

Tablelands Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

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Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	44,495	42,844
Fees and charges	3b	3,849	3,260
Sales revenue	3c	3,027	2,996
Grants, subsidies, contributions and donations	3d	9,193	9,522
Total recurrent revenue		<u>60,564</u>	<u>58,622</u>
Capital revenue			
Grants, subsidies, contributions and donations	3d	9,307	13,087
Total capital revenue		<u>9,307</u>	<u>13,087</u>
Other income			
Rental income	14	779	805
Interest received		467	789
Total other income		<u>1,246</u>	<u>1,594</u>
Total income		<u>71,117</u>	<u>73,303</u>
Expenses			
Recurrent expenses			
Employee benefits	4	24,491	25,979
Materials and services	5	21,031	23,333
Finance costs	6	543	571
Depreciation and amortisation:			
- Property, plant and equipment	12	14,449	14,145
- Intangible assets	13	340	270
Total recurrent expenses		<u>60,854</u>	<u>64,298</u>
Other expenses			
Capital Expenses	7	1,109	378
Total other expenses		<u>1,109</u>	<u>378</u>
Total expenses		<u>61,963</u>	<u>64,676</u>
Net Result		<u>9,154</u>	<u>8,627</u>
Other comprehensive income			
Amounts which will not be reclassified subsequently to the operating result			
Increase in asset revaluation surplus		3,829	5,084
Increase/(decrease) in future rehabilitation - land improvements		34	(113)
Total other comprehensive income for the year		<u>3,863</u>	<u>4,971</u>
Total comprehensive income for the year		<u>13,017</u>	<u>13,598</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. See Note 24 for details regarding the restatement as a result of an error.

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
Assets			
Current assets			
Cash and cash equivalents	8	42,992	40,683
Financial assets	8	4,000	–
Receivables	9	5,797	5,969
Inventories	10	692	684
Non-current assets classified as held for sale	11	509	554
Total current assets		<u>53,990</u>	<u>47,890</u>
Non-current assets			
Receivables	9	1	2
Property, plant and equipment	12	573,523	564,780
Intangible assets	13	1,222	1,430
Total non-current assets		<u>574,746</u>	<u>566,212</u>
Total Assets		<u>628,736</u>	<u>614,102</u>
Liabilities			
Current liabilities			
Payables	15	9,765	7,283
Contract liabilities		169	141
Borrowings	16	393	372
Provisions	17	1,691	2,171
Total current liabilities		<u>12,018</u>	<u>9,967</u>
Non-current liabilities			
Borrowings	16	5,279	5,670
Provisions	17	8,729	8,772
Total non-current liabilities		<u>14,008</u>	<u>14,442</u>
Total Liabilities		<u>26,026</u>	<u>24,409</u>
Net community assets		<u>602,710</u>	<u>589,693</u>
Community equity			
Asset revaluation surplus		140,177	136,314
Retained surplus		462,533	453,379
Total community equity		<u>602,710</u>	<u>589,693</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. See Note 24 for details regarding the restatement as a result of an error.

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Asset revaluation surplus	Retained surplus	Total equity
2021			
Balance as at 1 July	136,314	453,379	589,693
Balance as at 1 July	136,314	453,379	589,693
Net result	–	9,154	9,154
Other comprehensive income for the year			
- Increase/(decrease) in asset revaluation surplus	3,829	–	3,829
- Increase/(decrease) in future rehabilitation - land and improvements	34	–	34
Other comprehensive income	3,863	–	3,863
Total comprehensive income for the year	3,863	9,154	13,017
Balance as at 30 June	140,177	462,533	602,710
2020			
Balance as at 1 July	131,387	445,859	577,246
Adjustment on initial application of AASB 15 / AASB 1058	–	(1,107)	(1,107)
Balance as at 1 July	131,387	444,752	576,139
Net result (restated*)	–	8,627	8,627
Other comprehensive income for the year			
- Increase/(decrease) in asset revaluation surplus	5,040	–	5,040
- Increase/(decrease) in future rehabilitation - land and improvements	(113)	–	(113)
Other comprehensive income	4,927	–	4,927
Total comprehensive income for the year	4,927	8,627	13,554
Balance as at 30 June	136,314	453,379	589,693

* The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. See Note 24 for details regarding the restatement as a result of an error.

Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
Payments to suppliers and employees ¹		(48,318)	(55,984)
Receipts from customers		55,335	54,296
		<u>7,017</u>	<u>(1,688)</u>
Receipts			
Rental income		805	847
Interest and investment revenue received		467	789
Non capital grants and contributions		9,783	9,914
Payments			
Borrowing costs		(471)	(575)
Net cash flow - operating activities	22	<u>17,601</u>	<u>9,287</u>
Cash flows from investing activities			
Receipts			
Proceeds from sale of financial assets		–	5,000
Proceeds from sale of property, plant and equipment		904	629
Grants, subsidies, contributions and donations		9,265	13,334
Payments			
Payments for intangible assets		(132)	(846)
Payments for financial assets		(4,000)	–
Payments for property, plant and equipment		(20,959)	(25,090)
Net cash flow - investing activities		<u>(14,922)</u>	<u>(6,973)</u>
Cash flows from financing activities			
Payments			
Repayment of borrowings		(370)	(711)
Net cash flow - financing activities		<u>(370)</u>	<u>(711)</u>
Net increase for the year		<u>2,309</u>	<u>1,603</u>
plus: cash and cash equivalents - beginning		40,683	39,080
Cash and cash equivalents - closing	8	<u>42,992</u>	<u>40,683</u>
Additional information:			
plus: Investments on hand – end of year	8	4,000	–
Total cash, cash equivalents and financial assets		<u>46,992</u>	<u>40,683</u>

(1) Amounts include GST

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. See Note 24 for details regarding the restatement as a result of an error.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Information about these financial statements

(a) Basis of preparation

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

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

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

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

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

Tablelands Regional Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020, none of the standards had a material impact on reported position, performance or cash flows.

