clinics	\$ 5,940.00
Hughenden Town & Country	Rugby 7's game in Hughenden	\$ 2,000.00
Prairie Jockey Club	Prairie Races	\$ 2,000.00
Hughenden Jockey Club	Hughenden Races - July Race Day	\$ 2,000.00
Hughenden Chamber of Commerce	Welcome to Hughenden Signage	\$ 2,000.00
Flinders Combined Chaplaincy & SU Qld	Flinders Shire Chaplaincy	\$ 11,000.00
Hughenden State School P&C	yLead Workshops	\$ 2,000.00
RSL - Hughenden Sub Branch	Remembrance Day - Celebrations and Luncheon (100yrs)	\$ 2,000.00
Hughenden Campdraft Ass. Inc.	Hughenden Campdraft	\$ 2,000.00
Flinders River Roping	Flinders River Roping Fun and Development DAY	\$ 2,000.00
Hughenden Golf Club	Hughenden Golf Club Open Championships	\$ 2,000.00
Hughenden State School P&C	Mid West Uniforms	\$ 2,000.00
Josh Wells	Sporting Excellence	\$ 450.00
Dominique Wiggins	Sporting Excellence	\$ 450.00
Danielle Sladden	Sporting Excellence	\$ 450.00
Angeleah Corrigan	Sporting Excellence	\$ 450.00
TOTAL		\$ 38,740.00

In-Kind Support

Nil

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 25 of 28



OTHER CONTENTS

(Local Government Regulation 2012 section 190)

Corporate and Operational Plans

(Local Government Regulation 2012 section 190(1)(a)(b))

Council is required to adopt a Corporate Plan to guide Council's decision making. This document establishes the framework and identifies goals, objectives and strategies to be pursued by Council to meet the aspirations and needs of the community. The plan is developed in consultation with the community and can be revised at any time during the life of the plan to ensure council is following its strategic direction.

The Operational Plan is prepared annually and outlines Council's work program for the next financial year including costs and completion timelines. This document is subject to quarterly reviews and must be consistent with the Council's Corporate Plan.

In accordance with legislative requirements, Council reviewed the operational plan on four occasions relevant to the financial period and on each occasion Council considered an assessment of its progress in the implementation of the operational plan as being satisfactory. Council receives a written assessment of the implementation of the operational plan at the end of each quarter.

Council's Corporate Plan, Operation Plan and Quarterly Reports on the Operational Plan can be found on Council's website www.flinders.qld.gov.au.

Commercial Business

(Local Government Regulation 2012 section 190(1)(c))

In accordance with s190 (1) of the regulation Council must provide an annual operations report for each commercial business unit. Council had no commercial business units over the course of the 2016-2017 year.

Joint Government Activities

(Local Government Regulation 2012 section 190(1)(d)(i))

As required by s190 of the Regulation, Council must outline details on any action taken for, and expenditure on, a service, facility or activity supplied by another local government under an agreement for conducting a joint government activity. No joint activities were undertaken for the financial year ending 30 June 2017.

Details of Special Rates and Charges

(Local Government Regulation 2012 section 190(1)(d)(ii))

In accordance with s190 of the regulation, Flinders Shire Council levies a special rates and charges for Wild Dog Control applicable to Rate Code 4 – Rural Categories only.

Contracts

(Local Government Regulation 2012 section 190(1)(e))

As required by s190 of the Regulation, the number of invitations to change tenders under s228(7) during the financial year was zero.

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 26 of 28

Registers and Public Documents

(Local Government Regulation 2012 section 190(1)(f))

Item	Description	Access
Councillor Register of Interest	To record certain financial and other personal interests of relevant individuals.	Councillor's interests are available on Council's website
Register of personal interest of Chief Executive Officer and other specified employees	To record certain financial and other personal interests of the Chief Executive Officer and certain other employees.	Available only to Councillors, the Chief Executive Officer or a person permitted by law
Councillor's Material Personal Interest	A record of when a councillor identifies that they have, or may be perceived to have, a 'material personal interest' the councillor is required to disclose the interest and leave the meeting for consideration of the relevant matter.	Councillor's interests are available on Council's website
Councillor's Conflict of Interest	A record of when a councillor identifies that they may have or may be perceived to have a 'conflict of interest'; the councillor is required to disclose the interest to council. Where the other councillors determine, by vote, that a conflict of interest does exist, they must direct that councillor to leave the meeting.	Councillor's interests are available on Council's website
Conflict of Interest Register & Material Personal Interest Register for Executive Staff	To record any interests that an executive staff member has declared in Council Meeting.	Councillor's interests are available on Council's website
Delegations Register	To record all delegations / authorisations made during Council Meetings.	Councillor's interests are available on Council's website
Register of Delegations of Authority by Council	To record all powers delegated by the Local Government or the Chief Executive Officer's delegated powers.	Available for viewing by members of the public on request
Register of Delegations of Authority by the CEO	To record all powers delegated by the CEO	Available for viewing by members of the public on request
Register of Local Laws	To record all local laws set by Council	A Councillor's interests are available on Council's website
Register of Regulatory Fees and Charges	To record all charges levied by Council	Available on Council's website
Register of Policies	To record the current policies as set by Council	Available for viewing by members of the public on request
Register of Roads	To record the details of the shire roads	Available for viewing by members of the public on request

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 27 of 28

Contract Register	To record the details of all Tenders over \$200,000	Available on Council's website
Cemetery Register	To record all burial sites	Available on Council's website
Building Application Register	To record the details of all applications	Available for viewing by members of the public on request
Corporate & Operational Plan	To document the goals and strategies set by Council for the period specified in each plan	Available on Council's website
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available on Council's website

Council also makes available other information, including copies of Minutes of Council Meetings on the website www.flinders.qld.gov.au

Concessions for Rates and Charges Granted by Council

(Local Government Regulation 2012 section 190(1)(g))

Rating Rebates and Concessions

Flinders Shire has a policy with reference to rebate concessions, as detailed below:

Council Pensioner Rate Concessions

Council continued its current Pensioner Rate Concession policy. This policy provided a 50 per cent concession to ratepayers in a residential category on General, Garbage, Sewerage and Water Rates up to a maximum of \$475 per year for all eligible pensioners. A copy of Council's Pensioner Rate Concession Policy is available at the Shire Office.

