

# Flinders Shire Council Annual Report



## 2014-2015

Adopted – 10<sup>th</sup> December 2015  
Resolution Number 565

## **CONTENTS**

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER.....	3
YOUR ELECTED COUNCILLORS.....	5
OUR SHIRE .....	6
OUR GOVERNANCE .....	7
OUR ECONOMY.....	8
OUR ENVIRONMENT.....	9
OUR INFRASTRUCTURE .....	10
OUR RESOURCES .....	11
OUR COMMUNITY .....	12
ORGANISATIONAL REPORTING REQUIREMENTS.....	13
BENEFICIAL ENTERPRISES .....	13
SIGNIFICANT BUSINESS ACTIVITIES.....	13
REMUNERATION PACKAGES – SENIOR EXECUTIVE STAFF .....	13
GENERAL PURPOSE FINANCIAL STATEMENTS.....	13
COMMUNITY FINANCIAL REPORT .....	13
PARTICULAR RESOLUTIONS .....	20
COUNCILLOR REMUNERATION 2014-2015 .....	20
COMPLAINTS ABOUT COUNCILLORS.....	21
ADMINISTRATIVE ACTION COMPLAINTS.....	21
OVERSEAS TRAVEL.....	21
EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS.....	22
COUNCILLORS' DISCRETIONARY FUND.....	23
DETAILS OF SPECIAL RATES AND CHARGES.....	23
SUMMARY OF RATES REBATES AND CONCESSIONS .....	23
COUNCIL REGISTERS.....	23
CONTRACTS .....	23
COMPETITIVE NEUTRALITY.....	24
INTERNAL AUDIT .....	24
APPENDIX 1 – PARTICULAR RESOLUTIONS .....	26
APPENDIX 2 – COUNCILLOR REIMBURSEMENT OF EXPENSES AND PROVISION OF FACILITIES POLICY ....	27
APPENDIX 3 – FINANCIAL STATEMENTS.....	33

## **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 2014/15 Annual Report.

Council's focus over the past two years has been to drive economic development in the Shire. Council has been focused on:

- Promoting Hughenden as the preferred site for a meat processing facility in the Region;
- Promoting the Shire as a centre for intensive agriculture and in particular positioning Council's '15 Mile' property as a site for cropping or horticulture by interested investor/developer.
- Securing funding from the State and Commonwealth Governments to the sealing of the Hann Highway and the Torrens Creek to Aramac Road.

In addition, Council is strongly supportive of the Shire being a major renewable energy centre and providing increased electricity generation in the Region.

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

### **Highlights for the Year**

- Promoting improved pest management throughout the Shire including additional resources for dog trapping; finalising the Good Neighbour Program, including an extensive case management study in the control of prickly acacia by the Department of Agriculture and Fisheries; and allocating additional funding for weed control on Council's reserves and road.
- Developing the Shire's new town plan for the next 10 years. The draft plan has been approved by Council to be submitted to the State Government for state interest review after which it is planned to go to community consultation in May 2016 and formally adopted by July 2016.
- Undertaking the design of the proposed Hughenden Recreational Lake to get the project to 'shovel ready' status in order to attract Commonwealth and State Government financial grants.
- Provision of a second sports field at the Hughenden Showground complex. This will allow both horse sports and field sports to both grow as well as promote the Shire's sporting reputation in the wider Region.
- Development of a lawn cemetery and the Hughenden Cemetery as well as implement improvement to roads, paths, irrigation and tree planting in the existing memorial cemetery.
- Continued installation of the rural addressing posts throughout the rural areas of the Shire in accordance with the Australian and New Zealand Standard for Rural Addressing. Once completed all relevant authorities will be contacted and supplied with a schedule of properties and the new rural addresses.

### **Financial Performance**

Included in the Annual Report is a compressive outline of Council's financial statements for the 2014/15 financial year. Council finished the 2014/15 financial year for an operating surplus of \$1.407 million. Council's operational expenditure, covering wage and salaries, purchases, finance costs and depreciation, totalled to \$24.161 million with total operating income totalling to \$25.568 million.

The Financial Statements show that Council has total assets of some \$225.869 million, of which \$221.144 is community infrastructure. Council's total liabilities are recorded at \$4.725 million.



Council has continued to lobby for increased State and Commonwealth grant funding throughout the year, particularly road works funding. Total grants received in 2014/15 were some \$12.5 million.

Given the continued drought conditions and the impact this has on our whole community, Council increases in revenue from rates, levies and charges has been kept to a bare minimum, being some 2.45 per cent increase over 2013/14.

Having said that, Council has been mindful to continue to progress important projects and programs throughout the year over a wide range of community services, in particular has ensured that it budget for planning and development for such projects as the Hughenden Meat Processing opportunity and the Hughenden Recreational Lake has continued.

In closing thanks goes to the dedicated staff of Council and all the volunteers for their continued support in delivering works and services to the Flinders Shire Council community.

**Cr Greg Jones**  
Mayor

**Mr Graham King**  
Chief Executive Officer



## YOUR ELECTED COUNCILLORS

	<p>Cr Greg Jones Mayor</p> <p>Contact: 0427 411 154 <a href="mailto:mayor@flinders.qld.gov.au">mayor@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Residential Facilities</li> <li>• Workshop – Plant and Equipment</li> </ul>
	<p>Cr Ninian Stewart-Moore Deputy Mayor</p> <p>Contact: 0414 311 516 <a href="mailto:deputymayor@flinders.qld.gov.au">deputymayor@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Local and Regional Economic Development and Planning</li> <li>• Rural Roads and Town Streets – North and South West Sector</li> <li>• Rural Lands - Wild Dogs, Pests, Permits to Occupy and Leases</li> <li>• Saleyards</li> </ul>
	<p>Cr Sean O'Neill</p> <p>Contact: 0400 174 546 <a href="mailto:Cr.O'Neill@flinders.qld.gov.au">Cr.O'Neill@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Tourism and Area Promotion</li> <li>• Sport, Recreation and Parks</li> <li>• Utilities – Water, Sewerage and Refuse</li> <li>• Cemeteries / Undertaker</li> </ul>
	<p>Cr Jane Charuba</p> <p>Contact: 0488 059 907 <a href="mailto:Cr.Charuba@flinders.qld.gov.au">Cr.Charuba@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Sport, Recreation and Parks</li> <li>• Community Care and Aged Care</li> </ul>
	<p>Cr Arthur Bode</p> <p>Contact: 0428 719 579 <a href="mailto:Cr.Bode@flinders.qld.gov.au">Cr.Bode@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Workshop – Plant and Equipment</li> <li>• Rural Roads and Town Streets – North East and South East</li> </ul>
	<p>Cr Barbara Geisler</p> <p>Contact: 0427 411 648 <a href="mailto:Cr.Geisler@flinders.qld.gov.au">Cr.Geisler@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Tourism and Area Promotion</li> <li>• Arts and Culture</li> <li>• Community Care and Aged Care</li> </ul>
	<p>Cr Shane McCarthy</p> <p>Contact: 0427 411 564 <a href="mailto:Cr.McCarthy@flinders.qld.gov.au">Cr.McCarthy@flinders.qld.gov.au</a></p>	<p><b>PORTFOLIOS</b></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Finance</li> <li>• Residential Facilities</li> <li>• Rural Roads and Town Streets - South</li> <li>• Rural Lands – Wild Dogs, Pests, Permits to Occupy and Leases</li> <li>• Small Towns - Stamford</li> <li>• Saleyards</li> </ul>

## OUR SHIRE

Flinders Shire is situated approximately half way between the cities of Townsville and Mount Isa and is named after Queensland's longest river – the Flinders River. The Flinders Shire is divided by the Flinders Highway – now known as the popular tourist drive 'Overlander's Way'. The Flinders Highway runs east and west through the Kennedy Developmental Road – which runs north and south through the Flinders Shire. Encompassing the townships of Hughenden, Prairie, Torrens Creek and Stamford, Flinders Shire has become a major hub for transport and travellers alike.

The Flinders Shire has a population of 1,828 residents. Its main industries are cattle and sheep grazing, and tourism. The Shire has three prominent geological features. Porcupine Gorge in the north, Flinders River which winds from the White Mountains which is in the north-east through to the west of the Shire. The Shire was also part of a Great Inland Sea and the centre of "Dinosaur Country", home to many fossils including the great Muttaborrasaurus and the Queensland Pterosaur.

The Shire has four different bio-regions with ever-changing ecosystems including the Desert Uplands, Einasleigh Uplands, Mitchell Grass Downs and a small portion of Gulf Plains.

Major events held in the Flinders Shire include the Annual Hughenden Agricultural Show, Hughenden Country Music Festival, Hughenden Camp draft, Porcupine Gorge Challenge, Hughenden Races, Rugby 7s Carnival as well as country race meetings held annually at Stamford, Prairie and Kooroorinya Falls Nature Reserve.

The Shire welcomes over 18,000 visitors per year through the accredited Visitor Information Centre, The Flinders Discovery Centre.

Land Area	41,422km <sup>2</sup>
Annual Rainfall	285mm
Population	1828
Metres above sea level	324m
Rateable Valuation	\$246,790,150
Net Rate Revenue	\$ 3,518,000
Gross Actual Revenue	\$ 30,751,000
Gross Actual Expenditure	\$ 24,325,000

### State Controlled Roads:

Sealed	541.63km
Gravelled	96.49km
Formed	123.18km
<b>Total</b>	<b>761.30km</b>

### Shire Controlled Roads:

Sealed – Rural	84.60km
Sealed – Urban	35.49km
Gravelled – Urban	11.76km
Gravelled – Rural	285.0km
Formed	1575.15km
<b>Total</b>	<b>1992.0km</b>





## OUR GOVERNANCE

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

### Risk Management

Council Risk Registers are dissected into 2 parts – Corporate and Operational.



Corporate Risk Registers report on the big picture and significant risks. These types of risks identified as relating to the organisations key objectives (Corporate Plan Objectives or Strategies). They are also the type of risks which the Councillors/CEO and Executive Managers are accountable for and require a much higher level of decision making as they have a more of an impact/effect on the whole of Council and the Community.

Operational Risk Register reports on the many variations, larger number of risks and with greater amount of detail about each risk. By filtering and reporting risks at this level, allows risks to be allocated a risk owner and responsible person to monitor and manage the risk. The team that is best able to monitor a particular risk can report on changes that affect the possible likelihood and consequences of that risk within their area.

Workshops with the Regional Risk Coordinator (JLT) have

enabled staff to be able to work together on identifying potential risks and the skills to be able to treat such risks.

### Customer Request Management

The Customer Request Management System went under review in the later part of the year. Statistical Reporting has been reintroduced to Council.

During the year, 265 calls were logged for Request for Services.

### Information Technology

As the potential and complexity of technology increases, Civica has been able to provide Council with processes to sustain service levels with improved and greater convenience.



A managed service partnership has continued with Civica and they have delivered a managed and cloud based service to reduce ongoing cost.

### Staff Training

A Training Needs Analysis was completed during the year. This was available to all employees for the Flinders Shire Council. Training needs have been identified and training has commenced for many employees.

This will be continually monitored and reviewed to ensure training opportunities are made available to all staff.

### Policy Updates and Reviews

Policies and Procedures are designed to influence and determine all major decisions, actions and activities that take place within the boundaries set by them. Procedures are specific methods to express policies in day to day operations of the Flinders Shire Council. Together, policies and procedures ensure that a point of view held by this organisation is translated into steps that result in an outcome compatible with that view.

With the implementation of a Policy Register, Council Officers have been able to quickly identify policies that are ready for renewal. Policies are identified as being – Statutory, Strategic or Administrative.

### Workplace Health and Safety

WHS Policies and Procedures have been reviewed in line with Legislation changes and these policies and procedures have been implemented throughout Council.

There is ongoing Workplace Health and Safety Training conducted throughout the year, including regular First Aid, Traffic Control, Safety from Heights, Confined Spaces and Fire Extinguisher Training.



## 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.**

### Planning Scheme

Council's existing town plan was adopted in 2005. The Sustainable Planning Act 2009 requires that local governments review their schemes every 10 years, and that the Scheme reflects the Queensland Planning Provisions (the QPP) when the review is due.

Council is actively pursuing opportunities to bring business and development into the shire. From the stakeholders consultation it is very clear that Flinders Shire has a proud and proactive community, keen to develop and promote the Shire.

### Beef Processing Opportunity

Flinders Shire Council has taken the first steps to secure the region's place as a reliable, innovative supplier of quality Australian beef to growing markets in Asia, Middle East and other parts of the world.



A Scoping Study and a Pre Feasibility Study presents the main findings for a beef processing plant at Hughenden.

It will assist investors and their advisors to appreciate Flinders Shire's special place in

Queensland's beef production industry and to outline the next steps to develop this venture further.

### Tourism

Mayor events held in the Flinders Shire include the Annual Hughenden Agricultural Show, Hughenden Country Music Festival, Hughenden Camp draft, Rugby 7's Competition, Porcupine George Challenge, Mt Walker Fun Run and Country Race Mets.