(c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective as at 30 June 2021. These standards have not been adopted by Council but will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council, further information is provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these statements that could be applicable to Council.

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

(d) Estimates and Judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however, due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the

following items and specific information is provided in the relevant note:

- Revenue - Note 3
- Valuation and depreciation of Property, Plant & Equipment - Note 13
- Provisions - Note 18
- Contingent Liabilities - Note 21

(e) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules. New Accounting Standard / Comparative information is prepared on the same basis as the prior year.

(f) Volunteer Services

Council engages volunteer assistance across various services it provides the region. Council does not recognise the cost of these services within the financial statements as the amount is not material, and Council would not consider purchasing all of these services if they were not donated.

(g) Taxation

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

(h) COVID-19

Relief measures were put in place during the year ended 30 June 2020 as the COVID-19 pandemic unfolded. These initial relief measures expired on 30 June 2020.

For the year ended 30 June 2021, a general rate freeze was put in place as a COVID-19 relief measure to assist the entire community.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2a. Council functions – component descriptions

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

Tablelands Regional Council conducted an organisational review and adopted a new structure which came into effect on the 24th of September 2020.

Office of the Chief Executive Officer

Manages the governance aspects of Council's operations including provision of advice, assistance and support to elected Council representatives, advocacy, corporate planning and strategy.

Community and Corporate Services

Includes Community and Engagement workgroups such as executive administration, internal auditing, public relations, communication and marketing, economic development, project funding, enterprise and whole of Council strategic projects. It ensures an integrated approach to corporate and financial services across the organisation.

The department is responsible for financial management, procurement, knowledge and systems, legislative compliance and governance, human resources and administration support services. This department is also responsible for the delivery of a range of community services including club support, community development, equity and inclusion, events, libraries and tourist information, emergency management, and local law enforcement.

Infrastructure, Planning and Environment Services

Ensures a sustainable and planned approach to the delivery of projects and maintenance services across the region. Provides an integrated approach to land use, the environment, development, and community planning.

The department is responsible for strategic land use planning, development assessment, strategic asset management, regulatory services, health and environmental protection, and plumbing certification, including the planning, construction and maintenance of all Council's infrastructure and associated technical services including roads, drainage, parks, gardens, water, waste, and new buildings. It operates three business units providing waste, water and wastewater services.

Waste Management

The Waste Management group is responsible for the delivery of waste construction and maintenance services, waste and recycling collections, disposal, and the day-to-day operations of landfill and transfer station sites.

Water

The Water group is responsible for the delivery of water construction and maintenance services including the management and operation of reticulation services and water treatment.

Wastewater

The Wastewater group is responsible for the delivery of wastewater construction and maintenance services across the region, including management of treatment plants and reticulation services.

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

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

Functions \$ '000	Gross program income				Total income	Gross program expenses		Elimi- nation of inter- function trans- actions	Total expenses	Net result from recurring operations		Net result	Total assets
	Recurring grants	Recurring other	Capital grants	Capital other		Recurring	Capital			recurring operations	Net result		
Functions													
2021													
Office of the Chief Executive Officer	-	-	-	-	-	(1,562)	-	-	(1,562)	(1,562)	(1,562)	(1,562)	444,018
Community and corporate services	6,751	25,163	659	4	32,577	(12,126)	(19)	(249)	(12,394)	19,788	20,183	-	-
Infrastructure, planning & environment services	1,491	5,777	5,779	1,975	15,022	(29,737)	(697)	2,442	(27,992)	(22,469)	(12,970)	670	670
Water	111	8,117	890	-	9,118	(6,991)	(258)	(702)	(7,951)	1,237	1,167	93,829	93,829
Wastewater	-	5,941	-	-	5,941	(4,695)	(94)	(226)	(5,015)	1,246	926	83,019	83,019
Waste	790	7,669	-	-	8,459	(5,743)	(41)	(1,265)	(7,049)	2,716	1,410	7,200	7,200
Total	9,143	52,667	7,328	1,979	71,117	(60,854)	(1,109)	-	(61,963)	956	9,154	628,736	628,736
2020													
Office of the Chief Executive Officer	202	7	-	-	209	(2,850)	-	27	(2,823)	(2,641)	(2,614)	-	-
Organisational services	5,554	24,880	1,055	-	31,489	(7,108)	(6)	(75)	(7,189)	23,326	24,300	412,112	412,112
Community, planning & environment	306	1,017	151	-	1,474	(7,811)	-	345	(7,466)	(6,488)	(5,992)	21,137	21,137
Infrastructure Services	2,881	4,647	8,112	2,037	17,677	(25,009)	(734)	(2,347)	(28,090)	(17,481)	(10,413)	670	670
Water	26	7,255	1,364	384	9,029	(7,009)	-	224	(6,785)	272	2,244	92,448	92,448
Wastewater	-	5,595	401	214	6,210	(5,762)	(4)	350	(5,416)	(167)	794	80,430	80,430
Waste	329	7,515	-	-	7,844	(8,749)	(263)	1,476	(7,536)	(905)	308	7,305	7,305
Total	9,298	50,916	11,083	2,635	73,932	(64,298)	(1,007)	-	(65,305)	(4,084)	8,627	614,102	614,102

