



SHIRE OF MURWEH

MORVEN - CHARLEVILLE - AUGATHELLA

ANNUAL REPORT 2018-2019

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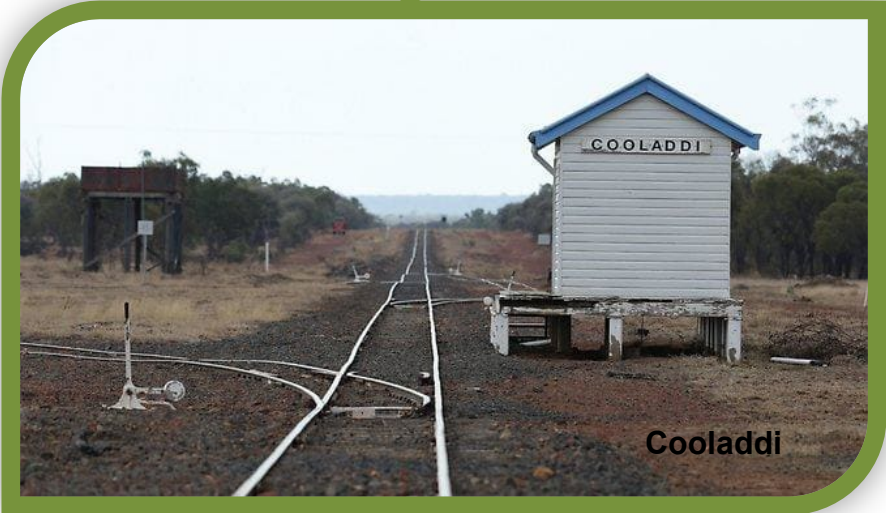
www.murweh.qld.gov.au



Augathella



Charleville



Cooladdi



Morven

Message from the Mayor

Being my last report prior to the local government elections to be held on the last Saturday in March, 2020 I would like to thank the community for their support and assistance in my first full term as Mayor. This financial year has seen Council undertake or commence a number of significant and diverse projects which will deliver much needed economic stimulus to our Shire most notably the Morven Cattle Freight Hub, Charleville Industrial Estate, Cosmos Centre Planetarium, Augathella Smiley Museum and Morven Visitor Centre.

As the drought now enters its' seventh year Council is fully aware of the enormous pressure these current conditions place on all sectors of the community and I pray that substantial rainfall is only around the corner.

Council was again fortunate to receive funding support from both the Federal and State governments through successful submissions to the Drought Communities Program (Federal) and Building Our Regions and Works for Queensland Program (State) and I know without this support I am sure our communities could not sustain.



Highlights of some of the major projects undertaken in the 2018-2019 financial year include;

Airport RFDS & Terminal Upgrades	\$312K
Completion of purchase Community Housing Assets	\$252K
Morven Cattle Rail Hub (carried over) \$4.1M	\$200K
Commence New Industrial Estate (carried over) \$1.8M	\$456K
Charleville Cosmos Centre Planetarium	\$548K
Charleville Swimming Pool Painting	\$ 63K

Works for Queensland (W4Q)

3 Towns New Entrance Signage	\$132K
Charleville Skate Park Upgrade (half pipe)	\$ 99K
Augathella Town Hall Upgrade	\$107K
Shire Parks Landscaping	\$172K
Shire Parks Streetscape	\$162K

Drought Communities

New Visitor Information Centre Morven	\$192K
Augathella Library Extension – Smiley Museum	\$208K
Warrego (Augathella) River Clearing	\$202K
Charleville Caravan Parking Rest Area	\$285K
New Ablution Block Charleville Works Depot	\$ 90K

Roadworks

Killarney Road	\$828K
Adavale Road	\$1.24M
Kerbing & Channelling	\$248K
Rural Roads Maintenance	\$1.1M
Town Street Maintenance	\$1.1M
Plant & Equipment Replacement	\$1.9M

Council was again pleased to help with many minor projects and events run by the numerous clubs and organisations and their tireless volunteers across the Shire.

It is appropriate that I take this opportunity to thank my Deputy Mayor, Cr. Peter Alexander and Councillors Robert Eckel, Shaun Radnedge and Lyn Capewell for their assistance and dedication; for those Councillors not seeking re-election I thank them for their contribution to the community during my term as Mayor and to wish all the best to those seeking re-election.

I would also like to express my appreciation to our Chief Executive Officer and Council staff for their assistance and efforts during the year and throughout my term as Mayor.

Cr. Annie Liston

MAYOR



Murweh Shire Council

Back row; Deputy Mayor, Cr Peter Alexander, Cr Robert Eckel, Cr Shaun Radnedge
Front Row; Mayor Cr Annie Liston, CEO Mr Neil Polglase, Cr Lyn Capewell

Chief Executive Officer's Report

A business as usual budget was struck for the financial year 2018-2019 with capital and recurrent grants remaining in line with previous year around \$14M this has required some capital projects to be carried over to the next financial year most notably the Morven cattle Rail Hub (\$4.1M) and the Charleville Industrial precinct (\$2M) due in part to legislative approvals.

Asset revaluations undertaken in the prior year has seen Council's depreciation increase by \$1M ending in a small net surplus of \$614k well down from last year. Overall expenditures including wages and salaries remain on parity however Department of Main Roads recoverable costs reduced substantially by \$1M although has a cost neutral effect.

New accounting standards to provide landfill restoration costs and provision for rehabilitation requirements also generated a \$1.8M capital expense on the statement of comprehensive income for the first time.

Our region is still in the grip of a prolonged drought with council determining a modest increase in rates and charges around 2% slightly above the CPI indexation.

Overall financial position remains stable with an increase in cash reserves up \$563K on the previous year with modest loan commitments of \$2.5M down from \$2.9M.

Capital expenditure represented a total of \$8M with capital grants totalling \$5.1M showing success of Council's grant application programs.

Challenges facing the present and future Council will be the need to balance asset renewal with the provision of new assets, need for continued social programs and greater community expectations.

A wide range of statutory compliance issues were met during the year and again proud to provide a further unqualified audit opinion for the fifteenth straight year meeting government requirements.

Extend my congratulations to the Executive Council, Senior Management and all staff for their diligence and commitment throughout the year with special mention to our Economic Development Officer on winning the National Economic Development award and to our Director of Engineering Services for Queensland Park of the Year award for Graham Andrews Park refurbishment.

N W Polglase
Chief Executive Officer





Graham Andrews Parklands



Parks & Leisure Australia - Qld Park of the Year Award

Statutory Information

Councillors (section 186 Local Government Regulations 2012)

Remuneration Schedule

The levels of remuneration as set by the Local Government Remuneration and Discipline Tribunal in terms of the Local Government Regulation 2012 effective from 1 July 2018 are as follows:

Category 1	Position	Remuneration	Telephone
	Mayor	\$103,918.00	\$2,000.00
	Deputy Mayor	\$59,952.00	\$1,000.00
	Councillors	\$51,958.00	\$1,000.00

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

Statistics of meeting attendance and remuneration for each individual Councillor
2018- 2019

Cr Annie Liston

Ordinary Meetings	12
Special Meetings	2
Telephone Allowance	2,000.04
Mayor Allowance	103,918.00
Gross Income	105,918.00
Tax	39,840.00
Employee Superannuation Contribution (Salary Sacrifice)	6,355.08
Employer Superannuation Contribution	12,710.16

Cr Peter Alexander

Ordinary Meetings	12
Special Meetings	2
Telephone Allowance	1000.00
Deputy Mayor Allowance	59,952.00
Gross Income	60,952.00
Tax	24,384.00
Employee Superannuation Contribution	3,441.36
Employer Superannuation Contribution	7,314.24