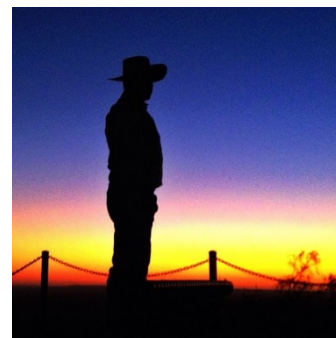
The Shire welcomes over 18,000 visitors per year through an accredited Visitor Information Centre.

FLINDERS DISCOVERY CENTRE	
Visitor Numbers	
2013/2014	17399
2014/2015	18183
Volunteer Numbers	
2013/2014	33
2014/2015	24
Facebook Likes	
2015	381
Wifi Users	
May 2015 to 15 October 2015	444
Porcupine Gorge Challenge	
2013	114
2014	126
2015	174
Mount Walker Fun Run	
2013	53
2014	58
2015	47

### Queensland Instameet

The Flinders Discovery Centre team joined with the rest of Queensland for the world record Instameet attempt.

Great photos were taken from Jardine Valley Lookout as the sun rose over Mt Walker, these amazing photos were shared all over Queensland and the World..



### Porcupine Gorge Challenge

Porcupine Gorge Challenge participants take in breathtaking sights and glorious weather whilst they navigate their way through creeks, boulders and bush, before making the marathon climb to the top of the Gorge.



This unique run combines all the virtues of being outdoors with the exhilaration of putting the body and mind to the test. Children as young as two take part alongside adults up to 70 years of age.



## OUR ENVIRONMENT

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

### Energy Efficiency

Flinders Shire Council commissioned Tropical Energy Solutions (TES) to conduct Energy Audits (Level 2 as per Australian Standard 3598:2000) at 20 sites for which metered Ergon Energy electricity accounts are operated.

Many cost savings opportunities were identified, including:

- Tariff optimisation for four accounts (total savings >\$31,500)
- Energy efficiency upgrades on a site-by-site basis (estimated savings >\$35,000)
- Installation of Photovoltaic (PV) solar systems (total savings >\$ 26,000)

Recommendations for cost savings include many initiatives at nil cost such as switching off unused hot water systems.

Low to medium cost initiatives - installing timers and upgrading light fittings were suggested for all applicable sites. Replacing inefficient hot water systems and other higher cost initiatives were proposed for selected sites.

Most recommendations have a payback period of zero to four years.

Further recommendations were provided for continuous energy management strategies. These include staff training programs and inductions that incorporate energy efficiency and an Energy Management Policy.

### Pest Management

The Flinders Shire has 41,422 sq. kms of land and has recognised over thirty pest animals and plants to be of concern within its boundaries.

Council has been successful in acquiring resources through funding bodies such as Desert Channels Queensland, Desert Uplands and Southern Gulf Catchments in eradication and control programs. Projects such as these have been a great catalyst towards addressing the pest problem within the Shire.



Pest Animals can drive landholders from their livelihood without a level of coordinated control programs. Council has put in place a Wild Dog Levy payable with its Rates Notices to assist in the Control of Wild Dogs in the Shire.



Flinders Shire Council has developed a Pest Management Plan for our Shire in consultation with State Government agencies and other stakeholders.

### Water and Sewerage Customer service Standards



Flinders Shire Council is a registered service provider (SP54) of water supply and sewerage services under the [State] Water Supply (Safety and Reliability) Act 2008.

One of the requirements of the Act is for service providers to establish and promote customer service standards.

Council has issued the Water Supply and Sewerage Services Customer Service Standards to meet the requirements of the Water Supply (Safety and Reliability) Act 2008 and to act as a stimulus to improve services through a focus on customer expectations.

The Customer Service Standard (CSS) ensures you, as customers, are aware of Council's obligations and standards relating to the services we provide and your rights as a customer.

The Customer Service Standards contain performance targets that are used to measure our service and encourage continual improvements.



## OUR INFRASTRUCTURE

**We will aim to continuously improve products, services and process through sustainable management of Council's core assets**

### Utilising the Hann Highway

The Hann Highway has long been identified as an alternative route to the Bruce Highway. This route provides a shorter, more direct link between North Queensland and Sydney, Melbourne, Adelaide as well as Brisbane, for the movement of freight, cattle, agricultural products and Tourism.

The total length of the proposed inland route via Hann Highway from Cairns to Melbourne is 3008km which is 595km shorter than via the Bruce Highway. Of the 3008km, only 150km is unsealed, this is only 5% of the total length of the total route.

In the wet season the unsealed section is accessible by 4WD only, whereas in the dry season, bull dust causes safety issues.

Even though this is the shortest route connecting North to South, the unsealed section on the Hann Highway and Torrens Creek Aramac Road is discouraging travellers and transport operators from using the route.



Sealing the remaining 150km section will not only encourage travellers and transport companies, but also provide safer and all-year access to existing road users and economic benefits for local communities.



Sealing of the last remaining section of the Hann Highway will provide year-round access to southern markets for North Queensland's agricultural produce, improves supply chains and provides significant freight efficiencies for producers, as well as assist in the development of new industries into the future. Sealing of the Hann Highway is also critical to the development and sustainability of the Northern beef industry.

For the successful completion of this project the estimated total funding required is \$85M, which includes \$18M for the sealing of remaining 34km of unsealed section on Torrens Creek Aramac Road. On a 3-year program, with local Councils delivering the project, estimated total funding required is approximately \$85M.



### Drinking Water Quality Management Plan

The Drinking Water Quality Management Plan was approved in May 2014.

This plan is about the storage, treatment, transmission or reticulation of water for drinking by a provider.

Four sub artesian bores supply water to the township of Hughenden, whilst further bores are located at Torrens Creek, Prairie and Stamford to supply those townships with water.

The first review of the DWQMP was conducted in May 2015.

### Royalties for the Region Footpath Program

This project involves the construction of a 2 metre wide footpath from Saleyards Road to Gray Street including the provision of a foot bridge across Swanson Creek. The footbridge and the footpath between Swanson Creek and Saleyards Road are jointly funded by Royalties for Regions and Flinders Shire Council. To date approximately 75% of the project has been completed.





## OUR RESOURCES

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

### Flinders River Ag Precinct (FRAP)

The vision of the FRAP group is about diversified agriculture and sustainable utilisation of the water resource available in the Flinders River to improve on the existing economic sustainability of the region.



FRAP was originally formed in 2008 as a lobby group to represent the producers of the Flinders Valley. The group was strongly supported by three of the associated Local Government councils (Flinders, McKinlay and Richmond) as well as MITEZ.

FRAP was instrumental in providing key information to governments about the potential for economic growth through diversification into irrigated agriculture.



North Queensland's Flinders catchment, comprising an area of approximately, 109,000km<sup>2</sup>, drains into the southern Gulf of Carpentaria. Its population of approximately 6000 people is engaged mainly in pastoralism, but tourism, mining and commercial fishing make important contributions to the economy.



Dryland and irrigated cropping currently occupy less than 0.02% of the landscape. In the Flinders catchment, farm dams could support 10,000 to 20,000 ha of irrigation in 70% to 80% of years.

The Flinders River Ag Precinct (FRAP) is about diversified agriculture and sustainable utilisation of the water resource available in the Flinders River to improve on the existing economic sustainability of the region.



The Flinders and Gilbert Agricultural Resource Assessment Report by CSIRO has now been completed for the Australian Government, an investigation of opportunities for water and agricultural development in the Flinders and Gilbert catchments of North Queensland.

The Report identified that each catchment offers the possibility of irrigation developments approaching (Flinders) or exceeding (Gilbert) - the scale of the current Ord River Irrigation Area.



FRAP is currently working towards the next water allocation tender for the Flinders River – 239,650ml to be released in August 2015.





## Development of a Recreational Lake

[illegible]

A probability of approximately 90% (i.e. thirty-seven days with the water level less than 2m) can

The proposed size, style and design of the Lake is conducive to safe water skiing with a minimum channel width of 40m. The Lake would have the capability of accommodating a slalom water ski run that would comply with the national standard as well as a rowing area. The Lake design will take account of the existing contours in the area and will include substantial excavation. The project will be undertaken and supervised by Council staff, and is subject to funding. (Approx. \$7.5 Million Project)

Exercise Blind Freddy was a Disaster Management exercise that occurred on the 16<sup>th</sup> December 2014.



The exercise was conducted and facilitated by Queensland Fire

and Emergency Services (QFES) staff for the Hughenden Emergency Services and Flinders Shire LDMG. Participants in Exercise Blind Freddy included: Local Government, Flinders Shire Council, Flinders LDMG members, QAS (Hughenden), QPS (Hughenden), QFES RFSQ (Hughenden members) and SES (Hughenden members)



Visitor Numbers	
2013/2014	31 275
2014/2015	28 729
Volunteer Numbers	
2013/2014	12
2014/2015	12
Facebook Likes	
2015	172
E-Resources	
eAudio loaned	162
eBooks loaned	59
Electronic service d/load	57
Library Membership	
2013/2014	1030
2014/2015	1125
Library Loans	
2013/2014	6919
2014/2015	5683

## ORGANISATIONAL REPORTING REQUIREMENTS

### 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 2014-2015.

### 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 2014-2015. Due to no significant business activities the competitive neutrality principle is not applicable for 2014-2015.

### REMUNERATION PACKAGES – SENIOR EXECUTIVE STAFF

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	4
\$200,000 to \$299,999	0

### GENERAL PURPOSE FINANCIAL STATEMENTS

See Appendix 3

### COMMUNITY FINANCIAL REPORT

#### For the period 1 July 2014 to 30 June 2015

The community financial report is designed to give interested parties a better understanding of the financial performance and financial position of Council.

This report focuses on:

- The Statement of Comprehensive Income
- The Statement of Financial Position
- The Statement of Changes in Equity
- The Statement of Cash Flows
- The Key Financial Ratios

#### The Statement of Comprehensive Income

The Statement of Comprehensive Income is often referred to as the P & L (profit and loss statement) and shows how Council has performed throughout the period. This statement conveys what Council has earned (revenue) and what Council has spent (expenses) throughout the year. The net result of these two figures represents the money that is available for Council to renew, upgrade or build new community assets.

## 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.

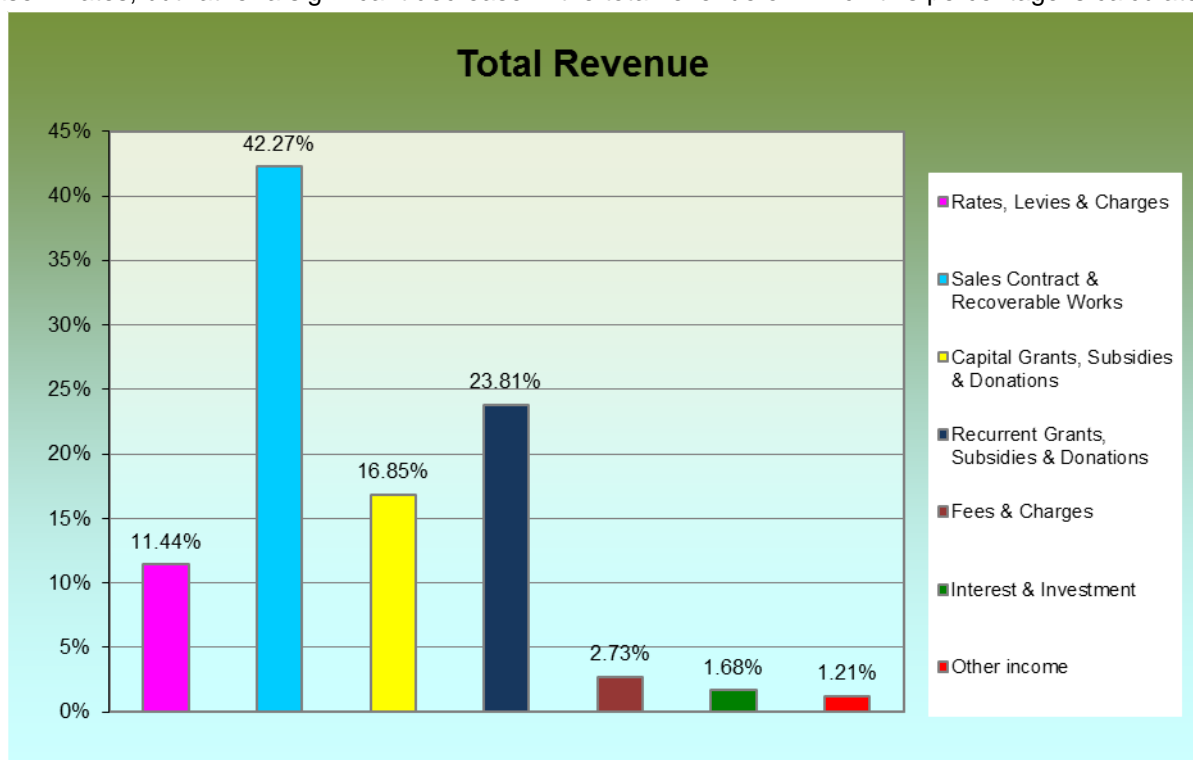
Council's capital revenue is sourced for the purpose of constructing and/or reconstructing Council's assets now and into the future. Capital revenue consists of grants, subsidies and donations, as well as gains/losses on disposal of assets.

Total revenue has decreased significantly by \$14.1M. The decrease was mainly related to sales contract and recoverable works and capital grants revenue compared to the previous year. The main source of income for the year was sales contract and recoverable works revenue comprising 42.27% of Council's total revenue.