Internal Audit

(Local Government Regulation 2012 section 190(1)(h))

The Local Government Association of Queensland (LGAQ) was contracted to undertake Council's internal audit. The role of internal audit is to conduct independent and objective assurance activities. The scope of work is set out in the Strategic Internal Audit Plan which is reviewed by the Management and Audit Committee.

Audit Committee

The Audit Committee comprises of Councillors, independent external representative from reputed Accounting firm and senior management.

Scope

Internal Audit visited council and reviewed the following key areas in 2016-2017 based on the risk assessment and audit plan approved by management:

- Review of Fraud Framework
- Plant Timesheet Review
- Procurement
- Review of Stores Processes

Annual Report 2016-2017

TRIM Ref: SF17/238 R17/3712

Page 28 of 28

Methodology and Compliance

The methodology is risk based and has been developed in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

LGAQ's Internal Audit methodology has been designed to ensure Council's compliance with Section 207 of the *Local Government Regulation 2012*.

Risk Review

The strategic audit plan was developed based on risk assessment. The management will regroup and review the existing risk register and the current audit plan, to identify additional areas that need to be included in the audit plan.

Audit Follow up process

The Council developed an Audit Issues Register to monitor the status and implementation of the recommendations raised in the internal audit reports. The Audit issue register and status of implementation of the recommendations is reviewed by the Audit Committee.

The Local Government Association of Queensland (LGAQ) was contracted to undertake Council's internal audit. The role of internal audit is to conduct independent and objective assurance activities. The scope of work is set out in the Strategic Internal Audit Plan which is reviewed by the Management and Audit Committee.

Competitive Neutrality

(Local Government Regulation 2012 section 190(1)(i)(j))

In accordance with s49 of the regulation, there were no investigation notices for competitive neutrality complaints nor were there any required responses to the Queensland Competition Authority.

ATTACHMENTS

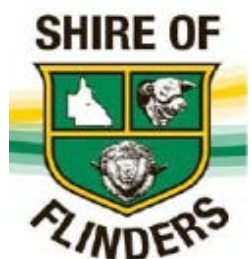
Annual Financial Statements

Please see attached Flinders Shire Council's Annual Audited Financial Statements for the year ended 30 June 2017.

Flinders Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Discovery • Opportunity • Lifestyle



General Purpose Financial Statements
for the year ended 30 June 2017

Table of Contents	Page
1. General Purpose Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
2. Notes to the Financial Statements	
1 Significant Accounting Policies	6
2(a) Council Functions - Component Descriptions	8
2(b) Council Functions - Analysis of Results by Function	9
3 Revenue Analysis	10
4 Grants, Subsidies, Contributions and Donations	11
5 Employee Benefits	11
6 Materials and Services	12
7 Capital Expenses	13
8 Cash and Cash Equivalents	13
9 Trade and Other Receivables	15
10 Property, Plant & Equipment	16
11 Fair Value Measurements	19
12 Trade and Other Payables	25
13 Borrowings	26
14 Provisions	27
15 Asset Revaluation Surplus	28
16 Commitments for Expenditure	29
17 Contingent Liabilities	29
18 Superannuation	30
19 Trust Funds	32
20 Reconciliation of Net Operating Result for the Year	32
21 Events Occurring After the Reporting Period	33
22 Financial Instruments	33
23 Transactions with Related Parties	35
3. Management Certificate	37
4. Independent Auditor's Report	38
5. Current Year Financial Sustainability Statement	41
Certificate of Accuracy - Current Year Financial Sustainability Statement	42
Independent Auditor's Report - Current Year Financial Sustainability Statement	43
Addendum of Unaudited Information	
6. Long Term Financial Sustainability Statement	45
Certificate of Accuracy - Long Term Financial Sustainability Statement	46

Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Income			
Revenue			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	3,605	3,575
Fees and Charges	3b	936	830
Rental Income		143	147
Interest and Investment Revenue		449	571
Sales Contract and Recoverable Works Revenue		13,311	5,178
Other Income		168	223
Grants, Subsidies, Contributions and Donations	4a	10,965	7,318
Total Recurrent Revenue		29,577	17,842
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	5,060	5,287
Total Revenue		34,637	23,129
Capital Income		-	20
Total Income		34,637	23,149
Expenses			
<i>Recurrent Expenses</i>			
Employee Benefits	5	7,063	6,148
Materials and Services	6	10,844	6,046
Finance Costs		96	94
Depreciation	10	4,699	4,593
Total Recurrent Expenses		22,702	16,881
Capital Expenses	7	153	5,060
Total Expenses		22,855	21,941
Net Result		11,782	1,208
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Gain/(Loss) on Revaluation of Property, Plant and Equipment	10	1,157	(25,013)
Total Other Comprehensive Income		1,157	(25,013)
Total Comprehensive Income		12,939	(23,805)