Cr Robert Eckel	
Ordinary Meetings	11
Special Meetings	2
Telephone Allowance	1000.00
Councillor Allowance	34,638.25
Meeting Fee Allowance	15,875.75
Gross Income	51,514.00
Tax	5,909.00
Employee Superannuation Contribution (Salary Sacrifice) & After Tax & Voluntary Super (Salary Sacrifice) & Additional Voluntary Super	28,340.05
Employer Superannuation Contribution	6,181.77
Cr Lyn Capewell	
Ordinary Meetings	11
Special Meetings	2
Telephone Allowance	1000.00
Councillor Allowance	34,638.25
Meeting Fee Allowance	15,875.75
Gross Income	51,514.00
Tax	20,615.00
Employee Superannuation Contribution	0.00
Employer Superannuation Contribution	4,893.89
Cr Shaun Radnedge	
Ordinary Meetings	12
Special Meetings	2
Telephone Allowance	1000.00
Councillor Allowance	34,639.00
Meeting Fee Allowance	17,319.00
Gross Income	52,958.00
Tax	16,241.00
Employee Superannuation Contribution	0.00
Employer Superannuation Contribution	5,031.00

Conduct And Performance Of Councillors (section 186 (d), (e), (f) Local Government Regulation 2012

Section 186 Local Government Regulation 2012	The total number of the following during the financial year
Paragraph (d)	
(i) orders made under section 150I(2) of the Act; (Order reprimanding a Councillor)	Nil
(ii) orders made under section 150AH(1) of the Act; (Disciplinary action against Councillor)	Nil
(iii) decisions, orders and recommendations made under section 150AR(1) of the Act; (Conduct tribunal disciplinary action)	Nil
Paragraph (f)	
(i) complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	Nil
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	Nil
(iii) notices given under section 150R(2) of the Act;	Nil
(iv) notices given under section 150S(2)(a) of the Act;	Nil
(v) decisions made under section 150W(a), (b) and (d) of the Act;	Nil
(vi) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act;	Nil
(vii) occasions information was given under section 150AF(4)(a) of the Act;	Nil
(viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	Nil
(ix) applications heard by the conduct tribunal about the alleged misconduct of a councillor.	Nil
(i) complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	Nil
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission;	Nil

For each decision, order or recommendation made under Sec 186 (1) (d) of Local Government Regulation 2012		
The name of each councillor for whom a decision, order or recommendation mentioned in paragraph Sec 186 (1) (d) of LG Reg was made;	A description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors;	A summary of the decision, order or recommendation made for each councillor
Nil	Nil	Nil

Administrative Action Complaints (section 187 Local Government Regulations 2012)

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

The policy is broken down into three stages:

- (i) Preliminary procedures
- (ii) Complaint process
- (iii) Review by Ombudsman or other complaints entities

It is the Council’s intent to provide a level of customer service that does not attract complaints, but acknowledges the rights of persons to provide feedback, both positive and negative, on its services and / or to lodge a complaint about a decision or other action Council takes.

The complaints process has been instituted to ensure that, to the greatest practical extent, any complaint is dealt with fairly, promptly, professionally, in confidence subject to any legal requirement, and in a manner respectful to the complainant.

Administrative complaints made during the 2017/2018 financial year	Nil
Number of complaints resolved under the complaints management process	Nil
Number of complaints not resolved under the complaints management process	Nil

There were no administrative complaints made in the 2017/2018 financial year.

Overseas travel (section 188 Local Government Regulation 2012)

There was no overseas travel in 2018/2019.

Grant Expenditure to Community Groups (section 189 Local Government Regulation 2012)

In accordance with section 189 of the *Local Government Regulation 2012*, the following information is provided concerning expenditure on grants to community organisations. The Council does not operate discretionary funds.

Description	Amount
Expenditure on grants to community organisations	\$87,130
In kind donations and contributions	\$53,638
Total	\$140,768

Other Contents (section 190 Local Government Regulation 2012)

Corporate And Operational Plans

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

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

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

Outcomes of the 2018-19 Operational Plan

GOVERNANCE

Strategies	Outcomes
Adequately trained elected members	Ongoing – Code of Conduct raining undertaken
Greater community participation and engagement	Ongoing
Provide for elected member statutory remuneration	New rates presented to the January meeting
Provide for external and internal audit functions	Audit achieved with no major issues. Internal Audit pending final report (Available next Council Meeting)
Provide for appropriate elected member conference attendance	Completed, 2 Councillors and CEO attended conference in Brisbane in October

RISK MANAGEMENT

Strategies	Outcomes
Functional Disaster Management Plan in place	Local Disaster Management Group meeting held 29th November
Council has a functional Emergency Services Unit	Completed
Council adopts an Enterprise Risk Management (ERM) System throughout the organisation	JLTA discussion in October 2018, minor review in February and Internal Auditor has reviewed in June 2019
Council has in place a compliant Workplace Health & Safety System in place	External Audit in October 2018
Council has an accredited Roadworks Quality Assurance System (RQAS) in place	Meetings held and Audit undertaken in May 2019 with some minor improvements required

HUMAN RESOURCES

Strategies	Outcomes
Provision of Human Resource requirements for employees	Appropriate reporting to Council, policies reviewed regularly. On going
Council has an Enterprise Bargaining agreement in place	Enterprise Bargaining Agreements approved

REVENUE

Strategies	Outcomes
Rates, charges, subsidies, grants, fees, donations and contributions collected	Accomplished, some outstanding assessments for sale. Rating system reviewed in February with recommendations given to Council for consideration.

ADMINISTRATION

Strategies	Outcomes
Provide administrative support to the organisation	Achieved
A financial system that meets the need of the Council	IT Vision to be considered for future budget .
Best practice customer service standards are provided	Models presented, pending advice Achieved, no issues
Suitable Store operation	Internal Audit recommendations being implemented.

FINANCE

Strategies	Outcomes
Borrowing costs, debt collection and bank charges minimised	Achieved
Council has developed a 10yr financial sustainability report	Part of Budget presentation
Adequate recovery of administrative overheads to match expenses	Review not commenced

ASSETS

Strategies	Outcomes
Suitable Asset Management System covering all asset types	Road Infrastructure and Water & Sewerage AMPS in place

LIBRARIES

Strategies	Outcomes
Provide library services for public use	Achieved

AERODROMES

Strategies	Outcomes
Provide aerodromes of an appropriate standard	Achieved Funding approved for scanner only, seeking further clarification from Government.
Upgrade of the RFDS apron and surrounds	Sealer applied and lights installed
Upgrade apron and surrounds	Parking area extended

ECONOMIC DEVELOPMENT

Strategies	Outcomes
Provide avenues for Council and other organisations to develop opportunities for future growth within the Shire	Regular meetings held. Plan established to enrich SWRED 's profile
Council has an up to date Economic Development Strategy	Not yet commenced
Council consider and develop climate change initiatives	In discussion with a private provider
Develop partnerships with key stakeholders to ensure Council and our is aware of emerging trends	Regular meetings held and attended

STAFF HOUSING

Strategies	Outcomes
Provide housing to an acceptable standard for senior staff	Achieved

CULTURAL DEVELOPMENT

Strategies	Outcomes
Council actively encourage and enhance opportunities for the development of Art & Culture	Achieved
An operational Art Gallery in Charleville	MOU yet to be established, through put good.
Provide adequate levels of resources and support for community assistance	Achieved
Council continue to support Public Art	Achieved

TOURISM-VIC-COSMOS-WWII

Strategies	Comments
Continued development of Cosmos Centre as a tourist destination within the Secret Precinct	Takings are good, however numbers down. (Season is late) Pending installation of projectors. New layout and upgraded kitchen
Visitor Information Centre in the 3 communities	Accreditation achieved. Other alterations pending QRail approval.
Council will encourage other tourism ventures to be established	Established, Opening of building pending
Continue to develop other aspects of the Secret Precinct	Received funding to create site to house the Brisbane line interpretives.

LAND DEVELOPMENT

Strategies	Outcomes
Continued development of land for residential and commercial purposes	Low demand in residential & commercial development.
Council establishes a Freight Hub in Morven	Presently arranging DA approval
Industrial land is available in the 3 communities	Work has commenced on site. Combined funding to provide 20 lots.