It is important to note that sales 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 again reduced by \$2.04M compared to the previous financial year as the contract and restoration works have been completed. In 2013-2014 these works reduced quite significantly by \$7.92M compared to 2012-2013. Council is heavily reliant on both sales contract and recoverable works and grant revenue.

Capital revenue decreased by \$15.2M during the year. \$2.08M of Council's total capital revenue related to flood damage works of Council owned assets.

Council's ability to raise income from rates, levies and charges is limited by the population. The income generated from this source is 11.44% of total revenue. This percentage increase to the previous year does not entirely represent an increase in rates, but rather a significant decrease in the total revenue on which this percentage is calculated.



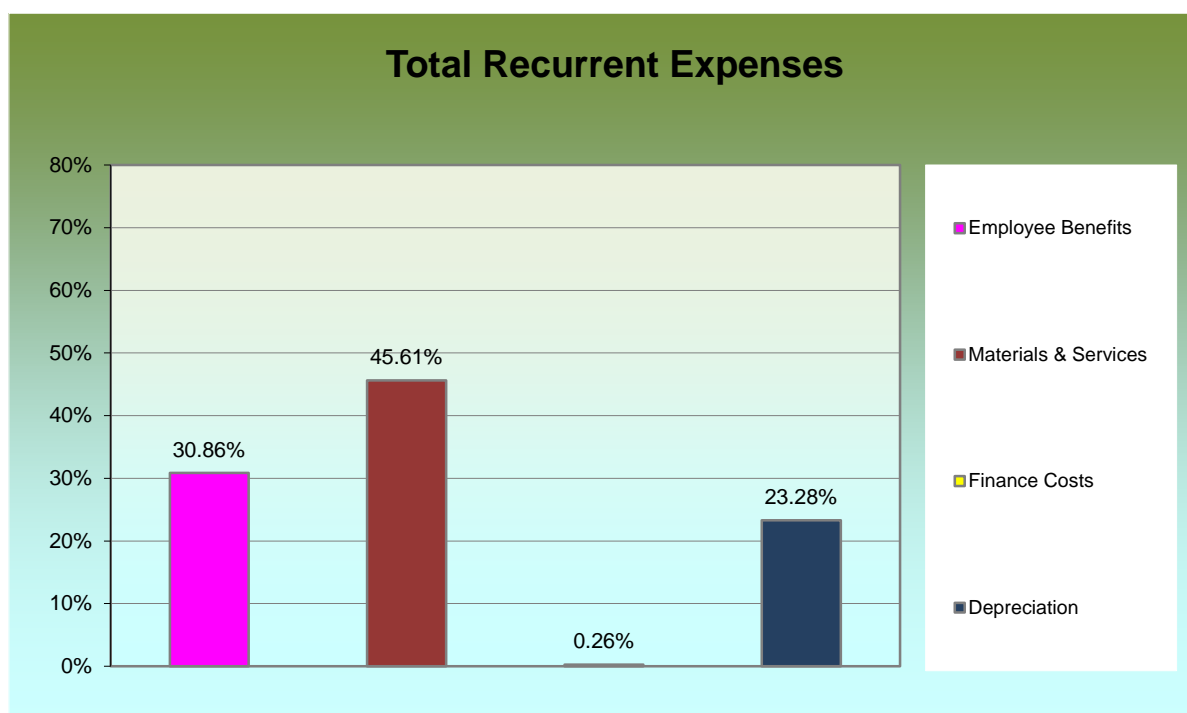


### Expenses:

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 decreased by \$1.38M compared to the previous year. This was not surprising given the decrease in contract works and restoration works on road assets. The graph shows materials and services made up the largest type of expenditure at 45.61% of total expenditure, followed by employee benefits at 30.86%.

Depreciation increased by \$387 thousand. This increase was largely the result of the removal of residual values from infrastructure assets, and recognising depreciation expenditure on new assets such as the Sewerage Treatment Plant and North Hughenden Sewerage.



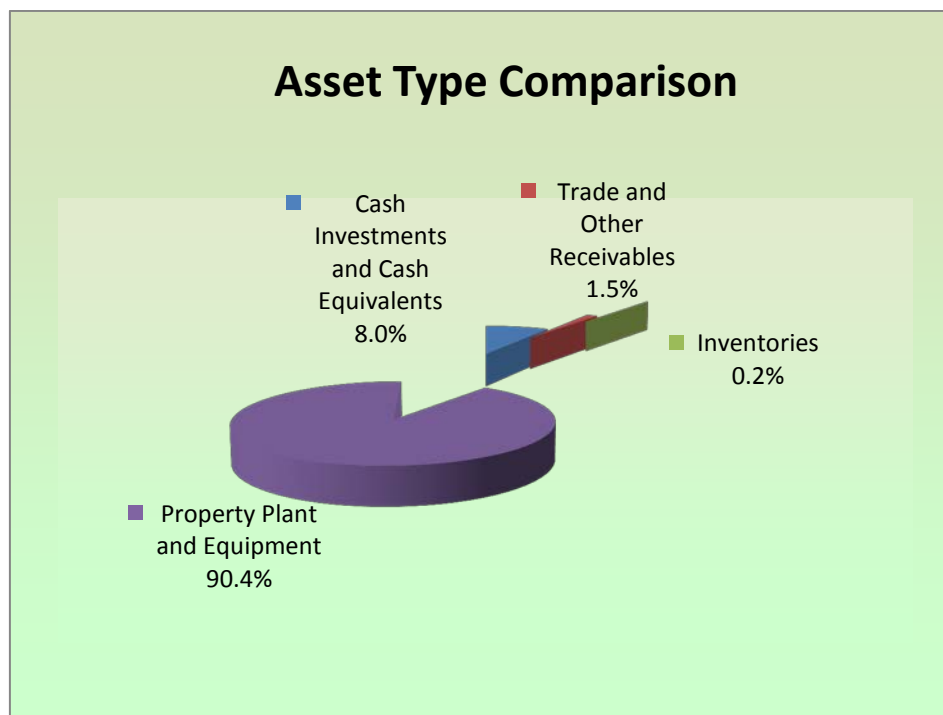
### The Statement of Financial Position:

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:

Council's current assets increased by \$1.78M. Property plant and equipment increased by only \$599 thousand, trade and other receivables decreased by \$4.33M. This was a large decrease but was largely due to the nature of receivables as there was little sales contract and recoverable works or reconstruction works underway at year end compared to the previous year.. The most significant change was a large increase in the cash balance of \$6.09M.

Council has \$14.76M 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 just over half a million.

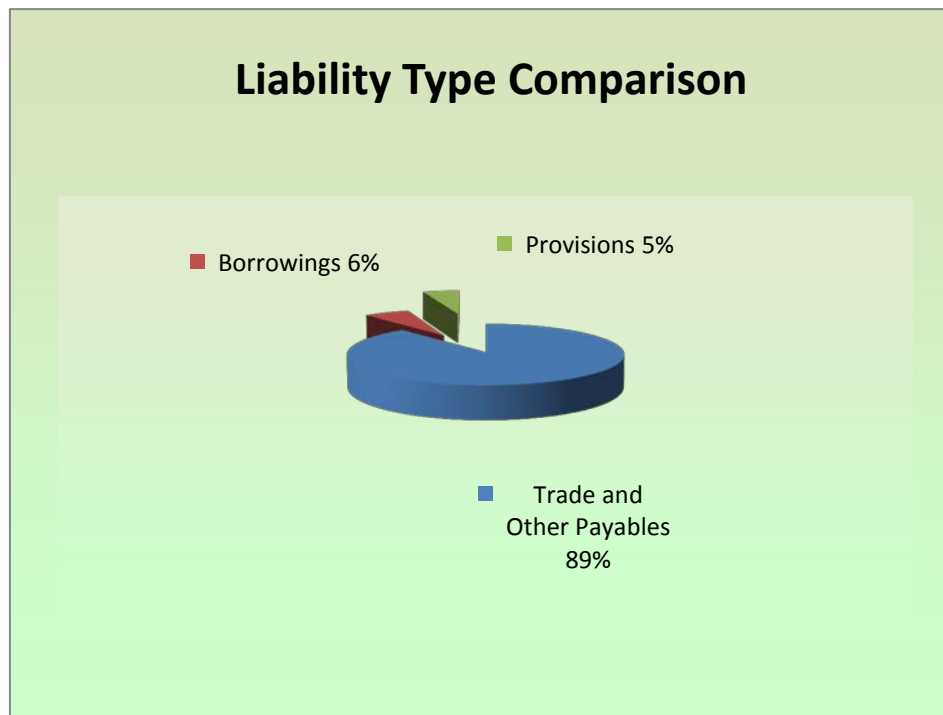


Property plant and equipment is the largest asset type comprising \$204M. Property plant and equipment is made up of Council asset classes including land, buildings, recreation facilities, plant and equipment, corporate and IT, road network, water network, sewer network, stormwater drainage network, waste / landfill and works in progress. Council's road network assets are the largest component of property plant and equipment.

### 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 relate to a loan from Queensland Treasury Corporation for \$1M for the North Hughenden Sewerage Network project and \$700 thousand for the Caravan Park Infrastructure. Council has not had any borrowings for many years and these loans have been taken out to replace infrastructure whilst also taking advantage of the low cost of borrowing.



### 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 **\$225.86M** – Total Liabilities **\$4.72M** = Community Equity **\$221.14M**

Community equity rose by \$4.92M from the previous year. A revaluation of Council's land and building assets undertaken by an independent valuer resulted in a \$3.32M decrease in the asset revaluation surplus. An assessment of Councils' road, water and sewer networks was undertaken internally by Council engineers resulting in an overall decrement of \$261 thousand being recorded for those asset classes.

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 \$6.098M 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 \$2.7M investing in property plant and equipment. This includes capital works on Council's road network assets, the sewerage treatment plant and other asset classes.

Cash flows from financing activities shows that Council drew down a loan of \$700 thousand. No repayments have been recorded as the loan was drawn on 30<sup>th</sup> of June. In the previous year Council drew a loan for \$1M to fund the North Hughenden Sewerage project, and negative \$85 thousand represents repayment of borrowings made on this loan during the year.

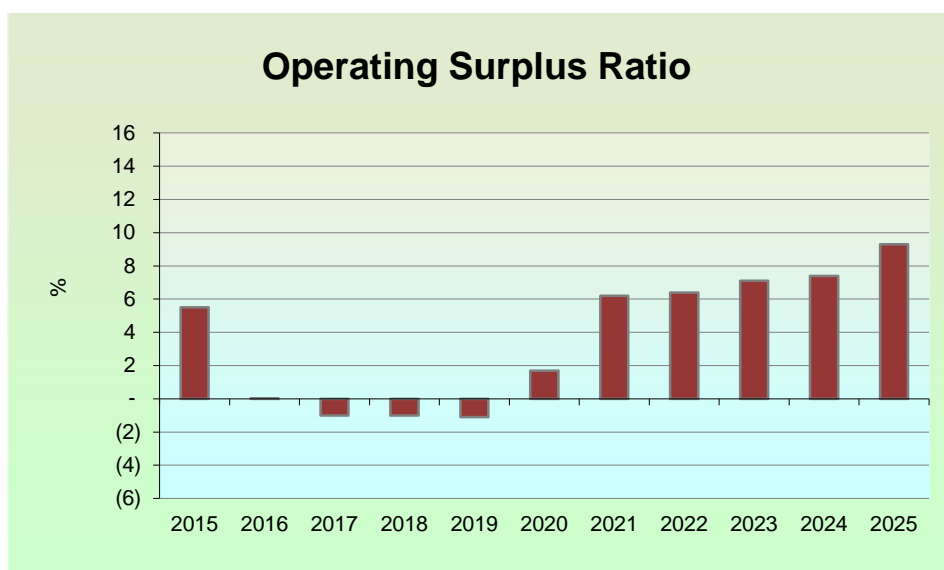
### Financial Ratios:

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 5.5%.

In future years' forecasts indicate Council will operate close to break even, with small deficits in 2017, 2018 and 2019.. 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%.



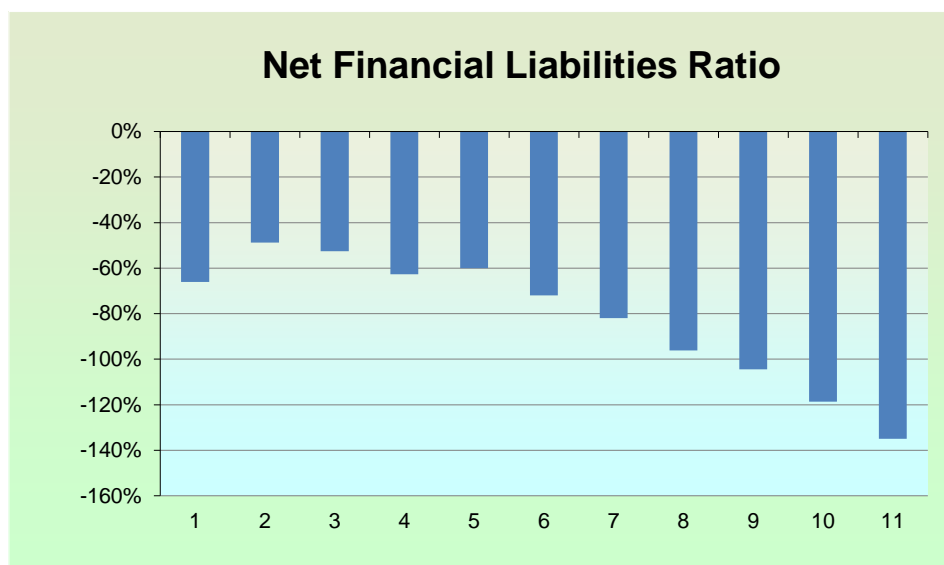
### Asset Sustainability Ratio:

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 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 \$1.7M and has few liabilities which is why the ratio is so low.