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	24,038	18,396
Trade and Other Receivables	9	5,002	2,709
Inventories		409	402
Total Current Assets		29,449	21,507
Non-Current Assets			
Trade and Other Receivables		2	2
Property, Plant and Equipment	10	186,827	182,331
Total Non-Current Assets		186,829	182,333
TOTAL ASSETS		216,278	203,840
LIABILITIES			
Current Liabilities			
Trade and Other Payables	12	2,676	3,435
Borrowings	13	267	207
Provisions	14	67	135
Total Current Liabilities		3,010	3,777
Non-Current Liabilities			
Borrowings	13	2,184	1,848
Provisions	14	895	876
Total Non-Current Liabilities		3,079	2,724
TOTAL LIABILITIES		6,089	6,501
NET COMMUNITY ASSETS		210,189	197,339
COMMUNITY EQUITY			
Asset Revaluation Surplus	15	81,299	80,142
Retained Surplus/(Deficiency)		128,890	117,197
TOTAL COMMUNITY EQUITY		210,189	197,339

Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2017				
Opening Balance as at 1 July 2016		80,142	117,197	197,339
a. Correction to Opening Balance		-	(89)	(89)
Revised Opening Balance (as at 1/7/16)		80,142	117,108	197,250
b. Net Result		-	11,782	11,782
c. Other Comprehensive Income				
- Increase/Decrease in Asset Revaluation Surplus	15	1,157	-	1,157
Total Comprehensive Income		1,157	11,782	12,939
Equity Balance as at 30 June 2017		81,299	128,890	210,189
2016				
Opening Balance as at 1 July 2015		105,155	115,989	221,144
a. Net Result		-	1,208	1,208
b. Other Comprehensive Income				
- Increase/Decrease in Asset Revaluation Surplus		(25,013)	-	(25,013)
Total Comprehensive Income		(25,013)	1,208	(23,805)
Equity Balance as at 30 June 2016		80,142	117,197	197,339

Flinders Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		16,270	10,318
Payments to Suppliers and Employees		(19,475)	(15,814)
		(3,205)	(5,496)
Receipts:			
Investment and Interest Revenue Received		449	571
Rental Income		143	147
Non Capital Grants and Contributions		10,965	7,318
Payments:			
Finance Costs		(96)	(94)
Net Cash Flow - Operating Activities	20	8,256	2,446
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment		359	363
Grants, Subsidies, Contributions and Donations		5,060	5,287
Payments:			
Purchase of Property, Plant and Equipment		(8,429)	(8,104)
Net Cash Flow - Investing Activities		(3,010)	(2,454)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances		600	600
Payments:			
Repayment of Borrowings and Advances		(204)	(160)
Net Cash Flow - Financing Activities		396	440
Net Increase/(Decrease) for the year		5,642	432
plus: Cash and Cash Equivalents - beginning		18,396	17,964
CASH AND CASH EQUIVALENTS - CLOSING	8	24,038	18,396

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Significant Accounting Policies

1A Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- Financial assets and liabilities and certain classes of property, plant and equipment which are measured at fair value.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

The following transactions are classified as either "Capital Income" or Capital Expenses" depending on whether they result in accounting gains or losses:

- Disposal of non-current assets
- Discount rate adjustments to restoration provisions
- Revaluations of property, plant and equipment
- Restoration of essential public assets

All other revenue and expenses have been classified as "recurrent"

1B Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards

Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1C Constitution

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

1D Adoption of New and Revised Accounting Standards

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2019

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards

AASB 16 Leases

Council has some leases that are not on its statement of financial position. These will need to be included on the statement of financial position when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Council is still reviewing leases to determine whether there will be any material impact arising from this new standard.

1E Estimates and judgements

Where necessary, judgements, estimates and assumptions have been used, in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to Council's assets or liabilities relate to:

- Valuation and depreciation of property, plant and equipment - Note 10;
- Provisions - Note 14; and
- Contingent liabilities - Note 17.

1F Revenue

Sales contracts and recoverable works revenue

Council generates revenues from services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting

date. Revenue is measured at the fair value of the consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

1G Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1H Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Council Functions - Component Descriptions

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

OUR GOVERNANCE

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

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

OUR ECONOMY

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

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

OUR ENVIRONMENT

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

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

OUR COMMUNITY

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

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

OUR INFRASTRUCTURE

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

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

OUR RESOURCES

This function includes the following:

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

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(b). Analysis of Results by Function

Income and expenses defined between recurring and capital are attributed to the following functions:

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							
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	7,716	1,962	-	-	9,678	(4,973)	-	(4,973)	4,705	4,705	45,151
Our Economy	-	14,182	104	-	14,286	(13,718)	-	(13,718)	464	568	18,195
Our Environment	290	275	-	-	565	(1,288)	-	(1,288)	(723)	(723)	99
Our Community	1,228	338	795	-	2,361	(4,519)	-	(4,519)	(2,953)	(2,158)	19,686
Our Infrastructure	1,710	1,853	4,161	-	7,724	1,953	(153)	1,800	5,516	9,524	133,147
Our Resources	21	2	-	-	23	(157)	-	(157)	(134)	(134)	-
Total	10,965	18,612	5,060	-	34,637	(22,702)	(153)	(22,855)	6,875	11,782	216,278

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							
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	4,847	2,114	-	-	6,961	(3,679)	-	(3,679)	3,282	3,282	38,678
Our Economy	-	5,988	18	-	6,006	(6,689)	-	(6,689)	(701)	(683)	14,554
Our Environment	57	265	-	-	322	(1,212)	-	(1,212)	(890)	(890)	131
Our Community	1,245	405	110	20	1,780	(4,768)	-	(4,768)	(3,118)	(2,988)	19,517
Our Infrastructure	1,145	1,750	5,159	-	8,054	(406)	(5,060)	(5,466)	2,489	2,588	130,960
Our Resources	24	2	-	-	26	(127)	-	(127)	(101)	(101)	-
Total	7,318	10,524	5,287	20	23,149	(16,881)	(5,060)	(21,941)	961	1,208	203,840

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Revenue Analysis

	Notes	2017 \$'000	2016 \$'000
(a). Rates, Levies and Charges			
General Rates / Community Levy		1,902	1,805
Separate Rates		80	76
Water		763	855
Sewerage		695	679
Garbage Charges		185	178
Other Rates, Levies and Charges		23	23
Total Rates, Levies and Charges		3,648	3,616
Less: Pensioner remissions		(43)	(41)
TOTAL RATES, LEVIES AND CHARGES		3,605	3,575

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period.