(1) Note 2020 FY: Capital Expense needs to be read in conjunction with Income Capital Other. The following adjustments have been made to Capital Other Income: \$629k has been added to Infrastructure Services for sale of plant and equipment.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue

\$ '000	2021	2020
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(a) Rates, levies and charges

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

General rates	25,526	25,331
Water	7,924	7,109
Sewerage	5,818	5,532
Waste collection	6,912	6,575
Special rates - Rural Fire	78	82
Total rates and utility charge revenue	46,258	44,629
Less: discounts	(1,102)	(1,131)
Less: pensioner remissions	(610)	(604)
Less: other remissions	(51)	(50)
Total rates, levies and charges	44,495	42,844

(b) Fees and charges

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

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

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

Application fees	442	191
Building and plumbing application fees	400	303
Caravan parks	833	668
Cemetery fees and services	301	279
Infringements	7	17
Insurance recoveries	482	196
Legal recoveries	2	95
Licences and registrations	268	61
Searches & Inspections	174	85
Trade waste	118	30
Other fees and charges	822	1,335
Total fees and charges	3,849	3,260

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

(c) Sales revenue

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

Revenue from contracts and recoverable works generally comprises of a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. Contract work carried out is not subject to retentions.

\$ '000	2021	2020
Rendering of services		
Contract and recoverable works	2,584	2,744
Total sale of services	2,584	2,744
Sale of goods		
Visitor Centres, Libraries, Nursery, etc.	443	252
Total sale of goods	443	252
Total sales revenue	3,027	2,996

(d) Grants, subsidies, contributions and donations**Grant income under AASB 15**

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

Performance obligations vary in each agreement but include events such as continuous employment of trainees and training provided to seniors. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income under AASB 1058

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

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant or equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

\$ '000	2021	2020
(i) Operating		
General purpose grants	6,606	6,695
State government subsidies and grants	2,449	2,783
Commonwealth government subsidies and grants	88	37
Donations	15	7
Contributions	35	–
Total recurrent grants, subsidies, contributions and donations	9,193	9,522

(ii) Capital

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

State government subsidies and grants	4,430	7,301
Commonwealth government subsidies and grants	2,898	3,780
Contributions	1,937	681
Donated assets	42	1,325
	9,307	13,087
Total capital grants, subsidies, contributions and donations	9,307	13,087

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

\$ '000	2021		2020	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	7,188	9,333	7,624	12,972
Contributions	1,937	–	681	–
Donations	42	–	1,332	–
	9,167	9,333	9,637	12,972

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4. Employee benefits

\$ '000	Notes	2021	2020
Employee benefit expenses are recorded when the service has been provided by the employee.			
Wages and salaries		18,310	19,323
Councillors remuneration		557	568
Termination Benefits		162	179
Superannuation	21	2,458	2,448
		<u>21,487</u>	<u>22,518</u>
Other employee related expenses		4,541	4,766
		<u>26,028</u>	<u>27,284</u>
Less: capitalised employee expenses		(1,537)	(1,305)
Total employee benefits		<u>24,491</u>	<u>25,979</u>

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

Additional information:

Total Council employees at the reporting date:

Elected members	7	7
Administration staff	143	149
Depot and outdoors staff	138	131
Total full time equivalent employees	<u>288</u>	<u>287</u>

Note 5. Materials and services

\$ '000	2021	2020
Expenses are recorded on an accruals basis as Council receives the goods or services.		
Advertising and marketing	55	88
Audit of annual financial statements by the Auditor-General of Queensland	138	135
Cleaning	582	560
Contractors	7,892	9,483
Electricity	1,666	1,727
Fuels and oils	667	774
Goods, materials and services	5,105	4,153
Grants, sponsorships and donations	151	139
Hire of plant and equipment	289	554
Insurance	1,296	1,288
Legal/professional/consultancy services	356	829
Licences, fees, subscriptions and memberships	1,454	1,482
Repairs and maintenance	537	849
Road materials	353	670
Stationery, printing and copying	96	145
Telephone and internet	394	457
Total materials and services	<u>21,031</u>	<u>23,333</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$137,800 (2020: \$135,500).

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Finance costs

\$ '000	2021	2020
Finance costs charged by the Queensland Treasury Corporation	307	334
Bank charges	144	124
Impairment of receivables	10	18
Unwinding of discount on provisions for restoration	82	95
Total finance costs	543	571

Note 7. Capital expenses

\$ '000	2021	2020
(a) Loss on disposal of non-current assets		
Proceeds from the disposal of property, plant and equipment	904	629
Less: Carrying value of disposed property, plant and equipment	(1,972)	(744)
	<u>1,068</u>	<u>115</u>
Loss on disposal of non-current assets	1,068	115

\$ '000	Notes	2021	2020
(b) Provision for restoration of land			
Increase in refuse restoration provision estimates	17	41	263
		<u>41</u>	<u>263</u>
Total capital expenses		1,109	378

Note 8. Cash, cash equivalents and financial assets

\$ '000	2021	2020
Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.		
Cash and cash equivalents		
Cash at bank and on hand	1,028	940
Deposits at call	41,964	39,743
Balance per Statement of Financial Position	42,992	40,683
Balance per Statement of Cashflows	42,992	40,683
Financial assets - current		
Term deposits	4,000	-
Total current financial assets	4,000	-
Total financial assets	4,000	-

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Cash, cash equivalents and financial assets (continued)

\$ '000	2021	2020
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Restricted and internally allocated cash and cash equivalents

Council is 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 investing in 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-", the likelihood of the counterparty not having capacity to meet its financial commitments is low.