## PARTICULAR RESOLUTIONS

As required by s185 of the regulation, the annual report for a financial year must contain a copy of the resolutions made during the financial year under s250 (1) and s206 (2). See Appendix A

## COUNCILLOR REMUNERATION 2014-2015

In accordance with s186 of the Local Government Regulation 2012 (Regulation) Annual Reports for a financial year must contain particulars of the total remuneration, including superannuation contributions, paid to each Councillor during the financial year as well as expenses incurred by, and the facilities provided to, each Councillor during the financial year under the Council Expense Reimbursement Policy.

In accordance with the recommendation of the Local Government Remuneration and Discipline Tribunal, for the period 1 January 2015 to 31 December 2015 unless otherwise resolved, Council authorise the payment of remuneration to a Councillor of the Flinders Shire Council, for carrying out the duties of the office as undermentioned at the rate of remuneration as detailed in the Remuneration Schedule for the Category of Local Government to which Flinders Shire Council belongs:

### Current remuneration fees are:

Mayor	\$77,124
Deputy Mayor	\$33,053
Councillor	\$23,505

There is no superannuation paid to Councillors.

<b>DETAILS FOR COUNCILLORS EFFECTIVE FROM 01 JULY 2014</b>						
<b>COUNCILLOR</b>	<b>COUNCIL MEETINGS ATTENDED</b>	<b>OTHER MEETINGS ATTENDED</b>	<b>EXPENSES AND FACILITIES</b>	<b>ALLOWANCE \$</b>	<b>TRAVEL \$</b>	<b>TOTAL \$</b>
MAYOR Cr. G J Jones	12	135	\$14,213	\$77, 124		\$91,337
DEPUTY MAYOR Cr. D N Stewart-Moore	12	35	\$6,142	\$33,053	\$2,226	\$41,421
Cr. S M O'Neill	10	103	\$10,482	\$23,505		\$33,987
Cr. A W Bode	11	40	\$9,904	\$23,505	\$3,425	\$36,834
Cr. J G Charuba	12	75	\$8,801	\$23,505		\$32,306
Cr. B L Geisler	12	127	\$10,465	\$23,505		\$33,970
Cr. S T McCarthy	12	99	\$10,826	\$23,505	\$5,905	\$40,236
<b>TOTAL</b>			<b>\$70,833</b>	<b>\$227,702</b>	<b>\$11,556</b>	<b>\$310,091</b>

Details of the facilities provided to Councillors are contained in the Councillor Reimbursement of Expenses and Provision of Facilities Policy – available on Council's Website. See Appendix B



## COMPLAINTS ABOUT COUNCILLORS

In accordance with the requirements of s186(d), (e) and (f) of the regulation, there were no breaches or complaints to report during 2014-2015.

Legislation	Reference	Number of Complaints
LGR 2012: S186 – Councillors (e) (i)	Number of orders and recommendations made under Section 180 (2) or (4) of the Local Government Act 2009	Nil
LGR 2012: S186 – Councillors (e) (ii)	Number of orders made Section 181 of the Local Government Act 2009	Nil
LGR 2012: S186 – Councillors (f) (i)	The name of each councillor for whom an order or recommendation was made under S180 of the Act or an order was made under S181 of the Act;	Nil
LGR 2012: S186 – Councillors (f) (ii)	A description of the misconduct or inappropriate conduct engaged in by each of the councillors;	Nil
LGR 2012: S186 – Councillors (f) (iii)	A summary of the order or recommendation made for each councillor;	Nil
LGR 2012: S186 – Councillors (g)(i)	Complaints about the conduct or performance of councillors for which no further action was taken under S176C(2) of the Act;	Nil
LGR 2012: S186 – Councillors (g)(ii)	Complaints referred to the departments by the Chief Executive Officer under S176c(3)(a)(i) of the Act;	Nil
LGR 2012: S186 – Councillors (g)(iii)	Complaints referred to the Mayor under S176C(4)(a) of the Act;	Nil
LGR 2012: S186 – Councillors (g)(iv)	Complaints referred to the department's Chief Executive Officer under S176C(4)(a) of the Act;	Nil
LGR 2012: S186 – Councillors (g)(v)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act;	Nil
LGR 2012: S186 – Councillors (g)(vi)	Complaints heard by a regional conduct review panel;	Nil
LGR 2012: S186 – Councillors (g)(vii)	Complaints heard by the tribunal;	Nil
LGR 2012: S186 – Councillors (g)(viii)	Complaints to which S176C(6) of the Act applied;	Nil

## ADMINISTRATIVE ACTION COMPLAINTS

S187 of the Regulation requires that an Administrative Action Complaints Process is to be developed and implemented which is designed to assist Council manage complaints efficiently, effectively, objectively and fairly.

Effective complaints management is fundamental to the provision of quality services that Council aims to provide and enables a mechanism for obtaining feedback from customers and resolving disputes. To this end, Council recognises that errors and mistakes may occur and all reasonable attempts will be made to rectify failures to ensure community confidence is maintained.

Council is committed to effectively handling administrative complaints promptly and professionally and takes all complaints received seriously.

During 2014-2015 no administrative action complaints were received.

## OVERSEAS TRAVEL

In accordance with s188 of the Regulation, no Councillor or Employee undertook any work related overseas travel during 2014-2015.

## EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

In accordance with s189 of the regulation, an annual report must contain a summary of the expenditure for the financial year on grants to community groups. During 2014-2015 Council paid \$77,581.00 as Donations, Sponsorships, Community Small Grants and RADF Grant to community organisations as per the following:

COMMUNITY GRANTS		
Community Small Grants		
2013/2014	Hughenden Bowls Club – Roll Out Shade Structure	15,000.00
	Flinders Horse Sports – Lighting the Way Project	4,750.00
	Prairie Jockey Club – Upgrade and Install Toilet Facilities	12,000.00
	<b>TOTAL</b>	<b>\$ 31,750.00</b>
2014/2015	Hughenden CWA - Painting of Facility	5,400.00
	Hughenden Kindergarten and Early Childhood Centre - Install Turf	3,000.00
	Hughenden Jockey Club - Administration and Amenities Block Stage 1	15,000.00
	<b>TOTAL</b>	<b>\$ 23,400.00</b>
RADF Grants		
2013/2014	Hughenden Chamber of Commerce – Clowning Workshop	1,000.00
	Hughenden Country Music Festival Association - Music, verse, musical instruments, song writing workshops	2,990.00
	Tamara Hogan – Overlanders Adventures	15,000.00
	Artist in Residents – Vince Bray	3,482.00
	Hughenden Show Society – Polly's Craft	5,000.00
	<b>TOTAL</b>	<b>\$ 27,472.00</b>
2014/2015	ICPA Hughenden Branch - Kooroorinya Ladies Day	3,997.00
	Hughenden Show Society - Juggling Workshops	1,500.00
	Hughenden Country Music Festival Association - Music, verse, musical instruments, song writing workshops	2,970.00
	<b>TOTAL</b>	<b>\$ 8,467.00</b>

COMMUNITY SPONSORSHIP & DONATIONS		
Donations and Sponsorships		
2014/2015	Aussie Helpers	1,526.00
	Braveheart 777 Marathon	500.00
	Cancer Council Rally	151.25
	Cyclone Pan Appeal	500.00
	Flinders Crier Media Group Inc	6,000.00
	Hughenden Amateur Swimming Association	3,300.00
	Hughenden Bowls Club	151.50
	Hughenden Show Society	3,000.00
	Hughenden State School	1,700.00
	Hughenden Town & Country Club Inc	3,300.00
	McGarth Foundation	30.00
	Prairie Jockey Club	665.00
	Ride to the Other Side	75.00
	Royal Flying Doctor Service Queensland Section	660.00
	Scripture Union Queensland	11,000.00
	Shitbox Rally	2080.85
	Special Children's Christmas Party	275.00
	St Francis School	10,000.00
	St Thomas Anglican Church	800.00
	<b>TOTAL</b>	<b>\$45,714.60</b>

## **COUNCILLORS' 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 2014-2015 for the purpose of allocation as community grants.

## **DETAILS OF SPECIAL RATES AND CHARGES**

In accordance with s190 (i)(d) of the regulation, Flinders Shire council does not have any special rates and charges.

## **SUMMARY OF RATES REBATES AND CONCESSIONS**

### **Rating Rebates and Concessions**

Flinders Shire has several policies with reference to rebate concessions, as detailed below:

#### **Payment of Rates and Charges by Instalment**

Council again allowed for payment of rates and charges in four equal instalments spread through the year.

#### **Discount for Prompt Payment of Rates**

Council again adopted a 15 per cent discount on rates and charges provided all rates and charges were paid in full including any rate arrears, and payment was made in full by the due date.

To specifically address the ongoing drought conditions in the Shire, Council also decided to allow the full 15 per cent discount on application for those property owners who chose to pay their rates by four instalments.

However, if any instalment payment was missed, the discount was not allowed on that instalment or following instalments unless all previous arrears had been paid.

#### **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

## **COUNCIL REGISTERS**

In accordance with s190 (1)(f) of the Regulation, below is a listed registers kept of Council:

- Register of Delegations
- Authorised Persons
- Statement of Interests
- Register of Interests – Councillors
- Register of Local & Subordinate Local Laws
- Register of Regulatory Fees
- Register of Impounded Animals
- Register of Commercial Charges
- Cemetery Register.

Council also makes available other information, including copies of Minutes of Council Meetings on the website [www.flinders.qld.gov.au](http://www.flinders.qld.gov.au)

## **CONTRACTS**

As required by s190 (1) of the Regulation, the number of invitations to change tenders under s228(7) during the financial year was 2.



## COMPETITIVE NEUTRALITY

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

## INTERNAL AUDIT

The Local Government Association of Queensland (LGAP) was contracted to undertake Council's internal audit. LGAP visited Council on site between the 9-10 March 2015 and the 9-12 June 2015.

### Scope

The scope of the internal audit included the following:

- Risk Review including an assessment of Operational Risk
- Preparation of an Strategic and Annual Internal Audit Plan
- Detailed review of significant operational risk areas as agreed
- Review of Council's compliance with laws and regulations
- Follow-up report on outstanding matters

Internal Audit has looked at a range of council operations to identify and document risks as well as highlight process improvement opportunities.

### Methodology

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.

LGAP's Internal Audit methodology has been designed to ensure Council's compliance with S207 of the *Local Government Regulation 2012*.

Internal Audit developed a draft plan for council's approval based on a draft risk register, results of discussions held with senior management, review of relevant documents and items raised in the previous audit and presented this to Council's Audit Committee in March 2015.

The focus of the Internal Audit's visit in March 2015 was to assist with the establishment and framework for Council's Audit Committee and the inaugural audit committee meeting.

The focus of the Internal Audit's visit in June 2015 was to review certain aspects of Council's Procurement. In addition, Internal Audit reviewed management's draft procurement policy and provided advice thereon.

### Risk Review

The risks identified by Internal Audit for review during the current year were:

- Review of financial management compliance requirements
- Review of Council's response to fraud
- Review of procurement processes

Each of the areas selected for review were identified as risk areas by internal audit or external audit in 2014.

### Fraud Control Risk

Recommendations were that:

- The audit committee take a lead in overseeing the finalisation and implementation of the draft fraud control policy and plan.
- Management implement the redrafted procurement policy and guidelines as soon as practical
- Management consider fraud awareness training for all managers and staff involvement in procurement practices
- Management implement regular (at least annually) fraud risk identification processes

### Tendering/Contracting out Risks

Whilst procurement risk is not rated as one of Council's 5 most significant fraud risks, management have retained a relatively high risk rating due to the significance of the overall outlay each year and the potential for fraud and/or a break down in the council's key procurement controls.

The most significant procurement risks identified are:

- Poor tendering, contracting out or contract management practices expose council to unacceptable financial risks
- Lack of skills, knowledge and/or experience of staff preparing procurement documentation may lead to legislative breaches, legal action against council and/or council assuming an unacceptable amount of risk

Overall the audit found significant issues in relation to the preparation and execution of purchases orders and utilisation of local purchasing arrangements (PSL and ACL) which has significantly weakened the purchase order process as a key control.

The LGAQ audit found that the proposed procurement policy complied with the necessary requirements of the Local Government legislation.

The decentralisation of the procurement function has not been well managed and may have weakened the key control of purchase order approvals. Additional effort is required to formalise the procurement procedures under this operating model.

It is recommended for tendering and contracting out, that Internal Audit

- a. review the new procurement templates being developed and implemented by the Engineering Branch
- b. Perform a post implementation review of the Authority purchasing system
- c. Work with management to establish a process for the review and refresh of Council's preferred supplier and approved contractor arrangements.