COMMUNITY FACILITIES

Strategies	Outcomes
Parks and gardens maintained for continued public use and enjoyment	Council won the Queensland Parks & Leisure Best Park Award
Sporting facilities & showgrounds maintained to safe standard	On going
Community facilities maintained to a reliable and high standard	Achieved/On going
Public halls, cultural centre & medical practitioners facilities maintained to an appropriate standard	Halls well maintained and Augathella Hall upgraded.
Cemeteries maintained to a respectful standard	Kept to a high standard
Public conveniences maintained to a safe and healthy standard	Achieved
Aged care facilities maintained to a safe and otherwise appropriate standard	Maintenance up to date. Council have upgraded 4 units.
Acquire housing stocks from Department of Works & Housing	Achieved.

ENVIRONMENTAL

Strategies	Outcomes
Community health standards maintained	On going
Local laws regarding keeping and control of animals including wild dogs are policed where necessary	On going
Town reserves and riverine protection and improvements maintained	On going
Stock routes maintained to an appropriate standard in accordance with legislative requirements	On going

REFUSE MANAGEMENT

Strategies	Outcomes
Regular refuse removal and disposal carried out	On going
Land fill operations carried out effectively and efficiently	On going

BUILDING & PLANNING

Strategies	Outcomes
Council has a complaint Planning Scheme	Planning Scheme in place
Building and ancillary construction compliance maintained	Contract Building Certifier retained

ENGINEERING

Strategies	Outcomes
Engineering staffing levels maintained	We have about 5 vacancies to fill
Construction plant maintained to an efficient and safe standard	Operations have improved
Contract civil works on behalf of other agencies and funding programs delivered	Margin achieved on external projects
Improve and maintain road and street infrastructure	Improved, on going
Renew dilapidated bridge structures	On going
Rural roads upgrading	On going
Town Streets upgrading	On going
Upgrade culverts	On going
Plant Renewals	On going
New footpaths	On going
Levee Bank	On going

WATER

Strategies	Outcomes
Provide adequate and safe urban drinking water supply	On going
Storage and supply of urban water maintained	On going
Upgrade mains, flow meters and switchboards Morven, Augathella and Charleville	On going

SEWERAGE

Strategies	Outcomes
Sewerage treatment plant and ponds operating to standard	On going
Sewer reticulation operating at maximum efficiency	On going
Upgrade pump stations and mains	On going

Registers And Public Documents

Item	Description	Access
Register of personal interests of Councillors and Senior Officials	To record certain financial and other personal interests of relevant individuals.	Councillor's interests are available on Council's website.
Investment Register	Record details of Council's investments	Available to any person
Register of Local Planning Policies	To record the current policies as set by Council	Available to any person
Register of Delegations of Authority by Council.	To record all powers delegated by the Local Government or the Chief Executive Officer's delegated powers.	Available to any person
Register of Delegations of Authority by the CEO.	To record all powers delegated by the CEO.	Available to any person
Councillor Conduct Register	To record all Councillor Conduct	Available to any person
Asset Register	To record all assets that Council owned	High level information included in the financial statements. Available to any person
Preferred Suppliers Register	To record Council's Preferred Supplier list	Available to any person

Item	Description	Access
Register of Local Laws	To record all local laws set by Council	Available to any person
Register of Policies	To record the current policies as set by Council	Available to any person
Register of Roads	To record the details of the shire roads.	Available to any person
Contract Register	To record the details of all contracts.	Available on Council's website.
Register of Legal Documents	To hold a record of all legal documents.	Available to any person
Register of Cost-Recovery Fees	To record all charges levied by Council.	Available to any person
Building Application Register	To record the details of all applications.	Available to any person
Cemetery Register	To record all burial sites	Available to any person
Corporate & Operational Plan	To document the goals and strategies set by Council for the period specified in each plan.	Available on Council's website.
Annual Report	To document the financial position and report on attainment of goals specified in the Corporate Plan and Operational Plan.	Available on Council's website.

Concessions For Rates And Charges Granted By Council

- (i) A 10 % discount on rates and charges excluding interest, fire levy and excess water charges if paid by the due date
- (ii) Age pensioners in receipt of a full pension and having a Commonwealth Government Concession Card receive a remission up to \$360.00 per annum
- (iii) Council considers requests from Community organisations for the waiver of fees for the use of community facilities

Internal Audit

Council appointed Crowe Horwath (Australia) Pty Ltd as its provider of internal audit services from 1 February 2018 to February 2020, with the possibility of an extension to three years ending 1 February 2021.

A three year program has been developed for 2018-2021. One internal audit was completed during 2018/19.

Competitive Neutrality

Council has not been required to issue any investigation notices in the financial year under section 49 of the competitive neutrality complaints procedures as per the Local Government Regulation 2012.

Council has not been required to respond to any Queensland Productivity Commission recommendations as per section 52 (3).

Invitation to Change Tenders

Council did not issue invitations to change any tenders under section 228(7) of the Local Government Regulation 2012 during 2018-19.

Senior Staff Remuneration (Local Government Act 2009 section 201)

The total of all remuneration packages payable in 2018-19 to the senior management of the Council was \$776,064.

Band	Number of employees
\$100,000 to \$200,000	2
\$200,000 to \$300,000	2

Public Sector Ethics Act 1994 (section 23)

Council has implemented the code of conduct and undertaken regular education, training and review of procedures.



Mulga Lands
Gallery





COMMUNITY FINANCIAL REPORT 2018-2019



Community Financial Report

The community financial report aims to simplify Council's official financial statements by providing a visual representation of our financial performance for the period 1 July 2018 to 30 June 2019.

Each report in Council's financial statements provides information on a specific aspect of our financial performance, with the statements collectively providing a profile of the financial performance and wealth of Council.

This community financial report consists of four key statements:

1. **Statement of Comprehensive Income** which measures how Council performed in relation to income and expenses during the financial year. This statement illustrates how money received from Council operations is spent.

Council achieved a net result of \$614,000 compared with 2017-18 of \$2.3 million. The decrease in net result is largely due to the reduction on operating grants funding received, coupled with the decrease in the volume of contract and recoverable works. There was also the impact of refuse restoration provision, a non-cash transaction of \$1.8 million. Employee benefits are in line with prior year figures of \$6.8 million, while materials and services have decreased by \$1.8 million due to the decrease in the recoverable works and flood damage restoration works in 2018-19.

Revenue	2018-2019	2017-2018
	\$ '000	\$ '000
Rates, Levies and Charges	6,623	6,332
Fees and Other Income	1,306	1,240
Interest & Investment Revenue	233	207
Grants & Contributions - Operating	8,931	9,271
Sales & Recoverable Works	2,856	3,914
Total Revenue	19,949	20,963
Expenses		
Employee Benefits	6,890	6,856
Materials and Services	9,387	11,221
Finance Costs	193	231
Depreciation and Amortisation	6,202	5,213
Total Expenses	22,672	23,521
Operating Surplus/(Deficit)	(2,723)	(2,558)
Capital Grant/Other Capital Income	5,171	4,912
Capital Expenses	1,834	39
Net Result	614	2,316

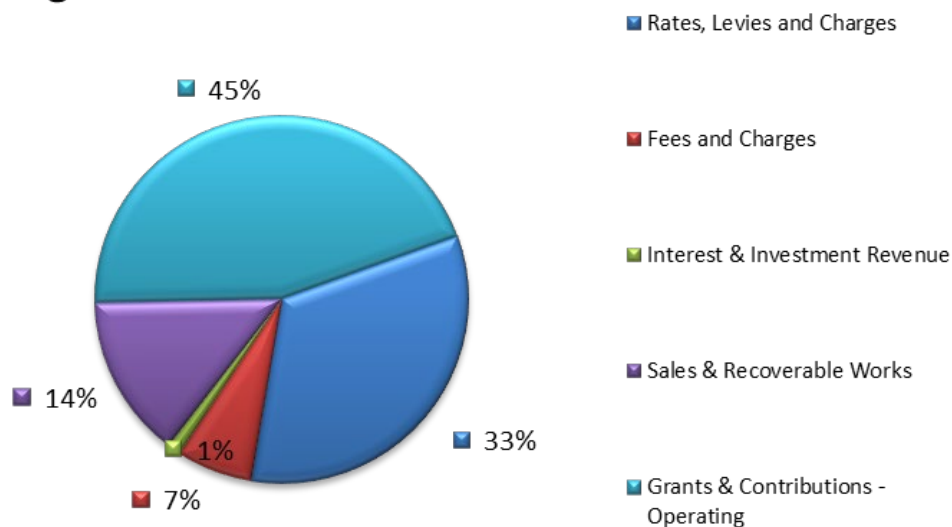
Revenue Sources - Where does our money come from?