(b). Fees and Charges

Building and Development Fees	9	5
Infringements	2	2
Licences and Registrations	21	22
Airport Landing Fees	40	36
Cemetery and Funeral	29	65
Private Works	41	16
Community Care Packages	47	42
Saleyards	77	53
Parks and Reserves	54	24
Caravan Park	505	455
Flinders Discovery Centre	45	42
Other Fees and Charges	66	68
TOTAL FEES AND CHARGES	936	830

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Grants, Subsidies, Contributions and Donations

	Notes	2017 \$'000	2016 \$'000
(a) Recurrent			
General Purpose Grants		9,125	5,870
State Government Subsidies and Grants		667	562
Commonwealth Government Subsidies and Grants		1,067	876
Donations		1	1
Contributions		-	9
Other		105	-
TOTAL RECURRENT GRANTS, SUBSIDIES AND DONATIONS		10,965	7,318

(b) Capital

State Government Subsidies and Grants		2,981	3,563
Commonwealth Government Subsidies and Grants		2,079	1,724
TOTAL CAPITAL GRANTS, SUBSIDIES AND DONATIONS		5,060	5,287

Grants and subsidies that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. External restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 8.

The first two quarters of the Financial Assistance Grant for the 17-18 financial year was received in June 2017, and therefore has been recognised as grant revenue at 30 June 2017 in accordance with AASB 1004.

Note 5. Employee Benefits

	Notes	2017 \$'000	2016 \$'000
Wages and Salaries		6,150	5,561
Annual, Sick and Long Service Leave Entitlements		989	968
Superannuation	18	772	708
Councillors' Remuneration		398	398
Subtotal Employee Related Expenses		8,309	7,635
Other Employee Related Expenses		172	177
Subtotal Other Employee Related Expenses		8,481	7,812
Less: Capitalised Employee Expenses		(1,418)	(1,664)
TOTAL EMPLOYEE BENEFITS		7,063	6,148

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

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 5. Employee Benefits (continued)

	Notes	2017 \$'000	2016 \$'000
Additional information:			
Total Employees at year end:			
Administration Staff		41	46
Depot and Outdoors Staff		62	61
Total full time equivalent employees		103	107
Total Elected members		7	7

Note 6. Materials and Services

	Notes	2017 \$'000	2016 \$'000
Advertising and Marketing		238	304
Audit Services		38	36
Communications and IT		340	272
Community Services		3,563	3,454
Donations Paid		49	46
Recoverable Works		4,843	340
Road Construction		1,123	934
Special Projects		123	96
Other Materials and Services		527	564
TOTAL MATERIALS AND SERVICES		10,844	6,046

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Capital Expenses

	Notes	2017 \$'000	2016 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		359	343
Less: Book Value of Property, Plant and Equipment Disposed	10	(390)	(407)
Subtotal Loss on Disposal of Non-Current Assets		31	64
(b) Other capital expenses			
Loss on Write-Off of Assets		26	-
Restoration of Essential Public Assets		96	4,996
Subtotal Other Capital Expenses		122	4,996
TOTAL CAPITAL EXPENSES		153	5,060

Note 8. Cash and Cash Equivalents

	Notes	2017 \$'000	2016 \$'000
Cash and Cash Equivalents			
Cash at Bank and on Hand		900	179
Cash Equivalent Assets			
- Deposits at Call		20,138	15,217
- Short Term Deposits		3,000	3,000
TOTAL CASH AND CASH EQUIVALENTS		24,038	18,396

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

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Cash and Cash Equivalents (continued)

	2017	2016
Notes	\$'000	\$'000
Restricted Cash, Cash Equivalents and Investments		
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:		
Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:		
Unspent Government Operating Grants - Various	85	80
Unspent Government Operating Grants - Qld Community Care Services (QCCS)	18	-
Unspent Government Operating Grants - Extended Aged Care Packages (EACH)	-	48
Unspent Government Operating Grants - Home and Community Care Packages (HACC)	142	20
Unspent Government Operating Grants - Disability Services	54	-
Unspent Government Capital Grants - Various	63	10
Unspent Government Capital Grants - Sewerage Treatment Plant	106	-
Unspent Government Capital Grants - Riverbank Stabilisation	530	-
Total External Restrictions	998	158

Cash and short term deposits at call are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

Unspent government Operating Grants represent the total amount of grants held in cash not yet used. Government Capital Grants are retained as they are required to be spent on specific projects.

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong. The likelihood of credit failure in respect of the above is considered remote.

Based on the carrying values at the end of the reporting period, and assuming interest rates would be held constant over the period, a reasonably possible change in interest rates (assumed to be 1%) would not have a material impact to profit or equity.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9. Trade and Other Receivables

	Notes	2017 \$'000	2016 \$'000
Current			
Rateable Revenue and Utility Charges		389	364
Other Debtors		4,555	2,289
Less: Impairment of Other Debtors		(24)	(30)
Prepayments		82	86
TOTAL CURRENT TRADE AND OTHER RECEIVABLES		5,002	2,709

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectivity of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. All known bad debts were written-off at 30 June.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables, except in the instances where properties are being surrendered to Council.

Ageing of Past Due Receivables

Fully Performing	4,501	2,226
Past due:		
- Less than 30 days overdue	44	12
- 31 to 60 days overdue	-	26
- 61 to 90 days overdue	-	-
- Greater than 90 days overdue	399	389
- Impaired	(24)	(30)
Total Past Due Receivables	4,920	2,623

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely grazing, there is also a concentration in the grazing sector.