In relation to procurement, the proposed draft policy is heavily focussed on procedural compliance in the process of procurement. LGAQ recommended that:

The procurement policy be maintained as a separate document to the procurement procedures

The procurement policy be enhanced with sections considering:-

- Risk management and incorporating such principles into the procurement process
- Identification of key internal controls and the responsibility of all purchasing officers to maintain such controls
- Procurement planning as a distinct step in each procurement
- Ownership of the procurement process be assigned to a manager and documented in the procurement policy
- How to assess value for money including making provisions for the fair consideration of sustainable local industry principles.

That a procurement manual be developed and available to all staff which incorporates the detailed procurement procedures, workflow diagrams, forms and checklists, approved lists (e.g. preferred suppliers), FAQ's and worked examples

### Financial Management

Internal Audit reviewed a number of requirements and found them to be in compliance with the LGA09 and LGR12, therefore no recommendations were made.

## APPENDIX 1 – PARTICULAR RESOLUTIONS

Extract of the minutes of the ordinary Meeting of Council held on 17<sup>th</sup> April 2014.

### 2.02.07 Councillor Reimbursement of Expenses and Provision of Facilities Policy (see Appendix 2)

**Background** -.Councillor Reimbursement of Expenses and Provision of Facilities Policy has been updated as presented in the appendix

**Officer's Recommendation** – That Council adopt Councillor Reimbursement of Expenses and Provision of Facilities Policy, as presented.

Moved: Cr Bill Bode

Seconded: Cr Sean O'Neill

That the councillor Reimbursement of Expenses and Provision of Facilities Policy as amended be adopted. Carried

#### **Note:**

No resolutions were passed during the period in relation to s206(2) of the regulation which deals with setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.



## APPENDIX 2 – COUNCILLOR REIMBURSEMENT OF EXPENSES AND PROVISION OF FACILITIES POLICY

**POLICY TITLE:** COUNCILLOR REIMBURSEMENT OF EXPENSES AND PROVISION OF FACILITIES POLICY

**DATE OF ADOPTION:** 17 APRIL 2014

**DATE OF REVIEW:** 17 APRIL 2016

### 1. PURPOSE

To provide the Mayor and Councillors with reimbursement of legitimate expenses incurred, or to be incurred, and the facilities necessary while carrying out civic duties as elected representatives of the Shire.

### 2. SCOPE

This Councillor Reimbursement of Expenses and Provision of Facilities Policy applies to the Mayor, Deputy Mayor and Councillors and is made pursuant to Section 44-47 of the Local Government (Operations) Regulation 2010.

### 3. PRINCIPLES

#### **Reasonable expenses reimbursement to Councillors**

Councillors should not be financially disadvantaged when carrying out the requirements of the role of Councillor and should be fairly and reasonable compensated in this regard in accordance with community expectations.

#### **Public accountability and transparency**

The Councillor reimbursement of expenses and provision of facilities policy will be available to the public. The use of the provided facilities will be open for review to the extent appropriate to the proper performance of a Councillor's responsibilities.

#### **Public perceptions and community expectations**

The Council will provide only those facilities and reimbursements necessary for the efficient performance of a Councillor's responsibilities.

#### **No private benefit to be derived**

All reimbursement of expenses or provision of facilities must be for legitimate business use only ie: to enable Councillors to effectively and efficiently carry out their civic duties. Facilities and resources provided to Councillors are for the sole use of Councillors in undertaking their duties and should be used responsibly and appropriately. Spouses, partners and family members of Councillors are not entitled to receive any reimbursement of expenses or provision of Council facilities.

#### **Equity and Participation**

To maximise equity and the participation of Councillors from diverse backgrounds and circumstances, this Councillor reimbursement of expenses and provision of facilities policy expressly permits the reimbursement of expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

#### 4. DEFINITIONS

**Council Business** – This is official business of a Councillor as generally described in the Local Government Act 2009, conducted on behalf, of and approved by, Council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. Council business should result in a benefit being achieved either for the local government and/or the local government area. Participating in a community group event or being a representative on a board not associated with Council is not regarded as Council Business.

**Expense** – Expenses are payments made by Council's to reimburse Councillors for their reasonable expenses incurred or to be incurred when discharging their duties as Councillors. These payments are not regarded as remuneration. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge when performing their roles.

**Facility** – Facilities provided by Council's to Councillors are the 'tools of the trade' required to enable them to perform their duties with relative ease and at a standard appropriate to fulfil their professional role for the community.

**Reasonable** – Council's must make sound judgements and consider what is prudent, responsible and acceptable to their communities when determining reasonable levels of facilities and expenditure., The community expects limits and does not want to see excessive use or abuse of public funds.

#### 5. ROLES AND RESPONSIBILITIES

##### Chief Executive Officer

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by the Mayor and Councillors.

#### 6. POLICY

The Council will reimburse Councillors for expenses and provide Councillors with facilities as set out in this policy. In addition to the expenses and facilities expressly referred to in the section of this Policy headed Expense Categories, the Council will reimburse other expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as disability or cultural responsibilities.

##### Expense Categories

##### 1. Professional Development

The Council will reimburse expenses incurred for -

- All mandatory professional development – where Council resolved that all Councillors are to attend training courses or workshops for skills development related to a Councillor's role, the Council may reimburse the total costs of the course; and
- Discretionary professional development deemed essential for the Councillor's role subject to budget constraints – where a Councillor identifies a need to attend a conference, workshop or training to improve skills relevant to their role as a Councillor, other than mandatory training.

##### 2. Travel as required to represent Council

The Council will reimburse local and in some cases interstate and overseas travel expenses (e.g. flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where:

- a Councillor is an official representative of Council; and
- the activity/event and travel has been endorsed by resolution of Council.

If it's a part of the Councillor's portfolio, the Councillor is automatically required to go, with expenses reimbursed.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a Councillor is required to stay outside the Local Government's region.

#### NOTE

Any fines incurred while travelling in Council-owned vehicles or privately owned vehicles when attending to Council business, will be the responsibility of the Councillor incurring the fine.

#### 2.1 Travel bookings

All Councillor travel approved by Council will be booked and paid for by Council. Economy class is to be used where possible although Council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be used to offset other unapproved expenses. (e.g. cost of partner or spouse accompanying the Councillor.)

#### 2.2 Travel transfer costs

Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.

Example: Trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council where Councillors are required to undertake duties relating to the business of Council.

#### 2.3 Private vehicle usage

When a Councillor has decided to not receive a Council vehicle, or a Council vehicle is not available, payment for use of the Councillor's private vehicle usage on Council business will be reimbursed to the Councillor on a kilometre rate as set out in the Australian Taxation Office allowable deductions for motor vehicles. Councillors may instead choose to be reimbursed for fuel by presenting receipts. In other circumstances, Councillors private vehicle usage will be reimbursed by Council if the:

- travel has been endorsed by Council Resolution
- claim for mileage is substantiated with log book details; and
- total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

#### ATO Rates Per Business Kilometre

Engine capacity		Cents per kilometre
Ordinary car	Rotary engine car	2010-11 income year
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	63 cents
1601cc - 2600cc (1.601 litre - 2.6 litre)	801cc - 1300cc (0.801 litre - 1.3 litre)	74 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	75 cents



## 2.4 Accommodation

All Councillor Accommodation for Council business will be booked and paid for by Council. Council will pay for the most economical deal available. Where possible, the minimum standards for Councillors' accommodation should be three or four star rating.

Where particular accommodation is recommended by conference organisers, Council will take advantage of the package deal that is the most economical and convenient to the event.

## 2.5 Meals

Councillors will be reimbursed for the actual cost of meals when:

- the Councillor incurs the cost personally; and
- the meal was not provided –
  - within the registration costs of the approved activity/event
  - during an approved flight.

The following limits apply to the amount Councils will reimburse for meals:

- |             |         |
|-------------|---------|
| • Breakfast | \$23.00 |
| • Lunch     | \$26.00 |
| • Dinner    | \$45.00 |

No alcohol will be paid for by Council.

If private accommodation is provided by a relative or friend, then they are entitled to be reimbursed at a rate of \$70/night.

## 2.6 Incidental Allowance

Up to \$20 per day may be paid by Council to cover any incidental costs incurred by Councillors required to travel, and who are away from home overnight for official Council business.

## 3. Hospitality

Councillors may have occasion to incur hospitality expenses while conducting Council business apart from official civic receptions organised by Council. The Mayor will be reimbursed up to \$1000 per annum for hospitality expenses deemed necessary in the conduct of Council business. Councillors will be reimbursed up to \$500 per annum for hospitality expenses deemed necessary in the conduct of Council business. These costs will be reimbursed on presentation of receipts.

## 4. Provision of Facilities

Councillors will be provided with facilities as set out in this policy. In addition to the facilities expressly referred to in the section of this policy headed Facilities, the Council will provide other facilities that are necessary to allow the participation of Councillors who experience unusual barriers to participation such as disability or cultural responsibilities. All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor's term expires.

The Facilities provided will include:

### 4.1 Uniform Entitlement

Councillors will be entitled to receive a name badge and all necessary safety equipment to the standard supplied to employees. Councillors are expected to observe the appropriate Workplace Health and Safety measures when at any workplace. Council will reimburse them the cost of obtaining their Construction Industry Training Whitecard. Councillors will also be provided with corporate uniform equivalent to that provided to staff and will be provided with a corporate jacket.

#### 4.2 Mobile Telecommunication Facilities

Council does not currently provide a mobile telephone or hand held device but may provide –

- A home landline at the Councillor's residence, including connection cost, monthly rental and call costs up to 50% of the total calls made. However, any STD or international calls made from the home telephone can only be reimbursed if a receipt and certification is provided by the Councillor that the call was related to Council business.
- Home internet access including monthly access fee and up to 50% of the package costs.
- Where Council deems it necessary to acquire new mobile devices these facilities may be approved by Council resolution.
- Mobile telephone, with or without a hands-free kit.
- Personal calls made by Councillors via the mobile telephone are to be reimbursed to Council via the appropriate administrative procedure.
- If Councillors are using their personal mobile phone, they will be reimbursed for expenses over the plan value on production of the phone bill.

#### 4.3 Home Office Facilities

- Laptop with Windows software; and
- Laser printer/scanner and all paper and cartridges.
- iPad

#### 4.4 Council Office Facilities

Council will provide the following to Councillors -

- Facilities such as office space and Council meeting rooms
- Secretarial support for Mayors and Councillors
- Desktop and or Laptop computer
- Use of Council landline telephone and internet access
- Fax and or scanner
- Printer, photocopier, paper shredder
- Stationary
- Publications – copies of the act and other legislation, books journals considered necessary
- Another administrative necessities which Council consider necessary to meet the business of Council

#### 4.5 Vehicle Use

Council approved of the home garaging by the Mayor of a Council supplied vehicle (4x4 Station Wagon or equivalent) for Council business purposes.

Councillors may claim reimbursement for business use of their own vehicle, refer to Private vehicle usage 2.3 of this policy or elect to receive a Council vehicle on the following conditions:

- Councillors will be provided with a motor vehicle for Council business.
- No private use is allowed.
- Fuel cards are provided for each vehicle and motor vehicle insurance is covered by Council.
- Council approves the Chief Executive Officer to approve authorised support drivers as needed.

#### 4.6 Maintenance costs of any Council owned equipment

Council will cover all ongoing maintenance costs associated with Council owned equipment to ensure it is operating for optimal professional use.

#### **4.7 Legal Costs and Insurance Cover**

Council will insure Councillors in the event of injury sustained while discharging their civic duties. Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

#### **5. IMPLEMENTATION**

This Policy will be made available to all Councillors, corporate staff on Council's intranet site/network. Council reserves the right to vary, replace or terminate this policy from time to time.