Throughout the 2018-19 financial year, Council earned \$19.9 million in operating revenues. The most significant contributors to revenue include:

- Operational grants, subsidies contributions and donations \$8.9 million
- Rates, levies and utility charges \$6.6 million
- Recoverable works \$2.8 million

45% of total revenue comes from operating grants and subsidies which includes the Financial Assistance Grants of \$7.3 million.

Operating Revenue 2018-2019



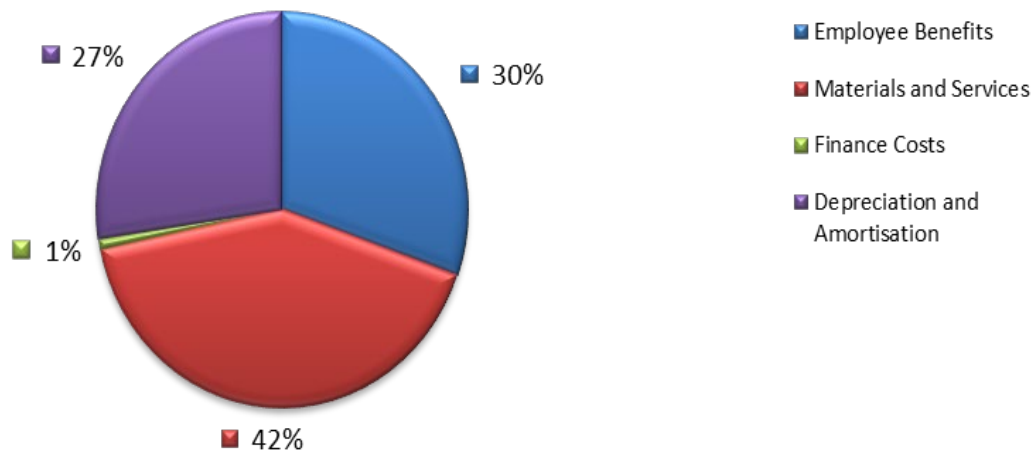
Operating Expenses – Where does our money go?

Council incurs operating expenses in the provision of goods and services to our community.

Key operating expenses during the 2018-19 financial year were:

- Employee benefits \$6.8 million (30%)
- Materials and services \$9.3 million (42%)
- Depreciation \$6.2 million (27%)

Operating Expenses 2018-2019



2. **Statement of Financial Position** measures what we own (our assets), what we owe (our debts) and our net worth at the end of the financial year 30 June 2019.

Total Assets – What we own

The major components of our assets include:

- Property, plant and equipment \$368.9 million
- Cash \$7.7 million
- Trade and other receivables & inventories of \$2.2 million

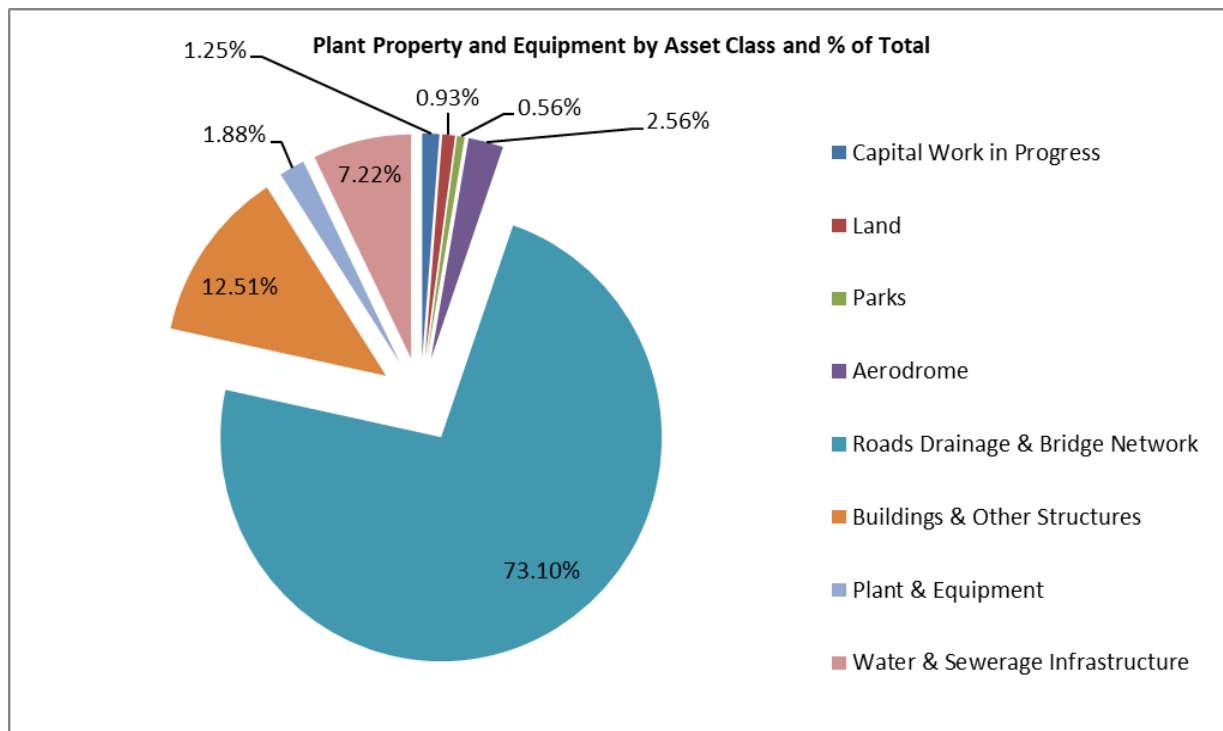
Total Liabilities – What we owe

The major components of our liabilities include:

- Loans \$2.5 million
- Trade & other payables total of \$2.2 million
- Provisions \$1.2 million

During the financial year, total borrowings paid to Queensland Treasury Corporation were \$369,000.

Council Plant Property & Equipment at 30 June 2019 is illustrated in the pie graph below:



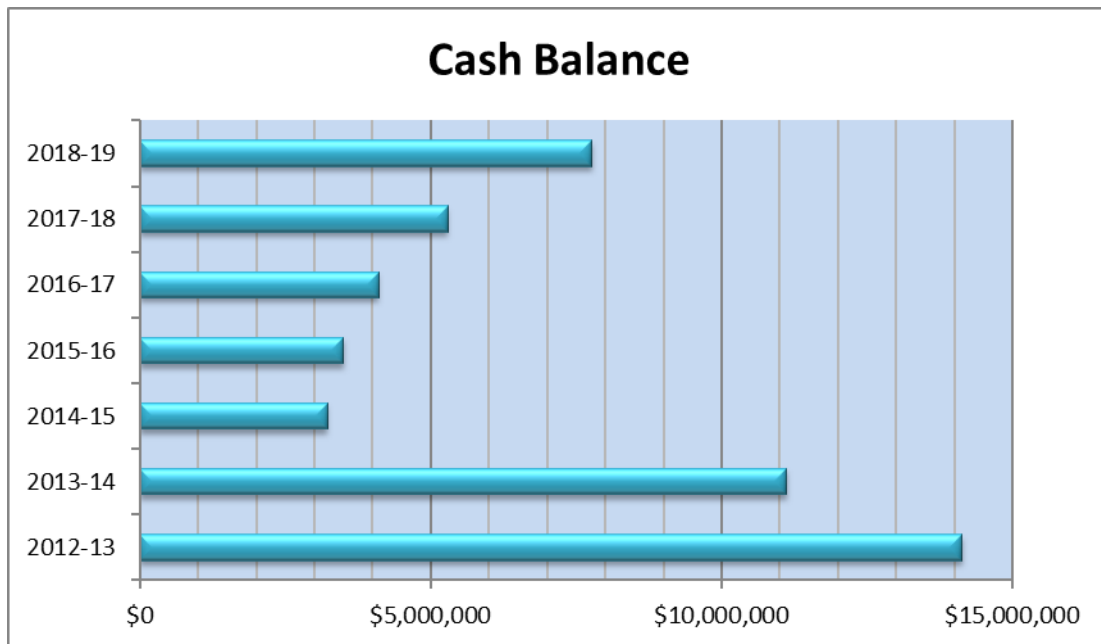
As shown in the above graph, road network assets represents 73.10% of Council's total assets followed by buildings and other structures of 12.51%.