Cash and cash equivalents	42,992	40,683
Less: externally imposed restrictions on cash	(14,414)	(13,539)
Unrestricted cash	28,578	27,144

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

These include:

(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	1,185	1,902
Unspent developer contributions	13,229	11,637
Total externally imposed restrictions on cash assets	14,414	13,539

(ii) Internal allocations of cash at the reporting date:

Internal allocations of cash may be lifted by a Council with a resolution.

Future capital works	17,316	24,563
Future non-capital works	8,011	63
Total internally allocated cash	25,327	24,626

Cash and deposits at call are held in various financial institutions in term deposits and business cheque accounts. These financial institutions have a short term credit rating of A1+ and long term rating of A+ to A2.

Trust Funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, security deposits lodged to guarantee performance, external funds held for specific purposes and bursaries.

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

Trust funds held for outside parties

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

	953	609
	953	609

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Receivables

Receivables, loans and advances are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued. Terms for loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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 rate receivables.

Interest is charged on outstanding rates (9.53% per annum from 1 July 2020, previously 9.83% 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.

\$ '000	2021	2020
Current		
Rates and charges	2,410	2,977
Prepaid expenses	573	616
Sundry debtors	3,039	2,854
Loans and advances to community organisations	1	1
Total	6,023	6,448
less: Provision for impairment		
Rates and charges	(226)	(479)
Total provision for impairment - receivables	(226)	(479)
Total current receivables	5,797	5,969

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Note 10. Inventories

Stores and raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost except for land where the costs are allocated to the relevant parcel.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Inventories (continued)

\$ '000	2021	2020
Current Inventories		
(a) Inventories held for distribution		
Plant and equipment stores	454	446
	<u>454</u>	<u>446</u>
(b) Land purchased for development and sale	238	238
Total current inventories	<u>692</u>	<u>684</u>

Note 11. Non-current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets are held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable within 12 months. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated.

The fair value of the land was determined using the sales comparison approach. 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 price per square metre. The land is categorised as a level 2 valuation. Disposal costs were estimated based on commission rates charged by the real estate agents that have been engaged and legal costs quoted by council's solicitors.

\$ '000	2021	2020
(i) Non-current assets and disposal group assets		
Non-current assets held for sale		
Land	509	554
Total non-current assets held for sale	<u>509</u>	<u>554</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment

\$ '000	Work in progress	Land	Buildings	Plant and equipment	Road, drainage and bridge network		Water	Sewerage	Other infrastructure assets	Total
					Cost	Fair Value				
2021										
Measurement basis	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	–
Opening gross balance	12,370	22,500	124,143	23,859	411,312	131,022	91,577	3,154	819,937	
Additions	21,515	–	–	–	–	–	–	–	21,515	
Disposals	–	(447)	(441)	(1,695)	(2,169)	(484)	(431)	–	(5,667)	
Revaluation adjustments to equity (ARS)	–	–	2,288	–	2,206	6,517	2,471	(161)	13,321	
Work in progress transfers	(21,570)	–	974	1,399	13,069	3,809	1,967	352	–	
Transfer to water and sewerage	(2,060)	–	–	–	–	–	–	–	(2,060)	
Transfers to held for sale category	–	(113)	–	–	–	–	–	–	(113)	
Adjustments and other transfers	(227)	–	1,754	210	596	(255)	(2,546)	239	(229)	
Other	10,028	21,940	128,718	23,773	425,014	140,609	93,038	3,584	846,704	
Opening accumulated depreciation and impairment	–	–	63,544	11,806	99,880	53,323	25,929	675	255,157	
Depreciation expense	–	–	3,125	1,997	6,147	1,751	1,326	103	14,449	
Disposals	–	–	(300)	(1,563)	(1,429)	(226)	(338)	–	(3,856)	
Revaluation adjustments to equity (ARS)	–	–	1,491	–	1,342	5,511	(1,269)	357	7,432	
Adjustments and other transfers	–	–	(86)	97	15	(1)	(68)	42	(1)	
Other	–	–	67,774	12,337	105,955	60,358	25,580	1,177	273,181	
Total net book value of property, plant and equipment	10,028	21,940	60,944	11,436	319,059	80,251	67,458	2,407	573,523	
Other information										
Residual value	–	–	–	2,997	–	–	–	–	2,997	
Range of estimated useful life (years)		Unlimited life	10-150	3-100	20-unlimited	15-300	5-150	20-80	–	
*Asset additions comprise										
Asset renewals	383	–	1,113	1,348	9,235	1,431	628	70	14,208	
Other additions	481	3	666	63	2,916	2,909	55	214	7,307	
Total asset additions	864	3	1,779	1,411	12,151	4,340	683	284	21,515	