#### **6. APPROVAL**

---

Graham King  
ACTING CHIEF EXECUTIVE OFFICER

---

**APPENDIX 3 – FINANCIAL STATEMENTS**

---

Separate PDF Document

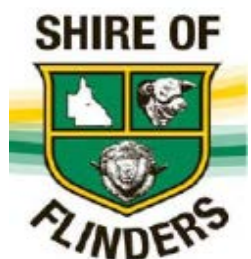


# Flinders Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015

---

*Discovery • Opportunity • Lifestyle*



## General Purpose Financial Statements

for the year ended 30 June 2015

<b>Contents</b>	<b>Page</b>
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	6
3. Management Certificate	42
4. Independent Auditor's Report	43
5. Current Year Financial Sustainability Statement	45
6. Certificate of Accuracy - Current Year Financial Sustainability Statement	47
7. Independent Auditor's Report - Current Year Financial Sustainability Statement	48
<b>Addendum of Unaudited Information</b>	50
8. Long Term Financial Sustainability Statement	51
9. Certificate of Accuracy - Long Term Financial Sustainability Statement	53

---

### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Flinders Shire Council.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 30/10/15. Council has the power to amend and reissue the financial statements.
-

Statement of Comprehensive Income  
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Income</b>			
<b>Revenue</b>			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	3,518	3,434
Fees and Charges	3b	840	1,011
Rental Income		141	146
Interest and Investment Revenue		518	489
Sales Contract and Recoverable Works Revenue		12,999	15,041
Other Income		231	215
Grants, Subsidies, Contributions and Donations	4a	7,321	4,102
<b>Total Recurrent Revenue</b>		<b>25,568</b>	<b>24,438</b>
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	5,183	20,445
<b>Total Revenue</b>		<b>30,751</b>	<b>44,883</b>
Capital Income		-	80
<b>Total Income</b>		<b>30,751</b>	<b>44,963</b>
<b>Expenses</b>			
<i>Recurrent Expenses</i>			
Employee Benefits	5	7,456	8,118
Materials and Services	6	11,019	12,156
Finance Costs		62	27
Depreciation	7	5,624	5,237
<b>Total Recurrent Expenses</b>		<b>24,161</b>	<b>25,538</b>
Capital Expenses	8	160	1,534
<b>Total Expenses</b>		<b>24,321</b>	<b>27,072</b>
<b>Net Result</b>		<b>6,430</b>	<b>17,891</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Gain/(Loss) on Revaluation of Property, Plant and Equipment	17	(3,577)	21,358
<b>Total Other Comprehensive Income</b>		<b>(3,577)</b>	<b>21,358</b>
<b>Total Comprehensive Income</b>		<b>2,853</b>	<b>39,249</b>

# Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	17,964	11,866
Trade and Other Receivables	10	3,282	7,615
Inventories	11	380	363
<b>Total Current Assets</b>		<b>21,626</b>	<b>19,844</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	204,243	203,644
<b>Total Non-Current Assets</b>		<b>204,243</b>	<b>203,644</b>
<b>TOTAL ASSETS</b>		<b>225,869</b>	<b>223,488</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	2,211	5,520
Borrowings	15	148	86
Provisions	16	126	188
<b>Total Current Liabilities</b>		<b>2,485</b>	<b>5,794</b>
<b>Non-Current Liabilities</b>			
Borrowings	15	1,467	914
Provisions	16	773	561
<b>Total Non-Current Liabilities</b>		<b>2,240</b>	<b>1,475</b>
<b>TOTAL LIABILITIES</b>		<b>4,725</b>	<b>7,269</b>
<b>NET COMMUNITY ASSETS</b>		<b>221,144</b>	<b>216,219</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Surplus	17	105,155	108,732
Retained Surplus		115,989	107,487
<b>TOTAL COMMUNITY EQUITY</b>		<b>221,144</b>	<b>216,219</b>



Statement of Changes in Equity  
for the year ended 30 June 2015

	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
<b>2015</b>			
<b>Opening Balance as at 1 July 2014</b>	108,732	107,487	<b>216,219</b>
a. Correction to Opening Balance <sup>(1)</sup>	-	2,072	<b>2,072</b>
<b>Revised Opening Balance (as at 1/7/14)</b>	<b>108,732</b>	<b>109,559</b>	<b>218,291</b>
<b>b. Net Result</b>	-	6,430	<b>6,430</b>
c. Other Comprehensive Income			
- Increase / Decrease in Asset Revaluation Surplus	(3,577)	-	<b>(3,577)</b>
<b>Total Comprehensive Income</b>	<b>(3,577)</b>	<b>6,430</b>	<b>2,853</b>
<b>Equity Balance as at 30 June, 2015</b>	<b>105,155</b>	<b>115,989</b>	<b>221,144</b>
<sup>(1)</sup> Correction to opening balance for not previously recognised assets.			
<b>2014</b>			
<b>Opening Balance as at 1 July 2013</b>	87,374	89,596	<b>176,970</b>
<b>a. Net Result</b>	-	17,891	<b>17,891</b>
b. Other Comprehensive Income			
- Increase / Decrease in Asset Revaluation Surplus	21,358	-	<b>21,358</b>
<b>Total Comprehensive Income</b>	<b>21,358</b>	<b>17,891</b>	<b>39,249</b>
<b>Equity Balance as at 30 June, 2014</b>	<b>108,732</b>	<b>107,487</b>	<b>216,219</b>

Statement of Cash Flows  
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		22,154	20,765
Payments to Suppliers and Employees		(21,884)	(16,167)
		270	4,598
<b>Receipts:</b>			
Investment and Interest Revenue Received		518	489
Rental Income		141	146
Non Capital Grants and Contributions		7,321	4,102
<b>Payments:</b>			
Finance Costs		(62)	(27)
<b>Net Cash Flow - Operating Activities</b>	22	<b>8,188</b>	<b>9,308</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts:</b>			
Sale of Property, Plant and Equipment		443	384
Grants, Subsidies, Contributions and Donations		5,183	20,445
<b>Payments:</b>			
Purchase of Property, Plant and Equipment		(8,331)	(25,353)
<b>Net Cash Flow - Investing Activities</b>		<b>(2,705)</b>	<b>(4,524)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Receipts:</b>			
Proceeds from Borrowings and Advances		700	1,000
<b>Payments:</b>			
Repayment of Borrowings and Advances		(85)	-
<b>Net Cash Flow - Financing Activities</b>		<b>615</b>	<b>1,000</b>
<b>Net Increase/(Decrease) for the year</b>		<b>6,098</b>	<b>5,784</b>
plus: <b>Cash and Cash Equivalents - beginning</b>		<b>11,866</b>	<b>6,082</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING</b>	9	<b>17,964</b>	<b>11,866</b>

## Notes to the Financial Statements

for the year ended 30 June 2015

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
<b>1</b>	Significant Accounting Policies	7
<b>2(a)</b>	Council Functions - Component Descriptions	13
<b>2(b)</b>	Council Functions - Analysis of Results by Function	14
<b>3</b>	Revenue Analysis	15
<b>4</b>	Grants, Subsidies and Donations	16
<b>5</b>	Employee Benefits	16
<b>6</b>	Materials and Services	17
<b>7</b>	Depreciation	17
<b>8</b>	Capital Expenses	18
<b>9</b>	Cash and Cash Equivalents	19
<b>10</b>	Trade and Other Receivables	20
<b>11</b>	Inventories	21
<b>12</b>	Property, Plant and Equipment	22
<b>13</b>	Fair Value Measurements	23
<b>14</b>	Trade and Other Payables	31
<b>15</b>	Borrowings	32
<b>16</b>	Provisions	34
<b>17</b>	Asset Revaluation Surplus	35
<b>18</b>	Commitments for Expenditure	35
<b>19</b>	Contingent Liabilities	36
<b>20</b>	Superannuation	36
<b>21</b>	Trust Funds	38
<b>22</b>	Reconciliation of Net Operating Surplus for the year to Net Cash Inflow (Outflow) from Operating Activities	38
<b>23</b>	Events Occurring After Balance Sheet Date	39
<b>24</b>	Financial Instruments	39
<b>25</b>	Council Information and Contact Details	41

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies

---

#### 1A Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 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.

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 Currency

Council uses the Australian dollar as its functional currency and its presentation currency.

#### 1E Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Valuation and depreciation of property, plant and equipment - Note 1J and Note 12;
- Provisions - Note 1M and Note 16; and
- Contingent liabilities - Note 19.



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies (continued)

---

#### **1F Revenue**

##### Rates and levies

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.

##### Grants and subsidies

Grants and subsidies that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Internal restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 9.

##### Sales revenue

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.

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 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.

##### Fees and Charges

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.

#### **1G 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 1H); and
- Receivables - measured at amortised cost (Note 1I).

##### Financial liabilities

- Payables - measured at amortised cost (Note 1L); and
- Borrowings – measured at amortised cost (Note 1N).

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

#### **1H Cash and Cash Equivalents**

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.

#### **1I Receivables**

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 collectability 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.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies (continued)

---

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.

#### 1J Property, Plant & Equipment

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:

- Land and Land Improvements
- Buildings and Other Structures
- Plant and Equipment
- Recreation Facilities
- Corporate and IT
- Road Network
- Water Network
- Sewer Network
- Stormwater Drainage Network
- Waste / Landfill
- Capital Work in Progress

##### 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 the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

##### 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, expenditure that patches a road is generally maintenance in nature, where as 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 & Equipment* and AASB 13 *Fair Value Measurement*. Plant and Equipment, Corporate and IT, Waste/Landfill and Work in Progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years. This is achieved by engaging an independent, professionally qualified valuer to determine the fair value for each class of property, plant and equipment. 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 2015 the water

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies (continued)

---

and sewer valuation was performed internally by Council engineers.

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.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

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 believe 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.

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

Depreciation methods 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 depreciated 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 12.

#### **1K Impairment of Non-Current Assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually.

#### **1L Payables**

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.

#### **1M Liabilities - Employee Benefits**

##### 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

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies (continued)

---

up to that date. This liability represents an accrued expense and is reported in Note 14 as a payable.

#### 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 includes 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 and is reported in Note 14 as a payable.

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

#### 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 current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long services leave is classified as a current liability. Otherwise it is classified as non-current.

#### **1N Borrowings and Borrowing Costs**

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.

#### **1O 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.

#### **1P Trust funds held for outside parties**

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 a 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 in Note 21.

#### **1Q 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.

#### **1R Adoption of New and Revised Accounting Standards**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. Council has not applied any



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 1. Significant Accounting Policies (continued)

---

Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

Due to its recent release Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that Council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, Councillors and some council staff. In addition close family members of those people and organisations that they control or are associated with will be classified as related parties.

The amended Australian Accounting Standards and interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

## Notes to the Financial Statements

for the year ended 30 June 2015

### 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;
- Home and Community Care Over 65's, Meals on Wheels, Disability Services, CACPs, EACH, Veterans;
- Personal Helpers and Mentors Program (SOLAS), QCCS Under 65's; 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 2015

### Note 2(b). Analysis of Results by Function

Functions for the year ended	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							
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	4,738	1,809	-	-	6,547	(4,471)	-	(4,471)	2,076	2,076	36,078
Our Economy	-	13,804	242	-	14,046	(13,680)	-	(13,680)	124	366	13,420
Our Environment	53	289	-	-	342	(1,329)	-	(1,329)	(987)	(987)	259
Our Community	1,413	434	182	-	2,029	(4,237)	-	(4,237)	(2,390)	(2,208)	19,780
Our Infrastructure	1,102	1,903	4,747	-	7,752	(266)	(160)	(426)	2,739	7,326	156,332
Our Resources	15	8	12	-	35	(178)	-	(178)	(155)	(143)	-
Total	7,321	18,247	5,183	-	30,751	(24,161)	(160)	(24,321)	1,407	6,430	225,869

Functions for the year ended	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							
2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Our Governance	2,551	3,137	-	-	5,688	(6,850)	-	(6,850)	(1,162)	(1,162)	33,577
Our Economy	-	15,278	8,320	-	23,598	(13,174)	(1,333)	(14,507)	2,104	9,091	13,586
Our Environment	19	1,346	-	-	1,365	(1,065)	-	(1,065)	300	300	376
Our Community	1,070	517	60	-	1,647	(3,702)	(201)	(3,903)	(2,115)	(2,256)	21,293
Our Infrastructure	462	-	12,065	80	12,607	(637)	-	(637)	(175)	11,970	154,656
Our Resources	-	58	-	-	58	(110)	-	(110)	(52)	(52)	-
Total	4,102	20,336	20,445	80	44,963	(25,538)	(1,534)	(27,072)	(1,100)	17,891	223,488

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 3. Revenue Analysis

	Notes	2015 \$'000	2014 \$'000
<b>(a). Rates, Levies and Charges</b>			
General Rates / Community Levy		2,187	2,176
Separate Rates		80	80
Water		812	828
Sewerage		785	683
Garbage Charges		199	192
Other		24	24
<b>Total Rates, Levies and Charges</b>		<b>4,087</b>	<b>3,983</b>
Less: Discounts		(527)	(506)
Less: Pensioner remissions		(42)	(43)
<b>TOTAL RATES, LEVIES AND CHARGES</b>		<b>3,518</b>	<b>3,434</b>
<b>(b). Fees and Charges</b>			
Building and Development Fees		2	3
Infringements		2	1
Licences and Registrations		18	19
Airport Landing Fees		27	55
Caravan Park		395	486
Parks and Reserves		35	117
Saleyards		50	37
Community Care Packages		35	38
Private Works		131	30
Cemetery and Funeral		49	54
Other		96	171
<b>TOTAL FEES AND CHARGES</b>		<b>840</b>	<b>1,011</b>



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 4. Grants, Subsidies and Donations

	Notes	2015 \$'000	2014 \$'000
<b>(a) Recurrent</b>			
General Purpose Grants		5,734	2,904
State Government Subsidies and Grants		586	329
Commonwealth Government Subsidies and Grants		978	864
Donations		3	5
Contributions		15	-
Other		5	-
<b>TOTAL RECURRENT GRANTS, SUBSIDIES AND DONATIONS</b>		<b>7,321</b>	<b>4,102</b>

### (b) Capital

State Government Subsidies and Grants		4,470	19,810
Commonwealth Government Subsidies and Grants		713	635
<b>TOTAL CAPITAL GRANTS, SUBSIDIES AND DONATIONS</b>		<b>5,183</b>	<b>20,445</b>