- Statement of Changes in Equity:** The statement of changes in equity measures the changes in our net wealth and shows the movements in our retained earnings and asset revaluation surplus. In the 2018-19 financial year council's net worth increased by \$614,000.
- Statement of Cash Flows.** This statement outlines how much cash we received and spent throughout the year. The closing balance reflects how much cash Council had at year end.

The table below shows a comparison of how much we received and paid in each type of activities between 2018-19 and 2017-18 financial years.

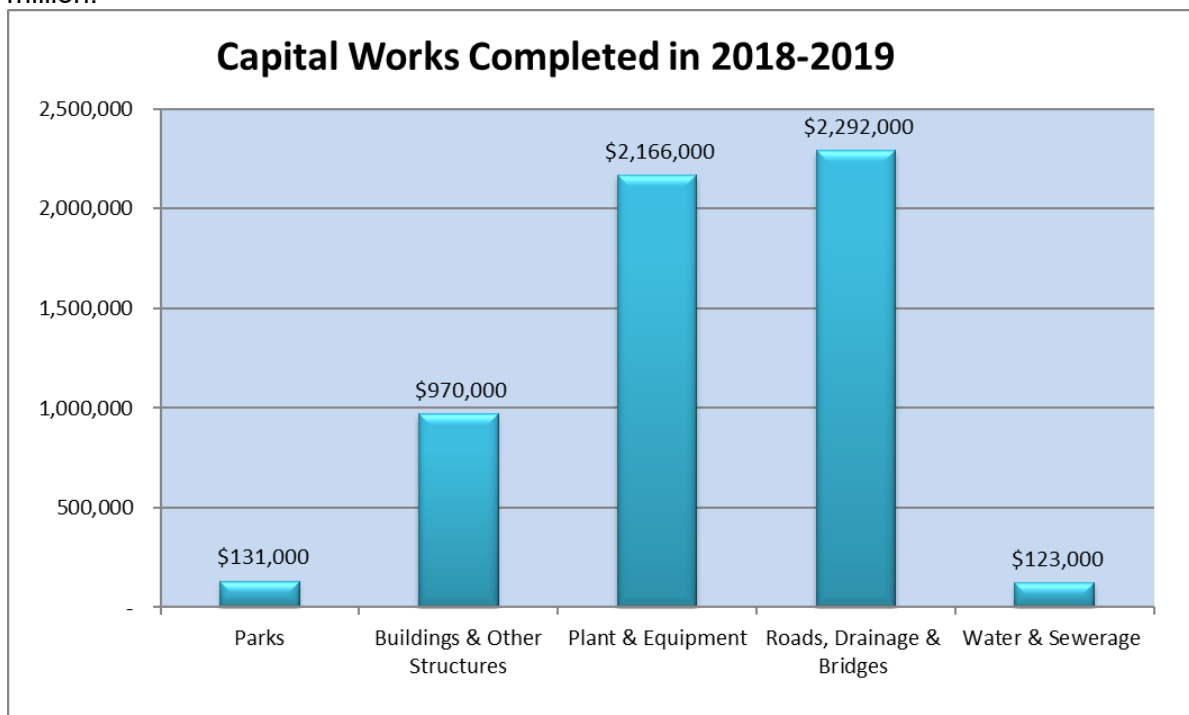
Cashflow Summary	2018-2019	2017-2018
	\$ '000	\$ '000
Opening Cash Balance	7,206	5,293
Net Cashflow from Operating Activities	3,435	5,356
Net Cashflow from Investing Activities	(2,503)	(3,099)
Net Cash flow from Financing Activities	(369)	(344)
Closing Cash Balance	7,769	7,206

As shown in the graph below, Council's cash position in 2018-19 have increased by \$563,000 compared to that of prior year. Council again in this financial year received a prepayment of 50% from the Financial Assistance grant allocation for 2019-20.



During the financial year 2018-19, Council have completed capital projects to the value of \$5.9 million. These include various road capital projects totalling \$2.3 million, water and sewerage projects of \$123,000, buildings and other structures \$970,000, new and upgrade to recreation parks \$131,000 and replacement of plant and equipment \$2.1 million.

Council was able to deliver these projects with funding assistance received from Commonwealth and State governments. In 2018-19, Council received capital grants of \$5.1 million.







AUDITED FINANCIAL STATEMENTS 2018-2019



Murweh Shire Council

Financial statements

For the year ended 30 June 2019

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Murweh Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2019

	2019	2018
Note	\$	\$
	000's	000's
Income		
Revenue		
Recurrent revenue		
Rates, levies and charges	3(a) 6,623	6,332
Fees and charges	3(b) 1,276	1,184
Interest received	233	207
Sales revenue	3(c) 2,856	3,914
Other income	30	56
Grants, subsidies, contributions and donations	4(a) 8,931	9,271
	<u>19,949</u>	<u>20,963</u>
Capital revenue		
Grants, subsidies, contributions and donations	4(b) 5,151	4,912
Other capital revenue	5 20	-
Total revenue	<u>25,120</u>	<u>25,875</u>
Total income	<u>25,120</u>	<u>25,875</u>
Expenses		
Recurrent expenses		
Employee benefits	6 (6,890)	(6,856)
Materials and services	7 (9,387)	(11,221)
Finance costs	(193)	(231)
Depreciation and amortisation	10 (6,202)	(5,213)
	<u>(22,672)</u>	<u>(23,521)</u>
Capital expenses	5 (1,834)	(39)
Total expenses	<u>(24,506)</u>	<u>(23,560)</u>
Net Result	<u>614</u>	<u>2,316</u>
Other comprehensive income		
Other comprehensive income items that will not be reclassified to net result		
Increase in asset revaluation surplus	15 -	58,823
Total other comprehensive income for the year	<u>-</u>	<u>58,823</u>
Total comprehensive income for the year	<u>614</u>	<u>61,138</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

Murweh Shire Council
Statement of Financial Position
as at 30 June 2019

	2019	2018
Note	\$	\$
Current assets	000's	000's
Cash and cash equivalents	8 7,769	7,206
Trade and other receivables	9 1,991	4,344
Inventories	261	247
Total current assets	<u>10,021</u>	<u>11,797</u>
Non-current assets		
Property, plant and equipment	10 364,348	365,278
Work in Progress	10 4,594	2,194
Total non-current assets	<u>368,943</u>	<u>367,472</u>
Total assets	<u>378,964</u>	<u>379,269</u>
Current liabilities		
Trade and other payables	12 2,177	3,435
Borrowings	13 402	375
Provisions	14 1,196	1,282
Unearned revenue	-	1,034
Total current liabilities	<u>3,775</u>	<u>6,126</u>
Non-current liabilities		
Borrowings	13 2,132	2,528
Provisions	14 1,900	71
Total non-current liabilities	<u>4,032</u>	<u>2,599</u>
Total liabilities	<u>7,807</u>	<u>8,725</u>
Net community assets	<u>371,156</u>	<u>370,544</u>
Community equity		
Asset revaluation surplus	15 252,275	252,275
Retained surplus	118,883	118,269
Total community equity	<u>371,158</u>	<u>370,544</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