Flinders Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 10. Property, Plant and Equipment

30 June 2017	as at 30/6/2016				Asset Movements during the Reporting Period							as at 30/6/2017				Range of Estimated Useful Lives in Years
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense	Asset Disposals - WDV (Note 7)	Revaluations to Equity (ARR) - WDV (Note 15)	Adjustments and Other Transfers - WDV	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Work in Progress	1,782	-	-	1,782	-	(238)	-	-	-	-	-	1,544	-	-	1,544	n/a
Land and Land Improvements	-	4,600	-	4,600	-	243	-	-	-	-	-	-	4,843	-	4,843	n/a
Buildings and Other Structures	-	43,511	13,495	30,016	-	501	426	(1,141)	-	-	-	-	44,432	14,630	29,802	10 to 100
Recreation Facilities	-	1,920	277	1,643	-	87	-	(32)	-	-	-	-	2,027	329	1,698	5 to 70
Plant and Equipment	14,725	-	7,754	6,971	-	480	1,922	(1,530)	(390)	-	-	16,135	-	8,682	7,453	3 to 8
Corporate and IT	479	-	240	239	-	14	-	(17)	-	-	-	493	-	257	236	3 to 50
Road Network	-	118,146	7,685	110,461	-	824	4,049	(983)	-	1,157	-	-	123,007	7,499	115,508	10 to 175
Water Network	-	14,324	6,453	7,871	-	25	63	(316)	-	-	-	-	14,415	6,772	7,643	5 to 100
Sewer Network	-	21,634	3,356	18,278	-	25	-	(644)	-	-	-	-	21,654	3,995	17,659	5 to 80
Stormwater Drainage Network	-	474	30	444	-	7	-	(10)	-	-	-	-	481	40	441	50
Waste / Landfill	628	-	602	26	-	-	-	(26)	-	-	-	628	-	628	-	5
Total Property, Plant and Equipment	17,614	204,609	39,892	182,331	-	1,968	6,460	(4,699)	(390)	1,157	-	18,800	210,859	42,832	186,827	

30 June 2016	as at 30/6/2015				Asset Movements during the Reporting Period							as at 30/6/2016				Range of Estimated Useful Lives in Years
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense	Asset Disposals - WDV (Note 7)	Revaluation Decrements to Equity (ARR) - WDV (Note 15)	Adjustments and Other Transfers - WDV	At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Work in Progress	3,319	-	-	3,319	-	(1,537)	-	-	-	-	-	1,782	-	-	1,782	n/a
Land and Land Improvements	-	4,361	-	4,361	-	239	-	-	-	-	-	-	4,600	-	4,600	n/a
Buildings and Other Structures	-	41,366	12,413	28,953	54	1,744	300	(1,083)	-	-	48	-	43,511	13,495	30,016	10 to 100
Recreation Facilities	-	1,900	233	1,667	(102)	122	-	(44)	-	-	-	-	1,920	277	1,643	5 to 70
Plant and Equipment	14,187	-	7,002	7,185	-	336	1,340	(1,483)	(407)	-	-	14,725	-	7,754	6,971	3 to 8
Corporate and IT	435	-	226	209	-	44	-	(14)	-	-	-	479	-	240	239	3 to 50
Road Network	-	148,431	17,308	131,123	-	1,004	4,238	(891)	-	(25,013)	-	-	118,146	7,685	110,461	10 to 175
Water Network	-	14,053	6,149	7,904	-	-	271	(304)	-	-	-	-	14,324	6,453	7,871	5 to 100
Sewer Network	-	21,632	2,715	18,917	-	-	-	(639)	-	-	-	-	21,634	3,356	18,278	5 to 80
Stormwater Drainage Network	-	474	21	453	-	-	-	(9)	-	-	-	-	474	30	444	50
Waste / Landfill	626	-	474	152	-	-	-	(126)	-	-	-	628	-	602	26	5
Total Property, Plant and Equipment	18,567	232,217	46,541	204,243	(48)	1,952	6,149	(4,593)	(407)	(25,013)	48	17,614	204,609	39,892	182,331	

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10. Property, Plant and Equipment (continued)

Each class of property plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000 and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are displayed in Note 10.

Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds recognition thresholds for the respective asset class.

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of the expenditure on a given asset. For example, an expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Valuation

Land and land Improvements, Buildings and Other Structures, Recreation Facilities, Road Network, Water Network, Sewer Network and Stormwater Drainage Network assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. Plant and Equipment, Corporate and IT, Waste/Landfill and Work in Progress are measured at cost.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10. Property, Plant and Equipment (continued)

Each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years. This is achieved by either engaging an independent, professionally qualified valuer to determine the fair value for each class of property, plant and equipment or internally by Council engineers. This process involves physically sighting a representative sample of Council assets and making assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset 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 to 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.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believes that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. 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.

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 10.

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

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Fair Value Measurements

(1) Recognised Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, Plant and Equipment

- Land and Land Improvements
- Buildings and Other Structures
- Recreation Facilities
- Road Network
- Water Network
- Sewer Network
- Stormwater Drainage Network

Council does not measure any liabilities at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 13 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short term nature (level 2).

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available and minimise the use of any specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets. These assets are valued using a combination of observable and unobservable inputs.

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 11. Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Specific valuation techniques used to value Council assets comprise:

a) Land and Land Improvements (Level 2 and Level 3)

Land and Land Improvements were subject to a comprehensive revaluation by AssetVal, Registered Valuers at 30 June 2015. In their methodology AssetVal determined that an analysis of available market evidence indicated that the direct comparison approach to the land valuations was the most appropriate method. At 30 June 2017 recent sales did not indicate a significant change in value, as such, no adjustment has been made to fair value.

Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted for use under current zoning rules or contaminated sites. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are the price per square metre.

Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that had no observable active market, have now been assessed as Level 3. For assets valued under Level 3 Land and Land Improvements the unobservable input was deemed to be the rate per square metre applied to the asset.

Land under infrastructure and reserve land does not have a value for the purpose of the Flinders Shire Council's Financial Statements.

b) Buildings and Other Structures (other) and Recreation Facilities (Level 3)

A comprehensive independent revaluation was performed at 30 June 2015 by AssetVal, Registered Valuers. There is no current market for Council's buildings (other) and recreation facilities as these are held to provide essential services to the community. Accordingly the fair value of all building (other) and recreation facilities assets are measured at written down current replacement cost. The valuation of the buildings, structural improvements and site services includes those items which form part of the building services installation. The value was derived from reference to the costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Construction Handbook and AssetVal's internal market research and costings. At 30 June 2017 the Asset Revaluation Index: Engineering and Construction, Queensland was reviewed and the index recorded a movement of 3.42% since the last comprehensive valuation at 30 June 2015. This movement was not considered material, as such no adjustment was made to fair value.

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, 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. The estimates of useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (Level 3).

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

c) Residential Rental Property (Level 2)

Council obtained an independent valuation at 30 June 2015. The valuation was undertaken by AssetVal, Registered Valuers. At 30 June 2017 recent property sales did not indicate a significant change in market value of Residential Rental Properties, as such, no adjustment has been made to fair value.

Council's rental properties are all residential properties in areas with sales of comparable properties. Therefore they were valued using the sales comparison approach. Sales prices of comparable residential properties in close proximity are adjusted for key attributes such as property size (Level 2). The most significant input into this approach is price per square metre of land, price per square metre of house living areas and number of bedrooms.

Accumulated depreciation on Level 2 residential properties is determined using the same method as Level 3 Buildings and Other Structures by disaggregating assets into significant components exhibiting different useful lives, and taking into consideration asset life cycles, renewal treatments and asset condition.

d) Infrastructure Assets (Level 3)

All Council infrastructure assets were valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The written down current replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

(i) Road Network

The road network was comprehensively valued by Council engineers, at 30 June 2016. CRC was developed from plant and wages hourly rates, Council on-costs, Queensland Reconstruction Authority restoration submissions and construction works contracts.

At 30 June 2017 the Asset Revaluation Index: Engineering and Construction, Queensland was reviewed and the index recorded a movement of 1.18% since the last comprehensive valuation at 30 June 2016. This movement was not considered material, as such no adjustment was made to fair value. As part of Council's annual condition assessment process, the condition of a number of assets was revised resulting in a minor increment to fair value.

a. Current Replacement Cost

Council categorises its road infrastructure by five (5) road types:

- A) Rural Major Street
- B) Rural Minor Road
- C) Urban Access Street
- D) Urban Major Street
- E) Urban Minor Street

Council's road infrastructure assets include:

- 1) Roads (formation, pavement, surfacing)
- 2) Signage - type and location
- 3) Kerb and Channel and Medians - type and location
- 4) Culverts - type and location
- 5) Floodways
- 6) Footpaths
- 7) Other Road Furniture
- 8) Airport

Council has taken into consideration the terrain and environment in which each road is located. Flinders Shire Council has two classes of terrain, level (L) and rolling (R). Council also has two general types of soil, non-reactive and reactive. Each of the roads in Flinders Shire has been classified into four (4) classes:

- 1) LDR - Level, dry reactive soil;
- 2) LDNR - Level, dry non-reactive soil;
- 3) RoDR - Rolling, dry, reactive soil; and
- 4) RoDNR - Rolling, dry non-reactive soil.

Work breakdown cost structures (WBS) have been developed for replacement of each asset type based on their material type, terrain and environmental conditions. The unit rates used within each WBS have been developed using recent and relevant local data and construction work contracts from Council and independent sources.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

b. Accumulated Depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Useful lives are disclosed in Note 10.

Condition ratings were between 1 and 5 with 1 being excellent condition and 5 very poor condition. The higher the condition rating the lower the fair value.

(ii) Water and Sewer Network

A comprehensive revaluation was undertaken by Council engineers at 30 June 2015. CRC at 30 June 2017 was determined by Council engineers using the Asset Revaluation Index: Engineering and Construction, Queensland. The index recorded a movement of 3.42% since the last comprehensive valuation at 30 June 2015. This movement was not considered material, as such no adjustment was made to fair value.

a. Current Replacement Cost

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.

Council Engineer's cost models were derived from the following sources:

- schedule rates for construction of asset or similar asset;
- recent contract and tender data;

Factors taken into account in determining replacement cost included:

Development factors - The area in which development takes place (eg rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).

Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/trench cage which increases costs and slows production).

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Fair Value Measurements (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

b. Accumulated Depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were performed (ie for on the ground assets), provision was made to adjust remaining useful lives based on condition and performance.

Assets were allocated a condition assessment rating between 1 and 5 which was used to estimate remaining useful life. 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating the higher the fair values.

Where site inspections were not performed (ie for in the ground assets), provision was made to adjust remaining useful lives based on performance and planned maintenance records.