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

\$ '000	Work in progress	Land	Buildings	Plant and equipment	Road, drainage and bridge network		Water	Sewerage	Other infrastructure assets	Total
					Cost	Fair Value				
2020										
Measurement basis	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	–
Opening gross balance	20,473	23,020	118,268	23,392	397,307	124,477	86,138	3,125	796,200	
Additions	26,094	–	–	–	–	–	–	–	26,094	
Disposals	–	–	(287)	(1,723)	(1,883)	–	(17)	–	(3,910)	
Revaluation adjustments to equity (ARS)	–	–	–	–	3,125	–	–	–	3,125	
Work in progress transfers	(33,300)	–	6,172	2,190	12,860	6,566	5,456	56	–	
Transfers to held for sale category	–	(520)	–	–	–	–	–	–	(520)	
Adjustments and other transfers	(897)	–	(10)	–	(97)	(21)	–	(27)	(1,052)	
Other	12,370	22,500	124,143	23,859	411,312	131,022	91,577	3,154	819,937	
Opening accumulated depreciation and impairment	–	–	60,768	11,051	97,670	51,736	24,429	592	246,246	
Depreciation expense	–	–	3,056	2,241	5,665	1,587	1,513	83	14,145	
Disposals	–	–	(280)	(1,486)	(1,388)	–	(13)	–	(3,167)	
Revaluation adjustments to equity (ARS)	–	–	–	–	(1,959)	–	–	–	(1,959)	
Adjustments and other transfers	–	–	–	–	(108)	–	–	–	(108)	
Other	–	–	63,544	11,806	99,880	53,323	25,929	675	255,157	
Total net book value of property, plant and equipment	12,370	22,500	60,599	12,053	311,432	77,699	65,648	2,479	564,780	
Other information										
Residual value	–	–	–	2,738	–	–	–	–	2,738	
Range of estimated useful life (years)		Unlimited life	10-150	3-100	20-unlimited	15-300	5-150	20-80	–	
*Asset additions comprise										
Asset renewals	294	–	659	1,628	6,434	868	302	–	10,185	
Other additions	55	4	2,987	675	6,972	4,162	963	91	15,909	
Total asset additions	349	4	3,646	2,303	13,406	5,030	1,265	91	26,094	

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

(a) Recognition

Purchase of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold of \$5,000 or maintenance expenditure.

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

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government and is not recognised in these financial statements.

(b) Measurement

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

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

Property, plant and equipment received in the form of contributions or for significantly less than fair value are initially recognised at their fair value.

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

(c) Depreciation

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

Land, work in progress, certain cultural and heritage assets with heritage listing, road formations and formation work associated with the construction of dams, levee banks and reservoirs are not depreciated.

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

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

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

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

(d) Impairment

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

(e) Valuation

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 5 years, council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council uses internal officers to assess the condition and cost assumption associated with all asset classes carried at fair value. The results of which are considered in combination with an appropriate Producers' Price Index

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for asset classes in each of the intervening years.

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

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

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

Separately identified components of assets are measured on the same basis as the assets to which they relate. Both water and sewerage asset classes are classified for valuation purposes into above ground and below ground asset groups. Above ground assets have a different methodology for valuations to below ground assets. In addition, the road, drainage and bridge asset class have varying valuation methodologies and techniques. Based on these asset sub-class classifications, comprehensive revaluations are undertaken on a rolling basis at least once every five years but not necessarily in the same reporting period. Annual assessments are undertaken to ensure fair value materially reflects the carrying values at balance date for these asset classes.

Fair values are classified into three levels as follows:

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

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

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

Council's policy for determining transfers between fair value hierarchies is at the end of the reporting period. There were no transfers between levels of hierarchy during the year.

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

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

Note 12. Property, plant and equipment (continued)

Valuation techniques used to derive level 2 and level 3 fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index used for review	Indexation revaluation adjustment made
Land (level 2) '000 2021: \$10,043 2020: \$10,288	Market value	30/06/2017	Australis Asset Advisory Group	Analysis of price movements in local property market, registered sales, discussions with agents and current property listings	ABS Producers' Price Index "Non-residential Building Construction Queensland"	Nil - indexation movement is considered immaterial
Land (level 3) '000 2021: \$12,407 2020: \$12,212	Market value	30/06/2017	Australis Asset Advisory Group	Lack of directly comparable sales evidence was available, adjustment required between sales evidence and asset.	ABS Producers' Price Index "Non-residential Building Construction Queensland"	Nil - indexation movement is considered immaterial
Buildings (level 2) '000 2021: \$2,289 2020: \$2,353	Market value	30/06/2017	Australis Asset Advisory Group	Available market data, agent advised lease agreements or registered lease transaction and property listings, functionality, physical condition	ABS Producers' Price Index "Non-residential Building Construction Queensland"	Indexation was performed due to Council's revision of remaining useful life estimates
Buildings (level 3) '000 2021: \$58,622 2020: \$28,246	Current replacement cost	30/06/2017	Australis Asset Advisory Group	Cost of modern equivalent asset with similar service potential - Construction cost guides, available market data for current construction projects, functionality, physical condition.	ABS Producers' Price Index "Non-residential Building Construction Queensland"	Indexation was performed due to Council's revision of remaining useful life estimates
Road network (level 3)	Current replacement cost	30/06/2017	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Nil - indexation movement is considered immaterial
Bridge network (level 3)	Current replacement cost	30/06/2020	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Nil - indexation movement is considered immaterial

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12. Property, plant and equipment (continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index used for review	Indexation revaluation adjustment made
Drainage network (level 3)	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	Nil	Nil
Water infrastructure (level 3) - above ground	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	Nil	Nil
Water infrastructure (level 3) - below ground	Current replacement cost	30/06/2017	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Nil - indexation movement is considered immaterial
Sewerage infrastructure (level 3) - above ground	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	Nil	Nil
Sewerage infrastructure (level 3) - below ground	Current replacement cost	30/06/2017	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation was performed due to Council's revision of remaining useful life estimates
Other infrastructure assets (level 3)	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	Nil	Nil