Murweh Shire Council
Statement of Changes in Equity
For the year ended 30 June 2019

	Asset revaluation surplus	Retained surplus	Total
Note	\$	\$	\$
	000's	000's	000's
Balance as at 1 July 2018	252,275	118,269	370,544
Net result	-	614	614
Total comprehensive income for the year	<u>-</u>	<u>614</u>	<u>614</u>
Balance as at 30 June 2019	<u>252,275</u>	<u>118,883</u>	<u>371,158</u>
Balance as at 1 July 2017	193,452	115,953	309,405
Net result	-	2,316	2,316
Increase in asset revaluation surplus	15 58,823	-	58,823
Total comprehensive income for the year	<u>58,823</u>	<u>2,316</u>	<u>61,139</u>
Balance as at 30 June 2018	<u>252,275</u>	<u>118,269</u>	<u>370,544</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

Murweh Shire Council
Statement of Cash Flows
For the year ended 30 June 2019

Note	2019 \$ 000's	2018 \$ 000's
Cash flows from operating activities		
Receipts from customers	12,723	13,327
Payments to suppliers and employees	<u>(18,275)</u>	<u>(17,249)</u>
	(5,552)	(3,922)
Interest received	233	207
Finance costs	(177)	(200)
Non-capital grants and contributions	4(a) 8,931	9,271
Net cash inflow from operating activities	19 <u>3,435</u>	<u>5,356</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(8,082)	(8,214)
Proceeds from sale of property plant and equipment	428	203
Capital grants, subsidies, contributions and donations	4(b) <u>5,151</u>	<u>4,912</u>
Net cash outflow from investing activities	<u>(2,503)</u>	<u>(3,099)</u>
Cash flows from financing activities		
Repayment of borrowings and finance lease	<u>(369)</u>	<u>(344)</u>
Net cash outflow from financing activities	<u>(369)</u>	<u>(344)</u>
Net increase in cash held	<u>563</u>	<u>1,913</u>
Cash and cash equivalents at beginning of the financial year	7,206	5,293
Cash and cash equivalents at end of the financial year	8 <u><u>7,769</u></u>	<u><u>7,206</u></u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and *the Local Government Regulation 2012*.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except where stated.

1.B Constitution

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

1.C Currency

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

1.D Adoption of New and Revised Accounting Standards

This year Council has applied AASB 9 *Financial Instruments* (AASB 9) for the first time. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instruments (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged. As the calculated loss allowance is immaterial, no adjustment has been made to retained earnings as at 1 July 2018.

	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

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

Standard and Impact	Effective for annual reporting periods beginning on or after
<i>AASB 15 Revenue from Contracts with Customers</i> (AASB 15), <i>AASB 1058 Income of Not-for-Profit Entities</i> (AASB 1058) and <i>AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</i> (AASB 2016-8)	1-Jul-19

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously contained in *AASB 1004 Contributions*.

1.D Adoption of New and Revised Accounting Standards (continued)

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability (unearned revenue), and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease of \$1,936,506 due to deferral of grant funding and pre-paid rates (based on the facts available to Council at the date of assessment).
- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities.
- Net result would be lower on initial application as a result of decreased revenue. A range of new disclosures will also be required by the new standards in respect of the Council's revenue.

Transition method:

The Council intends to adopt AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

**Effective for annual
reporting periods
beginning on or after
1-Jul-19**

AASB 16 Leases

The Council has assessed the impacts of the new standard that initial application of AASB 16 *Leases* (AASB 16) will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

The Council will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

1.D Adoption of New and Revised Accounting Standards (continued)

Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Council has elected not to recognise \$16,321 leases under the AASB 16 as they have been assessed as being low-value assets under the standard.

No significant impact is expected for the Council's finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- Right-of-use assets and financial liabilities on the balance sheet will increase by \$119,497 (based on the facts available to Council at the date of assessment).
- There will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- Net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn Leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Transition method

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

1.E Estimates and Judgements

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

Valuation and depreciation of property, plant and equipment - Note 10

Provisions - Note 14

Contingent liabilities - Note 16

1.F Rounding and comparatives

The financial statements have been rounded to the nearest \$1,000.

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

1.G Taxation

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

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

2 Analysis of Results by Function

2(a) Components of council functions

The activities relating to the Council's components reported on in Note 2(b) are as follows :

A Corporate Services

Corporate governance

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money community outcomes. This is part of the Corporate Services function and includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

Finance and information

Finance and information provides professional finance and information services across all of Council. This function is a part of the Corporate Services function and includes internal audit, budget support, financial accounting and information technology services. The goal is to provide accurate, timely and appropriate information to support sound decision making and meet statutory obligations.

B Engineering Services

Includes construction and maintenance of shire and state controlled roads, stormwater drainage, footpaths, bicycle ways, other private works, street lighting, plant management, engineering development and design.

C Health / Environmental Services

The goal of Health and Environmental Services is to ensure Murweh is a healthy, vibrant, contemporary and connected community. Health and Environmental Services provides well managed and maintained community facilities and ensures the effective delivery of cultural, health, welfare, environmental and recreational services.

The goal of the waste management program is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services, mosquito and other pest management programs.

The sub-functions include animal control, pest control, health regulation and compliance, immunisation, environmental monitoring, river management, parks and gardens maintenance, refuse collection and disposal, waste management, swimming pools, racecourse complex, halls and centres, showgrounds, cemeteries, public conveniences, and aged care housing management.

D Water and Sewerage Services

(i) Water Services

The goal of this program is to support a healthy, safe community through sustainable water services.

(ii) Sewerage Services

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

2 Analysis of results by function (continued)
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2019	Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
		Recurring		Capital			Recurring	Capital				
		Grants	Other	Grants	Other							
		2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	
	Corporate services	6,090	4,643	3,680	20	14,433	7,469	9,303	3,264	5,130	71,960	
	Engineering services	2,233	2,846	2,071	-	7,150	9,100	9,100	(4,021)	(1,950)	279,764	
	Environmental Health services	8	915	-	-	923	3,975	3,975	(3,052)	(3,052)	97	
	Water & Sewerage	-	2,614	-	-	2,614	2,128	2,128	486	486	27,144	
	Total Council	8,331	11,018	5,751	20	25,120	22,672	24,506	(3,323)	614	378,964	
Year ended 30 June 2018												
Year ended 30 June 2018	Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net operating surplus	Assets
		Recurring		Capital			Recurring	Capital				
		Grants	Other	Grants	Other							
		2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	
	Corporate services	5,467	4,499	836	-	10,802	6,420	6,420	3,546	4,382	72,131	
	Engineering services	3,796	3,924	4,076	-	11,796	11,505	11,544	(3,785)	252	279,661	
	Environmental Health services	8	823	-	-	831	3,852	3,852	(3,021)	(3,021)	32	
	Water & Sewerage	-	2,447	-	-	2,447	1,744	1,744	703	703	27,445	
	Total Council	9,271	11,693	4,912	-	25,876	23,521	23,560	(2,557)	2,316	379,269	

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Council	
2019	2018
\$	\$
000's	000's

3 Revenue analysis

Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.

(a) Rates, levies and charges

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

General rates	3,894	3,814
Water	1,680	1,630
Water consumption, rental and sundries	144	52
Sewerage	970	947
Garbage charges	622	548
Total rates and utility charge revenue	<u>7,310</u>	<u>6,991</u>
Less: Discounts	(593)	(570)
Less: Pensioner remissions	(94)	(89)
	<u>6,623</u>	<u>6,332</u>

(b) Fees and charges

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

Aerodrome landing and usage fees	370	324
Aerodrome head tax	-	14
Cemetery fees	46	31
Cosmos centre entry and souvenir sales	440	389
Rental income	167	158
Town planning and building fees	11	30
Agistment fees	66	42
Miscellaneous	176	196
	<u>1,276</u>	<u>1,184</u>

(c) Sales revenue

The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity 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. The contract work carried out is not subject to retentions.