(iii) Stormwater Drainage

a. Current Replacement Cost

CRC was calculated based on expected replacement costs. In all cases assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life. Similar to roads, drainage assets are in segments with pits, pipes and channels being major components. A full revaluation will be conducted at 30 June 2018. Existing stormwater assets have not been subject to revaluation since being constructed in 2012. CRC at 30 June 2017 was determined by Council engineers using the Asset Revaluation Index: Engineering and Construction, Queensland. The index recorded a movement of 4.58% since these assets were constructed in 2012. This movement was not considered material, as such no adjustment was made to fair value.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across stormwater assets. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to sewerage.

b. Accumulated Depreciation

In determining the level of accumulated depreciation stormwater drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

(3) Valuation Process

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Finance Manager and Director of Engineering. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 10. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 12. Trade and Other Payables

	Notes	2017 \$'000	2016 \$'000
Current			
Creditors and Accruals		653	2,161
Annual Leave		922	895
Goods Received not yet invoiced		145	88
ATO - Net GST Payable		355	130
Security Bonds, Deposits and Retentions		-	1
Payments Received in Advance		27	3
Other Employee Entitlements		201	155
Other		373	2
TOTAL CURRENT TRADE AND OTHER PAYABLES		2,676	3,435

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Although Annual Leave has all been reflected as current, the portion expected to be taken in the next twelve months is \$562,782.

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

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2017 Trade and Other Payables	798	-	-	798	798
2016 Trade and Other Payables	2,249	-	-	2,249	2,249

Wages and Salaries

A liability for wages and salaries is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense.

Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Borrowings

	Notes	2017 \$'000	2016 \$'000
--	-------	----------------	----------------

Current

Loans - Queensland Treasury Corporation		267	207
TOTAL CURRENT BORROWINGS		267	207

Non-current

Loans - Queensland Treasury Corporation		2,184	1,848
TOTAL NON-CURRENT BORROWINGS		2,184	1,848

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

All borrowing costs are expensed in the period in which they are incurred.

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year		2,055	1,615
Loans Raised		600	600
Principal Repayments		(204)	(160)
Book value at end of financial year		2,451	2,055

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2017 Loans - QTC	341	1,368	1,093	2,802	2,451
2016 Loans - QTC	273	1,092	1,022	2,387	2,055

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

Based on the carrying values at the end of the reporting period, and assuming interest rates would be held constant over the period, a reasonably possible change in interest rates (assumed to be 1%) would not have a material impact on profit or equity.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Borrowings (continued)

Loan Disclosures

The fair value of borrowings with QTC is based on the market value of debt outstanding. The QTC loan market value at the reporting date was \$2,492,169.

This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2024 to 15 June 2027.

There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

Note 14. Provisions

	Notes	2017 \$'000	2016 \$'000
--	-------	----------------	----------------

Current

Long Service Leave		64	132
Refuse Restoration		3	3
TOTAL CURRENT PROVISIONS		67	135

Non-current

Long Service Leave		845	826
Refuse Restoration		50	50
TOTAL NON-CURRENT PROVISIONS		895	876

Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/16 \$'000	Additional Provision \$'000	Decrease due to Payments \$'000	Remeasure- ment due to Discounting \$'000	Unused Amounts Reversed \$'000	Closing Balance as at 30/06/17 \$'000
Long Service Leave	958	184	(44)	(145)	(44)	909
Refuse Restoration	53	-	-	-	-	53
TOTAL	1,011	184	(44)	(145)	(44)	962

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Provisions (continued)

Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using the current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to the present value. The interest rates attaching to the Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

Where employees have met the prerequisite length of service, and intend to retire or take leave during the following 12 month period, long service leave is classified as a current liability. Otherwise it is classified as non-current.

Note 15. Asset Revaluation Surplus

	2017	2016
Notes	\$'000	\$'000

Asset Revaluation Surplus analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land and Land Improvements	3,034	3,034
Buildings and Other Structures	16,461	16,461
Road Network	57,847	56,690
Water Network	2,688	2,688
Sewer Network	1,269	1,269
Balance at end of financial year	81,299	80,142

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Commitments for Expenditure

	Notes	2017 \$'000	2016 \$'000
Contractual Commitments			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Civica Managed Network Services		146	114
Civica Licencing and Support		60	17
Other Commitments		70	109
Contract and Recoverable Works		883	818
Road Construction		75	46
Purchase of Housing		-	142
Building Construction		159	-
TOTAL CONTRACTUAL COMMITMENTS		1,393	1,246

Note 17. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$216,995.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution Scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Superannuation (continued)

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009*, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Flinders Shire Council made less than 4% of the total contributions to the plan in the 2016-17 financial year.

The next actuarial investigation will be made as at 1 July 2018.

	Notes	2017 \$'000	2016 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	772	708

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Trust Funds

	Notes	2017 \$'000	2016 \$'000
Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		80	73
Security Deposits		1	1
Total Trust Funds		81	74

Funds held in the trust account on behalf of outside parties include those funds for prepaid funeral deposits, security deposits lodged to guarantee performance, housing bonds, key deposits and monies from Community Groups that no longer operate to be spent on specific projects. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only.

Note 20. Reconciliation of Net Operating Result for the Year

	Notes	2017 \$'000	2016 \$'000
Net operating result from Income Statement		11,782	1,208
Non-cash items:			
Depreciation		4,699	4,593
Unwinding of Discount Rates on Reinstatement Provisions		(145)	75
Net Losses/(Gains) on Disposal of Assets		31	44
Non Operating Cash Flows			
Loss on Write-Off of Assets		26	-
Capital Grants and Contributions		(5,060)	(5,287)
Equity Adjustment		(89)	-
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		(2,293)	571
(Increase)/Decrease in Inventories		(7)	(22)
Increase/(Decrease) in Payables and Accruals		(1,533)	1,133
Increase/(Decrease) in Other Liabilities		749	94
Increase/(Decrease) in Employee Leave Entitlements		(49)	112
Increase/(Decrease) in Other Provisions		145	(75)
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows		8,256	2,446

Flinders Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 21. Events Occurring After the Reporting Period

Council is unaware of any material or significant "non adjusting events" after the reporting period that should be disclosed.

Note 22. Financial Instruments

Council has exposure to interest rate risk, credit risk (refer to Notes 8 and 9), and liquidity risk that should be disclosed.