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Intangible assets

\$ '000	2021	2020
Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.		
Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.		
Costs incurred in configuring or customising Software-as-a-Service ("SaaS") arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.		
Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.		
Intangible assets are as follows:		
Software		
Opening gross carrying value	3,944	3,098
Additions	132	846
Disposals	(317)	–
Closing gross carrying value	<u>3,759</u>	<u>3,944</u>
Opening accumulated amortisation and impairment	(2,514)	(2,244)
Amortisation charges	(340)	(270)
Accumulated amortisation charges written off due to disposals	317	–
Closing accumulated amortisation and impairment	<u>(2,537)</u>	<u>(2,514)</u>
Total intangible assets - net book value ¹	<u>1,222</u>	<u>1,430</u>

(1) Software is amortised on a straight line basis over an estimated life of 10 years.

Note 14. Leases

Council as a lessee

Council currently has no leases that are considered material leases as a lessee.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for short-term leases (i.e., leases with a term of less than or equal to 12 months). Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components, then the non-lease components are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14. Leases (continued)

\$ '000	2021	2020
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Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to property owned by Council in the statement of financial position.

The assets are included in the Statement of Financial Position as property, plant and equipment because the rental is incidental or the asset is held to meet Council's service delivery objectives (refer note 13).

Rent from other property is recognised as income on a periodic straight line over the lease term.

Assets classified as property, plant and equipment:

Other property	779	805
Total operating lease income (rental income)	779	805

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Council does not have any contractual obligations to purchase, construct or develop investment property

The minimum lease receipts are as follows:

Not later than one year	204	226
Between one and two years	193	201
Between two and three years	169	198
Between three and four years	117	155
Between four and five years	112	132
Later than five years	1,875	2,173
Total lease receipts	2,670	3,085

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Payables

\$ '000	2021	2020
Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.		
Liabilities are recognised for employee benefits such as wages and salaries, sick and annual leave in respect of services provided by the employees up to the reporting date.		
Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. Annual leave liability represents an accrued expense. As Council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability.		
Current		
Creditors	2,698	379
Prepaid rates	1,393	1,214
Accrued expenses	2,273	2,679
Accrued wages and salaries	454	341
Annual Leave	2,754	2,459
Other employee entitlements	193	211
Total current payables	9,765	7,283

Note 16. Borrowings

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

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 March 2024 to 15 March 2037. There have been no defaults or breaches of the loan agreement during the period.

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

\$ '000	2021	2020
Current		
Loans - Queensland Treasury Corporation	393	372
Total current borrowings	393	372
Non-current		
Loans - Queensland Treasury Corporation	5,279	5,670
Total non-current borrowings	5,279	5,670

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	6,043	6,754
Principal repayments	(371)	(711)
Book value at end of financial year	5,672	6,043

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Borrowings (continued)

The QTC loan market value at the reporting date was \$6,771,000. 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. There have been no defaults or breaches of the loan agreement during the 2021 or 2020 financial years.

Note 17. Provisions

Long service leave

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

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 service leave is classified as a current liability.

Refuse dump restoration and quarry rehabilitation

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

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

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2039.

Quarries are subject to restoration upon the closure of these sites. The provision for restoration is calculated across the expected useful life of the quarry and considers the anticipated restoration activities. Changes in the provision not arising from the passing of time are treated as an expense and recovered out of future decreases (if any). Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

\$ '000	2021	2020
Current		
Long service leave	1,691	2,171
Total current provisions	1,691	2,171

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Provisions (continued)

\$ '000	2021	2020
Non-current		
Long service leave	659	566
Quarry rehabilitation	249	260
Refuse restoration	7,821	7,946
Total non-current provisions	8,729	8,772

Details of movements in provisions

Refuse restoration

Balance at beginning of financial year	7,946	7,507
Amounts used	(158)	(74)
Increase/(decrease) in provision - Council controlled land	(24)	152
Increase in provision - other land not Council controlled	57	361
Balance at end of financial year	7,821	7,946

Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of their useful lives.

Note 18. Asset revaluation surplus

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

Note 19. Commitments for expenditure

\$ '000	2021	2020
(a) Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Contracts for general operations ¹	1,804	2,437
Water operational contracts	469	472
Wastewater operational contracts	269	6
Waste operational contracts	5,469	532
	8,011	3,447

(1) General operations include cleaning and facility services, community pool and library services, and other asset management/maintenance services.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Commitments for expenditure (continued)

\$ '000	2021	2020
(b) Capital Commitments (exclusive of GST)		
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:		
Property, plant and equipment		
Road, drainage and bridge network	2,305	–
Water infrastructure	3,503	341
Wastewater infrastructure	95	–
Other	821	2,111
Total commitments	6,724	2,452
These expenditures are payable as follows:		
Within the next year	6,724	2,452
Total payable	6,724	2,452

Note 20. Contingent liabilities

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

Local Government Mutual

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

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

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there were 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 \$526,685 (2020: \$476,507).