### Note 5. Employee Benefits

	Notes	2015 \$'000	2014 \$'000
Wages and Salaries		5,727	6,301
Annual, Sick and Long Service Leave Entitlements		996	977
Superannuation	20	682	687
Councillors' Remuneration		228	223
<b>Subtotal Employee Related Expenses</b>		<b>7,633</b>	<b>8,188</b>
Other Employee Related Expenses		396	350
<b>Subtotal Other Employee Related Expenses</b>		<b>8,029</b>	<b>8,538</b>
Less: Capitalised Employee Expenses		(573)	(420)
<b>TOTAL EMPLOYEE BENEFITS</b>		<b>7,456</b>	<b>8,118</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 5. Employee Benefits (continued)

	Notes	2015 \$'000	2014 \$'000
<b>Additional information:</b>			
Total Employees at year end:			
Administration Staff		39	37
Depot and Outdoors Staff		56	61
<b>Total Full Time Equivalent Employees</b>		<b>95</b>	<b>98</b>
<b>Total Elected Members</b>		<b>7</b>	<b>7</b>

### Note 6. Materials and Services

	Notes	2015 \$'000	2014 \$'000
Advertising and Marketing		265	302
Audit Services		43	52
Communications and IT		304	362
Community Services		4,846	3,521
Donations Paid		45	29
Recoverable Works		3,919	5,444
Road Construction		879	1,099
Special Projects		292	164
Other		426	1,183
<b>TOTAL MATERIALS AND SERVICES</b>		<b>11,019</b>	<b>12,156</b>

### Note 7. Depreciation

	Notes	2015 \$'000	2014 \$'000
<b>Depreciation of Non Current Assets</b>			
Buildings and Other Structures		715	755
Recreation Facilities		32	30
Plant and Equipment		1,558	1,431
Corporate and IT		20	24
Road Network		2,372	2,381
Water Network		234	160
Sewer Network		558	321
Stormwater Drainage Network		8	8
Waste / Landfill		127	127
<b>TOTAL DEPRECIATION</b>	12	<b>5,624</b>	<b>5,237</b>

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 8. Capital Expenses

	Notes	2015 \$'000	2014 \$'000
<b>(a) Loss on disposal of non-current assets</b>			
Proceeds from the Disposal of Property, Plant and Equipment		443	-
Less: Book Value of Property, Plant and Equipment Disposed	12	(451)	-
<b>Subtotal Loss on Disposal of Non-Current Assets</b>		<b>8</b>	<b>-</b>
<b>(b) Revaluation decrement</b>			
Downwards Revaluation of Property, Plant and Equipment	12	42	-
<b>Subtotal Downwards Revaluation of Property, Plant and Equipment</b>		<b>42</b>	<b>-</b>
<b>(c) Other capital expenses</b>			
Loss on Write-Off of Assets	12	110	1,534
<b>Subtotal Other Capital Expenses</b>		<b>110</b>	<b>1,534</b>
<b>TOTAL CAPITAL EXPENSES</b>		<b>160</b>	<b>1,534</b>

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 9. Cash and Cash Equivalents

	Notes	2015 \$'000	2014 \$'000
<b>Cash and Cash Equivalents</b>			
Cash at Bank and on Hand		195	267
Cash Equivalent Assets			
- Deposits at Call		14,769	11,599
- Short Term Deposits		3,000	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>17,964</b>	<b>11,866</b>

### Restricted Cash and Cash Equivalents

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

Unspent Government Operating Grants - Various	1	95
Unspent Government Operating Grants - Qld Community Care Services (QCCS)	26	22
Unspent Government Operating Grants - Extended Aged Care Packages (EACH)	145	-
Unspent Government Operating Grants - Home and Community Care Packages (HACC)	4	-
Unspent Government Capital Grants - Various	-	20
<b>Total External Restrictions</b>	<b>176</b>	<b>137</b>

There were no Internally imposed Expenditure Restrictions at the reporting date.

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.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 9. Cash and Cash Equivalents (continued)

\$ '000	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
2015 Financial Assets	17,964	180	(180)	180	(180)
2014 Financial Assets	11,866	119	(119)	119	(119)
<b>Net Interest Rate Risk</b>		<b>299</b>	<b>(299)</b>	<b>299</b>	<b>(299)</b>

### Note 10. Trade and Other Receivables

	Notes	2015 \$'000	2014 \$'000
<b>Current</b>			
Rateable Revenue and Utility Charges		277	245
Other Debtors		2,659	7,343
Less: Impairment Other Debtors		(26)	(25)
GST Recoverable		342	(62)
Prepayments		30	114
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>		<b>3,282</b>	<b>7,615</b>

### Ageing of Past Due Receivables

Fully Performing	2,209	5,047
Past due:		
- Less than 30 days overdue	646	2,489
- 31 to 60 days overdue	4	3
- 61 to 90 days overdue	51	24
- Impaired	26	25
<b>Total Past Due Receivables</b>	<b>2,936</b>	<b>7,588</b>

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.

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts therefore protecting Council against credit risk in the case of defaults. In other cases, the Council assesses credit risk before providing goods and services and applies normal business credit protection procedures to minimise risk.

By the nature of the Councils 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.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 11. Inventories

	Notes	2015 \$'000	2014 \$'000
<b>Current Inventories</b>			
<b>(a) Inventories held for sale</b>			
Miscellaneous Saleable Items		40	42
<b>(b) Inventories held for distribution</b>			
Plant and Equipment Stores		262	243
<b>(c) Land purchased for development and sale</b>			
		78	78
<b>TOTAL CURRENT INVENTORIES</b>		<b>380</b>	<b>363</b>

Notes to the Financial Statements  
for the year ended 30 June 2015

Note 12. Property, Plant and Equipment

30 June 2015	as at 01/07/2014				Asset Movements during the Reporting Period										as at 30/6/2015				Useful Lives in Years
					Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense (Note 7)	Asset Disposals - WDV (Note 8)	Asset Write-offs - WDV (Note 8)	Revaluation Decrements to P&L - WDV (Note 8)	Revaluation Decrements to Equity (ARR) - WDV (Note 17)	Revaluation Increments to Equity (ARR) - WDV (Note 17)	Adjustments and Other Transfers - WDV					
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value											At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000											\$'000	\$'000	\$'000	\$'000	
Capital Work in Progress	6,530	-	-	6,530	-	(3,211)	-	-	-	-	-	-	-	-	3,319	-	-	3,319	n/a
Land and Land Improvements	-	4,113	-	4,113	-	-	-	-	-	-	-	-	248	-	-	4,361	-	4,361	n/a
Buildings and Other Structures	-	37,661	4,722	32,939	-	447	7	(715)	-	(110)	-	(3,564)	-	(51)	-	41,366	12,413	28,953	10 to 100
Recreation Facilities	-	894	129	765	-	925	-	(32)	-	-	(42)	-	-	51	-	1,900	233	1,667	5 to 70
Plant and Equipment	13,226	-	6,105	7,121	-	248	1,825	(1,558)	(451)	-	-	-	-	-	14,187	-	7,002	7,185	3 to 5
Corporate and IT	417	-	207	210	-	-	19	(20)	-	-	-	-	-	-	435	-	226	209	3 to 50
Road Network	-	147,570	17,216	130,354	-	801	1,703	(2,372)	-	-	-	-	637	-	-	148,431	17,308	131,123	10 to 100
Water Network	-	11,559	6,420	5,139	2,072	148	170	(234)	-	-	-	-	609	-	-	14,053	6,149	7,904	20 to 100
Sewer Network	-	20,000	4,186	15,814	-	3,811	1,357	(558)	-	-	-	-	(1,507)	-	-	21,632	2,715	18,917	5 to 60
Stormwater Drainage Network	-	393	13	380	-	81	-	(8)	-	-	-	-	-	-	-	474	21	453	50
Waste / Landfill	627	-	348	279	-	-	-	(127)	-	-	-	-	-	-	626	-	474	152	5
Total Property, Plant and Equipment	20,800	222,190	39,346	203,644	2,072	3,250	5,081	(5,624)	(451)	(110)	(42)	(3,564)	(13)	-	18,567	232,217	46,541	204,243	

30 June 2014	as at 01/07/2013				Asset Movements during the Reporting Period										as at 30/6/2014				Useful Lives in Years
					Correction to Opening Balances - WDV	Asset Additions - New	Asset Additions - Renewal	Depreciation Expense (Note 7)	Asset Disposals - WDV	Asset Write-offs - WDV	Revaluation Decrements to P&L - WDV (Note 8)	Revaluation Decrements to Equity (ARR) - WDV (Note 17)	Revaluation Increments to Equity (ARR) - WDV (Note 17)	Adjustments and Other Transfers - WDV					
	At Cost	At Fair Value	Acc. Deprec.	Carrying Value											At Cost	At Fair Value	Acc. Deprec.	Carrying Value	
	\$'000	\$'000	\$'000	\$'000											\$'000	\$'000	\$'000	\$'000	
Capital Work in Progress	1,522	-	-	1,522	-	5,008	-	-	-	-	-	-	-	-	6,530	-	-	6,530	n/a
Land and Land Improvements	-	4,113	-	4,113	-	-	-	-	-	-	-	-	-	-	-	4,113	-	4,113	n/a
Buildings and Other Structures	-	37,549	4,129	33,420	-	189	302	(755)	-	(217)	-	-	-	-	-	37,661	4,722	32,939	10 to 100
Recreation Facilities	-	809	101	708	-	53	34	(30)	-	-	-	-	-	-	-	894	129	765	5 to 70
Plant and Equipment	12,886	-	5,619	7,267	-	-	1,589	(1,431)	(304)	-	-	-	-	-	13,226	-	6,105	7,121	3 to 5
Corporate and IT	403	-	183	220	-	-	14	(24)	-	-	-	-	-	-	417	-	207	210	3 to 50
Road Network	-	143,055	42,885	100,170	-	268	13,379	(2,381)	-	(1,317)	-	-	20,225	-	-	147,570	17,216	130,354	10 to 100
Water Network	-	9,547	5,964	3,583	-	585	879	(160)	-	-	-	-	252	-	-	11,559	6,420	5,139	20 to 100
Sewer Network	-	15,922	3,721	12,201	-	3,053	-	(321)	-	-	-	-	881	-	-	20,000	4,186	15,814	5 to 60
Stormwater Drainage Network	-	393	5	388	-	-	-	(8)	-	-	-	-	-	-	-	393	13	380	50
Waste / Landfill	628	-	222	406	-	-	-	(127)	-	-	-	-	-	-	627	-	348	279	5
Total Property, Plant and Equipment	15,439	211,388	62,829	163,998	-	9,156	16,197	(5,237)	(304)	(1,534)	-	-	21,358	-	20,800	222,190	39,346	203,644	

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. 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
- Rereation 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 less when incurred. The fair value of borrowings disclosed in Note 15 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).

Table 1 categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. 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.

# Notes to the Financial Statements

for the year ended 30 June 2015

## Note 13. Fair Value Measurements (continued)

### (1) Recognised Fair Value Measurements (continued)

Table 1 presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

**Table 1 - All assets and liabilities that have been measured and recognised at fair values:**

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
		Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
		\$'000	\$'000	\$'000	\$'000
<b>2015</b>					
<b>Property, Plant and Equipment</b>					
Land and Land Improvements	30/06/15	-	3,707	654	4,361
Buildings and Other Structures Residential	30/06/15	-	781	-	781
Buildings and Other Structures Other	30/06/15	-	-	28,172	28,172
Recreation Facilities	30/06/15	-	-	1,667	1,667
Road Network	30/06/14	-	-	131,123	131,123
Water Network	30/06/15	-	-	7,904	7,904
Sewer Network	30/06/15	-	-	18,917	18,917
Stormwater Drainage		-	-	453	453
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>4,488</b>	<b>188,890</b>	<b>193,378</b>

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
		Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
		\$'000	\$'000	\$'000	\$'000
<b>2014</b>					
<b>Property, Plant and Equipment</b>					
Land and Land Improvements	30/06/11	-	3,459	654	4,113
Buildings and Other Structures Residential	30/06/11	-	736	-	736
Buildings and Other Structures Other	30/06/11	-	-	28,217	28,217
Recreation Facilities	30/06/11	-	-	765	765
Road Network	30/06/14	-	-	130,354	130,354
Water Network	30/06/11	-	-	5,139	5,139
Sewer Network	30/06/10	-	-	15,814	15,814
Stormwater Drainage Network		-	-	380	380
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>4,195</b>	<b>181,323</b>	<b>185,518</b>

Residential property was transferred from Level 3 to Level 2 during the year. There were no other transfers between Level 2 and 3 during the year. Council's policy is to transfer in and out of the hierarchy levels as at the end of the reporting period.



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. 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 at 30 June 2015. Land and Land Improvements have been stated at current market value as determined by AssetVal, Registered Valuers. 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.

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.

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).

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. 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.

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.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. Fair Value Measurements (continued)

---

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

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 depreciated replacement cost (DRC) was determined using methods relevant to the asset class as described under individual asset categories below.

##### (i) Road Network

The road network was comprehensively valued by GHD Townsville, at 30 June 2014. CRC at 30 June 2015 was determined by Council engineers using the Asset Revaluation Index: Engineering and Construction, Queensland. The index recorded a movement of .02% since the last comprehensive valuation at 30 June 2014. This movement was not considered material, as such no adjustment was made to fair value, except for adjustments resulting from condition assessments performed at 30 June 2015.