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial Risk Management

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

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

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

Council does not enter into derivatives.

Liquidity Risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 13.

The tables presented in Note 12 and Note 13 set out the liquidity risk in relation to financial liabilities held by the Council. They represent the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Financial Instruments (continued)

Financial Assets and Financial Liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Flinders Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial Assets

- Cash and cash equivalents (Note 8); and
- Receivables - measured at amortised cost (Note 9).

Financial Liabilities

- Payables - measured at amortised cost (Note 12); and
- Borrowings - measured at amortised cost (Note 13).

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

Market Risk

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

Interest Rate Risk

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

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

Based on the carrying values at the end of the reporting period, and assuming interest rates would be held constant over the period, a reasonably possible change in interest rates (assumed to be 1%) would not have a material impact to profit or equity.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Transactions with Related Parties

(a) Related Parties

Transactions with Related Parties

		Amount of transactions during year	Outstanding Balance (incl. Commitments)	Terms and Conditions	Provisions for Doubtful Debts on Outstanding	Doubtful Debts Expense Recognised
	Details	\$'000	\$'000		\$'000	\$'000
2017						
Purchases	a	156	44	Normal Terms	-	-
Receivables	b	27	-	Normal Terms	-	-
Total Transactions		183	44		-	-

a Purchases of materials and services from entities controlled by key management personnel.

b Receivables from key management personnel and entities controlled by key management personnel.

The Flinders River Roping Association Inc. were successful in obtaining a Community Small Grant during the year for \$9,500 for the upgrade of the community area. The FRRA Inc and proposed works are located at 3 Hann Highway, Hughenden. That property is owned by Councillor Kim Middleton and his wife Jacqueline.

Council sought advice on this arrangement and as a result the FRAA were required to enter into a three year lease with the owners JR and KI Middleton with a specific clause stating *"In the event that the Flinders River Roping Association ceases operation, any equipment and assets acquired by them during their enterprise is to be disposed of by public auction"*.

(b) Key Management Personnel (KMP)

Transactions with Key Management Personnel

Key management personnel include the Mayor, Councillors, Chief Executive Officer and Director of Engineering.

The compensation paid to Key Management Personnel comprises:

	2017 \$'000
Short-Term Employee Benefits	764
Long-Term Benefits	29
Total Compensation Paid to KMP's	793

Detailed remuneration schedules are included in the annual report.

(c) Outstanding Balances

There were no outstanding receivables from KMP's or related parties at 30 June 2017.

Flinders Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Transactions with Related Parties (continued)

(d) Loans and Gurarantees to/from Related Parties

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

(e) Transactions with Related Parties that have not been disclosed

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

Some examples include:

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

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

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

Flinders Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Management Certificate for the year ended 30 June 2017

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

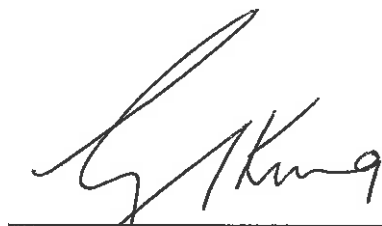
- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 36, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Cr Jane McNamara

MAYOR

Date: 10/10/2017



Graham King

CHIEF EXECUTIVE OFFICER

Date: 10/10/2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Flinders Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Flinders Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, 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 2017, 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 of Queensland 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 of Queensland 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 the information included in Flinders Shire Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current-year financial sustainability statement and long-term financial sustainability statement.

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 council for the financial report

The council is 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 council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The council is 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.

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 2017:

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




C G STRICKLAND CA
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

Flinders Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2017

	Actual 2017	Target 2017
--	----------------	----------------

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	23.24%	0 - 10%
Total Operating Revenue (excluding capital items)		

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

2. Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Assets (renewals)</u>	143.97%	more than 90%
Depreciation Expense		

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

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	-78.98%	less than 60%
Total Operating Revenue (excluding capital items)		

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

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

Flinders Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2017

Certificate of Accuracy for the year ended 30 June 2017

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

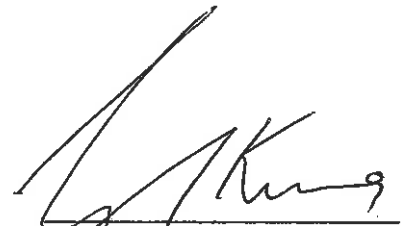
In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



Cr Jane McNamara

MAYOR

Date: 10/10/2017



Graham King

CHIEF EXECUTIVE OFFICER

Date: 10/10/2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Flinders Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Flinders Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Flinders Shire Council for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Flinders Shire Council's annual report for the year ended 30 June 2017, but does not include the current-year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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 council for the current-year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines 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.




C G Strickland CA
as Delegate of the Auditor-General

Queensland Audit Office
Brisbane

Flinders Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2017

	Target 2017	Actual 2017	2018	2019	2020	2021	Forecast					
							2022	2023	2024	2025	2026	2027

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	23.24%	0.20%	0.70%	0.70%	1.40%	0.90%	6.40%	7.40%	8.40%	8.40%	10.80%
Total Operating Revenue (excluding capital items)												

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	> 90%	143.97%	126.80%	93.70%	71.40%	72.70%	65.30%	74.10%	69.80%	71.40%	60.40%	63.80%
Depreciation Expense												

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

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	< 60%	-78.98%	-61.80%	-70.10%	-72.10%	-77.20%	-82.90%	-91.00%	-101.10%	-111.60%	-124.40%	-136.50%
Total Operating Revenue (excluding capital items)												

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

Flinders Shire Council Financial Management Strategy

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

Flinders Shire Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2017

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

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



Cr Jane McNamara

MAYOR

Date: 10/10/2017



Graham King

CHIEF EXECUTIVE OFFICER

Date: 10/10/2017