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21. Superannuation - regional defined benefit fund

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

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

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

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

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

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

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

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

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

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

\$ '000	Notes	2021	2020
Superannuation contributions made to the Regional Defined Benefits Fund		37	63
Other superannuation contributions for employees		2,421	2,385
Total superannuation contributions paid by Council for employees	4	2,458	2,448

Notes to the Financial Statements

for the year ended 30 June 2021

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

\$ '000	2021	2020
Net operating result from statement of comprehensive income	9,154	8,627
Non-cash items		
Depreciation and amortisation	14,789	14,415
	<u>14,789</u>	<u>14,415</u>
Losses/(gains) recognised on fair value re-measurements through the income		
Unwinding of discount rates on restoration provisions	41	–
Changes relating to the fair valuation of property, plant and equipment	(23)	–
	<u>18</u>	<u>–</u>
Investing and development activities		
Net (profit)/loss on disposal of assets	1,068	115
Non cash capital grants and contributions	(9,265)	(11,762)
Donated assets	(42)	(1,325)
	<u>(8,239)</u>	<u>(12,972)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	424	(960)
Increase/(decrease) in provision for doubtful debts	(253)	9
(Increase)/decrease in inventories	(8)	379
(Increase)/decrease in other assets	45	–
Increase/(decrease) in payables	2,319	(2,171)
Increase/(decrease) in contract liabilities	28	141
Increase/(decrease) in employee leave entitlements	(367)	374
Increase/(decrease) in other provisions	(177)	590
Increase/(decrease) in other liabilities	(132)	855
	<u>1,879</u>	<u>(783)</u>
Net cash provided from/(used in) operating activities from the statement of cash flows	<u>17,601</u>	<u>9,287</u>

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23. Reconciliation of liabilities arising from finance activities

\$ '000	as at 30/06/20			Non-cash changes (new leases)	as at 30/06/21
	Opening Balance	Change in accounting policy	Cashflows		Closing balance
Borrowings	6,042	–	(370)	–	5,672
	6,042	–	(370)	–	5,672

\$ '000	as at 30/06/19			Non-cash changes (new leases)	as at 30/06/20
	Opening Balance	Change in accounting policy	Cashflows		Closing balance
Borrowings	6,753	–	(711)	–	6,042
	6,753	–	(711)	–	6,042

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24. Correction of error

Nature of prior-period error

During the year ended 30 June 2021, it was identified that Council had erroneously recorded additional transactions totalling \$1,790,000 as accrued income at 30 June 2020. This related to government grant and sales income of capital and operating nature which resulted in an overstatement of total assets and total income. This was largely to the re-invoicing of the relevant State Government department without correctly reversing related accrued revenue amounts in the year ended 30 June 2020.

The error has been corrected by restating each of the affected financial statement line items in the prior period as presented below. There was no impact on the Statement of Financial Position at 1 July 2019 or the Statement of Cash Flows at 30 June 2020.

Adjustments to the comparative figures for the year ended 30 June 2020**Statement of Financial Position**

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Receivables	7,759	(1,790)	5,969
Total assets	615,892	(1,790)	614,102
Retained surplus	455,169	(1,790)	453,379
Total community equity	591,483	(1,790)	589,693

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Capital revenue - grants, subsidies, contributions and donations	14,659	(1,572)	13,087
Sales revenue	3,214	(218)	2,996
Total income	75,093	(1,790)	73,303
Net result	10,417	(1,790)	8,627

Notes to the Financial Statements

for the year ended 30 June 2021

Note 25. National competition policy

Business activities to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following activities:

Water Services, Sewerage Services, Waste Management and Caravan Parks.

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The following activity statements are for activities subject to the competitive code of conduct:

\$ '000	Water services	Sewerage services	Waste management	Caravan parks
Revenue for services provided to the Council	152	312	114	–
Revenue for services provided to external clients	7,736	5,835	7,136	840
	<u>7,888</u>	<u>6,147</u>	<u>7,250</u>	<u>840</u>
Less : expenditure	(7,653)	(5,132)	(6,715)	(838)
Surplus/(deficit)	235	1,015	535	2

Notes to the Financial Statements

for the year ended 30 June 2021

Note 26. Controlled entities that have not been consolidated

Council has a controlled entity that is not consolidated because its size and nature means that it is not material to council's operations.

A summary of the Council's controlled entity, its net assets and results for the year ended 30 June 2021 follows:

Controlled entities - financial results:

\$ '000	Details	Ownership interest %	Revenue	Expenses	Profit / (loss)	Assets	Liabilities	
2021								
	Tablelands Regional Council Enterprises Pty Ltd	1	100%	—	—	—	3	37
				—	—	—	3	37
2020								
	Tablelands Regional Council Enterprises Pty Ltd	1	100%	86	140	(54)	3	37
				86	140	(54)	3	37

1. Tablelands Regional Council Enterprises Pty Ltd's main purpose was to explore economic development opportunities in the Tablelands Regional Local Government area. This controlled entity did not actively trade during the year ended 30 June 2021. Subsequent to 30 June 2021, the company was deregistered on 30 September 2021.

Note 27. Transactions with related parties

(a) Subsidiaries (i.e. entities and operations controlled by Council)

Council incorporated Tablelands Regional Council Enterprises Pty Ltd on 20 June 2018, the purpose of the controlled entity is the consideration, research and development of beneficial enterprises in the Tablelands Regional Local Government area. This controlled entity was not actively trading during the year ended 30 June 2021. The company was deregistered subsequent to 30 June 2021.

(b) Key management personnel

Transactions with key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive Officer and executive management. Council has also included any officers who acted in executive roles during the year.