Contract and recoverable works	2,856	3,914
	<u>2,856</u>	<u>3,914</u>

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

Council	
2019	2018
\$	\$
000's	000's

4 Grants, subsidies, contributions and donations

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds.

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 the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) 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.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled.

(a) Recurrent

General purpose grants	7,351	6,898
State government subsidies and grants	1,580	2,373
	<u>8,931</u>	<u>9,271</u>

(b) 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.

Commonwealth and State governments subsidies and grants	5,151	4,912
	<u>5,151</u>	<u>4,912</u>

5 Capital income/(expenditure)

a) Gain/(Loss) on disposal of non-current assets

Proceeds from the sale of property, plant and equipment	428	228
Less: Book value of property, plant and equipment disposed of	(408)	(267)
Total capital income/(expenditure)	<u>20</u>	<u>(39)</u>

b) Capital expense

Landfill restoration	1,834	-
	<u>1,834</u>	<u>-</u>

6 Employee benefits

Total staff wages and salaries	4,879	4,816
Councillors' remuneration	329	318
Annual, sick and long service leave entitlements	1,866	1,651
Superannuation	857	859
	<u>7,931</u>	<u>7,644</u>
Less: Capitalised employee expenses	(1,041)	(788)
	<u>6,890</u>	<u>6,856</u>

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

Total Council employees at the reporting date:	Number	Number
Elected members	5	5
Administration staff	55	50
Depot and outdoors staff	85	89
Total full time equivalent employees	<u>145</u>	<u>144</u>

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	Council	
	2019	2018
	\$	\$
	000's	000's
7 Materials and services		
Advertising and marketing	106	73
Audit services	59	60
Communications and IT	459	466
Contractors	125	139
Donations paid	201	185
Insurance	294	336
Staff training	85	120
Repairs and maintenance - (Including repairs to flood damaged roads)	6,872	7,874
Rental housing - operating costs	106	85
Subscriptions and registrations	111	103
Other materials and services	969	1,780
	<u>9,387</u>	<u>11,221</u>

8 Cash and cash equivalents

Cash and cash equivalents 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, and bank overdrafts.

National Bank of Australia - operating	217	430
Queensland Treasury Corporation	7,549	6,774
Cash on hand	3	2
Balance per statement of cash flows	<u>7,769</u>	<u>7,206</u>

9 Trade and other receivables

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts are written-off at end of reporting period. 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.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	Council	
	2019	2018
	\$	\$
	000's	000's
9 Trade and other receivables (continued)		
Current		
Rateable revenue and utility charges	1,191	1,034
Other debtors	617	3,235
Prepayments	183	75
Loss allowance	-	-
	<u>1,991</u>	<u>4,344</u>
Movement in accumulated impairment losses (provision for doubtful debts) is as follows:		
Opening balance	-	-
Adjustment to opening balance upon application of AASB 9*	-	-
Impairments reversed	-	-
Closing balance	<u>-</u>	<u>-</u>

*Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of the accumulated impairment losses (provision for doubtful debts) as at 1 July 2018 has been recalculated using this new methodology and had no material impact. Consequently, no opening balance adjustment is required. Further details of Council's expected credit loss assessment are contained in note 21.

Interest is charged on outstanding rates at a rate of 9.5% 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.

Ageing of receivables and the amount of any impairment is disclosed in the following table:

	2019	2018
	\$	\$
	000's	000's
Subject to impairment		
Not past due	613	3,104
Past due 31-60 days	4	128
Past due 61-90 days	-	3
More than 90 days	-	-
Total gross carrying amount	<u>617</u>	<u>3,235</u>
Loss allowance	-	-
Total	<u>617</u>	<u>3,235</u>
Not subject to impairment		
Rates and utility charges	<u>1,191</u>	<u>1,034</u>
	<u>1,808</u>	<u>4,269</u>

Murweh Shire Council
Notes to the financial statements
 For the year ended 30 June 2019

10 Property, plant and equipment

Council - 30 June 2019

Basis of measurement
 Asset values
Opening gross value as at 1 July 2018
 Additions
 Disposals
 Transfers between classes
Closing gross value as at 30 June 2019

Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
3,438	2,359	13,903	324,493	70,554	15,966	48,978	2,194	481,885
-	-	-	-	-	-	-	8,082	8,082
-	-	-	-	-	(1,609)	-	-	(1,609)
-	131	-	2,292	970	2,166	123	(5,682)	-
3,438	2,490	13,903	326,785	71,524	16,523	49,101	4,594	488,358

Accumulated depreciation and impairment
 Opening balance as at 1 July 2018
 Depreciation provided in period
 Depreciation on disposals
Accumulated depreciation as at 30 June 2019

-	389	3,976	54,107	24,330	9,989	21,622	-	114,413
-	43	486	2,985	1,045	817	826	-	6,202
-	-	-	-	-	(1,201)	-	-	(1,201)
-	432	4,462	57,092	25,375	9,605	22,448	-	119,414

Total written down value as at 30 June 2019

3,438	2,057	9,441	269,693	46,149	6,918	26,653	4,594	368,943
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Range of estimated useful life in years

Land: Not depreciated	10 - 45	15 - 120	10 - 120	10 - 100	5 - 20	10 - 140	W/P: Not depreciated

Additions comprise

Renewals
 Other additions
 Totals

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	520	312	2,505	247	-	418	4,002
-	-	38	-	2,542	1,393	107	4,080
-	520	350	2,505	2,789	1,393	525	8,082

Murweh Shire Council
Notes to the Financial Statements
For the year ended 30 June 2018

10 Property, plant and equipment (continued)

Council - 30 June 2018

Note

	Land	Parks	Aerodrome landing strip	Road, drainage and bridge network	Buildings and other structures	Plant and equipment	Water and sewerage infrastructure	Work in progress	Total
Basis of measurement									
Asset values									
Opening gross value as at 1 July 2017	5,544	1,780	10,289	236,015	65,139	16,405	38,757	1,904	375,833
Additions	-	-	-	-	-	-	-	8,214	8,214
Disposals	-	-	-	-	-	(895)	-	-	(895)
Revaluation adjustment to asset revaluation surplus	(2,274)	169	3,308	83,620	4,593	-	9,317	-	98,733
Transfer between classes	168	410	306	4,858	822	456	904	(7,924)	-
Closing gross value as at 30 June 2018	3,438	2,359	13,903	324,493	70,554	15,966	48,978	2,194	481,885

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Accumulated depreciation and impairment

Opening balance as at 1 July 2017	-	331	1,826	34,829	13,336	9,813	9,785	-	69,919
Depreciation provided in period	-	39	184	2,666	1,086	806	432	-	5,213
Depreciation on disposals	-	-	-	-	-	(630)	-	-	(630)
Revaluation adjustment to asset revaluation surplus	-	19	1,966	16,612	9,908	-	11,405	-	39,910
Accumulated depreciation as at 30 June 2018	-	389	3,976	54,107	24,330	9,989	21,622	-	114,413
Total written down value as at 30 June 2018	3,438	1,970	9,927	270,386	46,224	5,977	27,356	2,194	367,472

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Range of estimated useful life in years

Land: Not depreciated	10 - 45	15 - 120	10 - 120	10 - 100	5 - 20	10 - 140	WIP: Not depreciated		
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Additions comprise

Renewals	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other additions	-	-	3,988	174	456	108	-	-	4,726
Totals	168	410	306	870	648	796	-	-	3,198
	168	410	306	4,858	822	456	904	-	7,924

10 Property, plant and equipment (continued)

10 (a) Recognition

Plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

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

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 pursuant to the relevant legislation. This land is not recognised in these financial statements.

10 (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 (as shown in the table above) 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, including freight in, architect's fees and engineering design fees and all other establishment costs.

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, are recognised as assets and revenues at fair value.

10 (c) Depreciation

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

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

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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

The ranges of useful lives adopted for each class of asset are disclosed on the preceding pages.