##### 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

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.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. Fair Value Measurements (continued)

---

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

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.

##### **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 12.

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.

##### **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).

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. Fair Value Measurements (continued)

---

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

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

##### **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 2016. Existing stormwater assets have not been subject to revaluation since being constructed in 2012.

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.



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 13. Fair Value Measurements (continued)

#### (3). Significant unobservable valuation inputs used (for Level 2 and Level 3 asset classes) and their relationship to fair value

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 2 and Level 3 Asset Class fair values.

Class	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>PP&amp;E</b> Buildings and Other Structures Recreation Facilities	Condition Rating (useful life)	0 to 10	The higher the condition rating the lower the fair value.
	Construction Rate	\$478m2 to \$4,460m2	The higher the construction rate the higher the fair value.
Road Network and Stormwater Drainage	Number of Labour Hours	Varies depending on type of road component	The higher the labour hours the higher the fair value.
	Standard material usage quantities	Varies depending on type of material	The higher the usage quantities the higher the fair value.
	Condition Rating (Useful Life)	1 to 5	The higher the condition rating, the lower the fair value.
	Remaining Useful Life	0 to 100 years	The longer the remaining useful life, the higher the fair value.
Water Network and Sewer Network	Number of Labour Hours	0 to 1.5 days per 100 linear metre.	The higher the labour hours, the higher the fair value.
	Number of plant equipment hours	1 to 24 depending on type of equipment required	The higher the equipment hours the higher the fair value.
	Standard material usage quantities	Varies depending on type of material	The higher the usage quantities the higher the fair value.
	Remaining Useful Life	2 to 63 years	The longer the remaining useful life, the higher the fair value.

#### (4). Valuation Process

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Finance Manager and Audit Committee. 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 1J and 1K respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 14. Trade and Other Payables

	Notes	2015 \$'000	2014 \$'000
<b>Current</b>			
Creditors and Accruals		1,031	4,613
Annual Leave		902	712
Goods Received not yet invoiced		234	166
Payments Received in Advance		7	7
Other Employee Entitlements		37	20
Other		-	2
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>		<b>2,211</b>	<b>5,520</b>

Although Annual Leave has all been reflected as current, the portion expected to be taken in the next twelve months is \$723,976.

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
2015 Trade and Other Payables	1,309	-	-	1,309	1,265
2014 Trade and Other Payables	4,808	-	-	4,808	4,781

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 15. Borrowings

	Notes	2015 \$'000	2014 \$'000
--	-------	----------------	----------------

#### Current

Loans - Queensland Treasury Corporation		148	86
<b>TOTAL CURRENT BORROWINGS</b>		<b>148</b>	<b>86</b>

#### Non-current

Loans - Queensland Treasury Corporation		1,467	914
<b>TOTAL NON-CURRENT BORROWINGS</b>		<b>1,467</b>	<b>914</b>

#### Reconciliation of Loan Movements for the year

##### Loans - Queensland Treasury Corporation

Opening Balance at Beginning of Financial Year	1,000	-
Loans Raised	700	1,000
Principal Repayments	(85)	-
<b>Book value at end of financial year</b>	<b>1,615</b>	<b>1,000</b>

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
2015 Loans - QTC	204	811	889	1,904	1,615
2014 Loans - QTC	122	481	597	1,200	1,000

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

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 15. Borrowings (continued)

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

\$ '000	Net Carrying Amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
2015 Loans - QTC	1,615	(16)	16	(16)	16
2014 Loans - QTC	1,000	(10)	10	(10)	10

#### 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 \$1,644,554.68.

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 14 June 2024 to 31 May 2025.

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

Notes to the Financial Statements  
for the year ended 30 June 2015

Note 16. Provisions

	Notes	2015 \$'000	2014 \$'000
--	-------	----------------	----------------

Current

Long Service Leave		123	185
Refuse Restoration		3	3
<b>TOTAL CURRENT PROVISIONS</b>		<b>126</b>	<b>188</b>

Non-current

Long Service Leave		723	513
Refuse Restoration		50	48
<b>TOTAL NON-CURRENT PROVISIONS</b>		<b>773</b>	<b>561</b>

Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2014 \$'000	Additional Provision \$'000	Decrease due to Payments \$'000	Remeasure- ment due to Discounting \$'000	Unused Amounts Reversed \$'000	Closing Balance as at 30/06/2015 \$'000
Long Service Leave	698	279	(5)	(92)	(34)	846
Refuse Restoration	51	2	-	-	-	53
<b>TOTAL</b>	<b>749</b>	<b>281</b>	<b>(5)</b>	<b>(92)</b>	<b>(34)</b>	<b>899</b>



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 17. Asset Revaluation Surplus

	Notes	2015 \$'000	2014 \$'000
--	-------	----------------	----------------

#### Asset revaluation surplus analysis

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

Land and Land Improvements		3,034	2,786
Buildings and Other Structures		16,461	20,025
Road Network		81,703	81,067
Water Network		2,688	2,079
Sewer Network		1,269	2,775
<b>Balance at end of financial year</b>		<b>105,155</b>	<b>108,732</b>

### Note 18. Commitments for Expenditure

	Notes	2015 \$'000	2014 \$'000
--	-------	----------------	----------------

#### Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

North Hughenden Sewer Network Loan		86	122
Caravan Park Infrastructure Loan		62	-
Caravan Park Infrastructure		124	-
Civica Software Implementation and Licenses		60	47
Civica Software Management and Support		125	125
Other Commitments		827	1,355
Contract and Recoverable Works		161	2,446
Road Construction		45	60
Sewerage Treatment Plant		-	1,194
<b>TOTAL CONTRACTUAL COMMITMENTS</b>		<b>1,490</b>	<b>5,349</b>

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 19. 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 2015 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 \$289,387.

#### Note 20. 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.

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 20. Superannuation (continued)

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.

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 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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 in the year ended 30 June 2015.

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.

The next actuarial investigation will be made as at 1 July 2015.

	2015	2014
Notes	\$'000	\$'000

The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:

5	682	687
---	-----	-----

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 21. Trust Funds

	Notes	2015 \$'000	2014 \$'000
<b>Trust funds held for outside parties</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		66	49
Security Deposits		1	4
<b>Total Trust Funds</b>		<b>67</b>	<b>53</b>

### Note 22. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

	Notes	2015 \$'000	2014 \$'000
<b>Net operating result from Income Statement</b>		<b>6,430</b>	<b>17,891</b>
<b>Non-cash items:</b>			
Depreciation		5,624	5,237
Write Offs of Property, Plant and Equipment		152	-
Net Losses/(Gains) on Disposal of Assets		8	1,454
Capital Grants and Contributions		(5,183)	(20,445)
(Increase)/Decrease in Receivables		4,333	1,008
(Increase)/Decrease in Inventories		(17)	52
Increase/(Decrease) in Payables and Accruals		(3,309)	4,106
Increase/(Decrease) in Provisions		150	5
<b>Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows</b>		<b>8,188</b>	<b>9,308</b>

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 23. Events Occurring After Balance Sheet Date

---

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

#### Note 24. Financial Instruments

---

Council has exposure to interest rate risk, credit risk and liquidity risk, arising from financial instruments.

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.

The tables presented in Note 14 and Note 15 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.



## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 24. Financial Instruments (continued)

---

#### 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.

##### (a) 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.

Interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the net result and equity, based on the carrying values at the end of the reporting period. The sensitivity analysis table in Note 15 assumes that the change in interest rates would be held constant over the period and are based on the carrying amount at reporting date.

The sensitivity analysis table in Note 9 assumes that the change in interest rates would be held constant over period and are based on the carrying amount at reporting date.

# Flinders Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 25. Council Information and Contact Details

---

#### **Principal Place of Business:**

34 Gray Street  
HUGHENDEN QLD 4821

#### **Contact Details**

##### **Mailing Address:**

PO Box 274  
HUGHENDEN QLD 4821

##### **Opening Hours:**

8:30 am to 5:00 pm

**Telephone:** 07 4741 2900

**Facsimile:** 07 4741 1741

**Internet:** <http://www.flinders.qld.gov.au/web/guest/home>

**Email:** [flinders@flinders.qld.gov.au](mailto:flinders@flinders.qld.gov.au)

#### **Officers**

##### **CHIEF EXECUTIVE OFFICER**

Graham King

#### **Elected Members**

##### **MAYOR**

Cr Gregory Jones

#### **AUDITORS**

Queensland Audit Office  
PO Box 15396  
City East QLD 4002

##### **COUNCILLORS**

Cr Ninian Stewart-Moore  
Cr Bill Bode  
Cr Barbara Geisler  
Cr Sean O'Neill  
Cr Shane McCarthy  
Cr Jane Charuba

#### **Other Information**


**ABN:** 24 420 911 643

**Management Certificate**  
for the year ended 30 June 2015

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulations) 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 40, 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 Gregory Jones  
MAYOR  
\_\_\_\_\_  
Graham King  
CHIEF EXECUTIVE OFFICER

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Flinders Shire Council

### Report on the Financial Report

I have audited the accompanying financial report of Flinders Shire Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

#### *The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Flinders Shire Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



C J WEH FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

## Current Year Financial Sustainability Statement for the year ended 30 June 2015

	Actual 2015	Target 2015
--	----------------	----------------

### Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets.

### Performance Indicators

#### 1. Operating Surplus Ratio

<u>Net Result (excluding capital items) <sup>(1)</sup></u>	5.50%	0 - 10%
Total Operating Revenue (excluding capital items) <sup>(2)</sup>		

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) <sup>(3)</sup></u>	82.60%	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>	-66.10%	less than 60%
Total Operating Revenue (excluding capital items) <sup>(2)</sup>		

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

### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.



Current Year Financial Sustainability Statement (continued)  
for the year ended 30 June 2015

---

---

Measures of Financial Sustainability (continued)

Notes

- <sup>(1)</sup> Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.
- <sup>(2)</sup> Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).

---

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

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Community Recovery and Resilience.

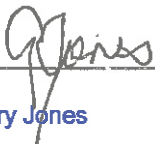
## Flinders Shire Council

### Current Year Financial Sustainability Statement

#### Certificate of Accuracy for the year ended 30 June 2015

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

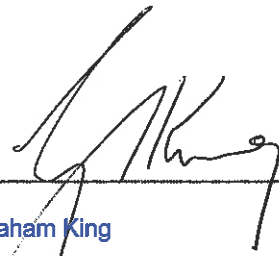
In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



Cr Gregory Jones

MAYOR

30 OCT 2015



Graham King

CHIEF EXECUTIVE OFFICER

30 OCT 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor of Flinders Shire Council

### **Report on the Current-Year Financial Sustainability Statement**

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Flinders Shire Council for the year ended 30 June 2015 comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility 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 Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Flinders Shire Council, for the year ended 30 June 2015 has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



C J WEH FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

## Flinders Shire Council

### Addendum of Unaudited Information for the year ended 30 June 2015

#### Contents

#### Page

Long Term Financial Sustainability Statement

51

Certificate of Accuracy - Long Term Financial Sustainability Statement

53

## Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

	Target 2015	Actual 2015	2016	2017	2018	2019	Forecast		2022	2023	2024	2025
--	----------------	----------------	------	------	------	------	----------	--	------	------	------	------

### Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets.

### Performance Indicators

#### 1. Operating Surplus Ratio

Net Result (excluding capital items) <sup>(1)</sup>

Total Operating Revenue (excluding capital items) <sup>(2)</sup>

0 - 10%	5.50%	0.01%	-1.00%	-1.00%	-1.10%	1.70%	6.20%	6.40%	7.10%	7.40%	9.30%
---------	-------	-------	--------	--------	--------	-------	-------	-------	-------	-------	-------

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) <sup>(3)</sup>

Depreciation Expense

> 90%	90.34%	189.8%	60.1%	76.0%	43.3%	75.1%	53.6%	76.8%	46.7%	75.6%	37.9%
-------	--------	--------	-------	-------	-------	-------	-------	-------	-------	-------	-------

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

Total Operating Revenue (excluding capital items) <sup>(2)</sup>

< 60%	-66.10%	-48.8%	-52.6%	-62.7%	-60.0%	-72.0%	-81.9%	-96.2%	-104.4%	-118.6%	-134.9%
-------	---------	--------	--------	--------	--------	--------	--------	--------	---------	---------	---------

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



## Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

---

### 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.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table above summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure. Our operating result in this period was adversely affected by the impacts of water reform and this issue is outlined in more detail in the coming pages.

---

#### Notes

<sup>(1)</sup> Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

<sup>(2)</sup> Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).

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

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Community Recovery and Resilience.

## Flinders Shire Council

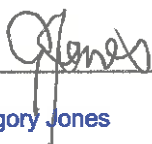
### Long-Term Financial Sustainability Statement

#### Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2015

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

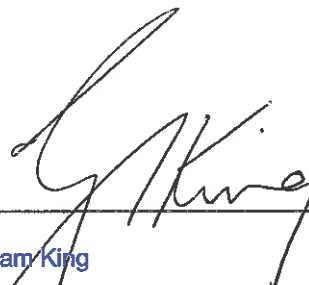
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Cr Gregory Jones

**MAYOR**

**30 OCT 2015**



Graham King

**CHIEF EXECUTIVE OFFICER**

**30 OCT 2015**