\$ '000	2021	2020
The compensation paid to key management personnel for comprises:		
Short-term employee benefits	1,330	1,959
Post-employment benefits	167	265
Long-term benefits	66	61
Termination benefits	139	179
Expense Reimbursements	34	33
Total	1,736	2,497

Notes to the Financial Statements

for the year ended 30 June 2021

Note 27. Transactions with related parties (continued)

(c) Other Related Parties

Transactions with other related parties

Other related parties include the close family members of key management personnel and any entities controlled or jointly controlled by key management personnel or their close family members. Close family members include a spouse, child and dependent of a key management personnel or their spouse.

\$ '000	Details	Amount of transactions during year	Outstanding balance (incl. commitments)
2021			
Materials and Services			
Purchase of materials and services from entities controlled by family members of key management personnel:			
	- BJS Plumbing & Civil Contracting ^a	982	–
	- Erroll Fitzgerald ^a	12	–
	- George Fitzgerald ^a	204	–
	- It's All Good Bobcat Hire ^b	25	–
	- The Dam Outrigger Canoe Club ^b	1	–
	Employee expenses of close family members of key management personnel ^c	212	–
Transactions			
Transactions with other related entities:			
	- Tropical Tablelands Tourism ^d	3	–
		1,439	–
2020			
	- BJS Plumbing & Civil Contracting ^a	1,743	7
	- Erroll Fitzgerald ^a	1,614	–
	- It's All Good Bobcat Hire ^b	69	–
	- John Collins Electrical ^b	74	–
	Employee expenses of close family members of key management personnel ^c	101	–
	- Tropical Tablelands Tourism ^d	28	–
		3,629	7

(a) Construction and civil works awarded through regular tender process.

(b) Council grants and civil works awarded through regular Council procurement and grants process.

(c) Employment at normal conditions governed by Council EBA. There have been four close family members of key management personnel employed by Council during this year.

(d) Monetary support for regional marketing activities of a private entity, but where Councillors from TRC and another Council were members of the governing body.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 27. Transactions with related parties (continued)

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

Most of the entities and people that are related parties of Council live and operate within the Tablelands Regional Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include: payment of rates, use of council facilities such as swimming pools and parks, borrowing books from Council libraries, visiting Council art galleries, dog registration, etc.

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

General Purpose Financial Statements
for the year ended 30 June 2021

Management Certificate

for the year ended 30 June 2021

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the 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 36, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Rod Marti
Mayor

28 October 2021



Gary Rinehart
Chief Executive Officer

28 October 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Tablelands Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Tablelands Regional Council.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

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

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

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

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



Vaughan Stemmett
as delegate of the Auditor-General

29 October 2021

Queensland Audit Office
Brisbane

General Purpose Financial Statements

for the year ended 30 June 2021

Current Year Financial Sustainability Statement

\$ '000	Actual 2021	Target 2021
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Measures of financial sustainability

1. Operating surplus ratioNet result (excluding capital items) ¹Total operating revenue (excluding capital items) ²

1.55%

0% - 10%

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 ratioCapital expenditure on the replacement of assets (renewals) ³

Depreciation expense

98.33%

> 90.00%

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) ²

(45.24)%

< 60.00%

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

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

(2) Includes only recurrent revenue disclosed in the statement of comprehensive income. 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).

(3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing service potential, and may reduce operating and maintenance costs. Capital works-in-progress and non-cash contributions in relation to existing assets are also included in this expenditure (refer note 12 for inclusions).

Note 1 - basis of preparation

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

General Purpose Financial Statements
for the year ended 30 June 2021

Certificate of Accuracy
for the year ended 30 June 2021

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

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



Rod Marti
Mayor
28 October 2021



Gary Rinehart
Chief Executive Officer
28 October 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Tablelands Regional Council

Report on the current-year financial sustainability statement

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

The councillors are responsible for the other information.

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.


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

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

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

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

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



Vaughan Stemmett
as delegate of the Auditor-General

29 October 2021

Queensland Audit Office
Brisbane

General Purpose Financial Statements
for the year ended 30 June 2021

Unaudited Long Term Financial Sustainability Statement

\$ '000	Target	Actual	Forecast								
	2021	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

Measures of financials sustainability

1. Operating surplus ratio

Net result (excluding capital items) ¹

Total operating revenue (excluding capital items) ²	0% - 10%	1.55%	0.50%	0.10%	1.20%	1.70%	2.00%	2.40%	4.80%	5.60%	6.40%	6.40%
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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) ³

Depreciation expense	> 90.00%	98.33%	122.40%	109.70%	71.30%	61.70%	67.10%	61.70%	77.30%	68.70%	75.40%	77.30%
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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) ²	< 60.00%	(45.24)%	(41.10)%	(37.70)%	(18.20)%	(0.50)%	(10.30)%	(23.30)%	(21.90)%	(29.30)%	(38.80)%	(27.80)%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the statement of comprehensive income. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties (refer to note 5 for exclusions), and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.
- (2) Includes only recurrent revenue disclosed in the statement of comprehensive income. 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).
- (3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing service potential, and may reduce operating and maintenance costs. Capital works-in-progress and non-cash contributions in relation to existing assets are also included in this expenditure (refer note 12 for inclusions).

General Purpose Financial Statements for the year ended 30 June 2021

Tablelands Regional 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.

The above three sustainability indicators have been set to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on a monthly basis 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 the financial indicators. In summary, we are on target with all indicators and have performed 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.

General Purpose Financial Statements

for the year ended 30 June 2021

Certificate of Accuracy - Long Term Financial Sustainability Statement

Certificate of Accuracy

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

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

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



Rod Marti

Mayor

28 October 2021



Gary Rinehart

Chief Executive Officer

28 October 2021