10 (d) Impairment

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

10 Property, plant and equipment (continued)

10 (e) Valuation

(i) Valuation processes

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer, Director of Corporate Services and Director of Engineering Services. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes

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

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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

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

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

10 Property, plant and equipment (continued)

(ii) Valuation techniques used to derive fair values

Specific valuation techniques used to value Council assets comprise:

Land (level 2)

An independent advice was requested by Management from APV Valuers relating to the market value of land in the Shire. The advice indicated a zero market movement of the land values as at 30 June 2019. An analysis of sales was completed using a period of 6 months prior to the start of the index period so as to obtain a general market trend leading up to the indices period.

Buildings (level 2)

Council's non-specialised level 2 building assets consist of aged care residential premises and two commercial properties. In order to determine the fair value, management sought advice from an independent valuer, APV Valuers on costs movement between 30 June 2018 to 30 June 2019. The valuers determined a 1.5% cost movement in residential properties. As the costs movement is less than 5% and the impact assessed to be immaterial, management did not apply indexation to the aged care residential properties at 30 June 2019.

Commercial properties have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The valuers determined a 2% cost movement for commercial and industrial properties. As the costs movement is less than 5%, management did not apply indexation to the commercial building assets at 30 June 2019.

Buildings (level 3)

At 30 June 2019, the external valuers APV valuers provided advice that the construction costs movement between 30 June 2018 to 30 June 2019 was an average of 1.92%. Fair value was determined by comparing current written down replacement to an indexed amount. The indexed amount was calculated using the index cost movement as provided by APV valuers. As the calculated increase in fair value was immaterial, management did not apply indexation to the specialised buildings at 30 June 2019.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach is based on determining the replacement cost of the modern equivalent and then adjusting for the level of consumed future economic benefit and impairment. In accordance with the depreciation requirements of the Property, Plant and Equipment standard, "complex assets" are componentised and depreciated separately. These assets were classified as having been valued using level 3 valuation inputs.

The notes following under the heading of Recurring Fair Value Measurements apply equally to Specialised Buildings (level 3)

Infrastructure assets (level 3)

Shepherd Services conducted a desktop review of infrastructure assets at 30 June 2019. This desktop review comprises the assets current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and adjusted this amount to take account of the expired service potential of the asset.

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

Roads

Current replacement cost

Shepherd Services, an independent valuer conducted a desktop review of roads infrastructure assets at 30 June 2019. Suitable indexes from the Australian Bureau of Statistics (ABS) was used to determine if there was a material change since the last comprehensive valuation. In the case of road infrastructure assets, the ABS index was 3.8%. As the index rates are below 5% and the impact assessed to be immaterial, and a comprehensive valuation was carried out last year, no indexation is applied this financial year. As part of the assessment, Shepherd Services also reviewed the asset class assumptions for useful and remaining useful lives and have confirmed that these assumptions are still relevant for this reporting period.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

10 Property, plant and equipment (continued)

Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 200m, while rural roads are managed in 2km segments. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 15 cms for high traffic areas and 10 cms for lower traffic locations. Council also assumes that all raw materials can be sourced from the local Quarry. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and current labour wage rates. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where no unit rates could be practically determined for assets, the lump sum current construction costs is used.

Accumulated Depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives. An age-based approach was utilised for assets in average to excellent condition. The condition based approach used a score from excellent or near new condition to asset failure.

Bridges

Current replacement cost

The desktop review of Council's infrastructure assets was undertaken by independent valuer, Shepherd Services effective 30 June 2019. The review indicates that as the comprehensive valuation was carried out last year, no indexation is applied this financial year. Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

Accumulated Depreciation

In determining the level of accumulated depreciation, remaining useful lives were calculated based on condition assessments or age-based approach. The condition assessments were made using a condition rating of 0 to 5 where 0 represents "brand new" and 5 "asset failure".

Drainage Infrastructure

Current replacement cost

The desktop review of Council's infrastructure assets was undertaken by independent valuer, Shepherd Services effective 30 June 2019. Similar to roads, no indexation is required at 30 June 2019.

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

Accumulated Depreciation

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

Water and Sewerage

Current replacement cost

Shepherd Services, an independent valuer conducted a desktop review of water and sewerage assets at 30 June 2019. Suitable indexes from the Australian Bureau of Statistics (ABS) was used to determine if there was a material change since the last comprehensive valuation. In the case of water and sewerage infrastructure assets, the ABS index was 0.29%. As the index rate is immaterial and a comprehensive valuation was carried out last year, no indexation is applied this financial year. As part of the assessment, Shepherd Services also reviewed the asset class assumptions for useful and remaining useful lives and have confirmed that these assumptions are still relevant for this reporting period.

Murweh Shire Council

Notes to the financial statements

For the year ended 30 June 2019

10 Property, plant and equipment (continued)

CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life based on local operating conditions.

Accumulated Depreciation

In determining accumulated depreciation, assets were inspected onsite to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment rating of between 1 and 5, which was used to estimate remaining useful life - 1 being excellent with a remaining useful life of 95% and 5 being unserviceable with a remaining useful life of 5%. The higher the condition rating, the lower the fair value.

An age-based approach was used for young assets in determining its remaining useful life. The reason being that in the first 0 to 50% of the life of most infrastructure assets there is often little visible distress. This makes estimating of remaining life unreliable using visual techniques and if age is known then the age-based approach is more reliable.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

*For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.

*Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.

*The relining of pipes was valued at reline rates and depreciated over the reline life. The reline fair value was based on age.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

11 Transactions with related parties

(a) Transactions with associates

In 2018-19, Murweh Shire Council paid the amount of \$22,000 (2018: \$27,000) membership fee to the Regional Economic Development Association (South West RED). The Council is a controlling member of the organisation.

(b) Transactions with key management personnel (KMP)

Key Management Personnel (KMP) are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. At Murweh Shire Council KMP's are considered to include the Mayor, Councillors, Chief Executive Officer, Directors, Economic Development Officer and Works Coordinator.

The compensation paid to KMP comprises:

	2019 \$	2018 \$
Short-term employee benefits	1,335,552	1,292,037
Post-employment benefits	139,351	134,720
Long-term benefits	19,467	21,864
Total	\$1,494,370	\$1,448,621

(c) Transactions with other related parties

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

Details of transactions between council and other related parties are disclosed below.

(i) Murweh Shire Council purchased materials and services from entities controlled by key management personnel.

These transactions were on arm's length basis and were in the course of normal council operations

Details of Transaction	2019 \$	2018 \$
Purchase of maintenance services	86,976	70,324
Purchase of hardware materials	63,400	65,964
Purchase of printing services	17,169	7,462
Purchase of other goods	4,751	9,701
Employee expenses for close family member of KMP	70,043	56,425
Total	\$242,340	\$209,876

(ii) All close family members of key management personnel that were employed by Council were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Council employs 145 staff, of which two are close family members of a KMP.

(iii) During 2018-19 financial year, the Council made payments of \$24,000 (2018: \$38,000) to various non-profit community organisations of which KMP are committee members.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

11 **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 Murweh Shire Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of swimming pool
- Dog registration
- Borrowing books from a council library

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

(e) Outstanding balances

There were no outstanding balances relating to transactions with related parties at year-end.

(f) Loans and guarantees to/from related parties

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

(g) Commitment to/from other related parties

Council had not entered into any contractual commitments with related parties at year end other than remuneration contracts with KMP in their roles as KMP of the Council.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
	000's	000's

12 Trade and other payables

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, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Current

Creditors and accruals	1,035	2,338
Annual leave	898	884
Sick leave	244	195
Other entitlements	-	18
	<u>2,177</u>	<u>3,435</u>

13 Borrowings

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

All borrowings are in \$AUD 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 2020 to 2036. There have been no defaults or breaches of the loan agreement during the period.

In accordance with the *Local Government Regulation 2012*, 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.

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

Current

Loans - Queensland Treasury Corporation	402	375
	<u>402</u>	<u>375</u>

Non-current

Loans - Queensland Treasury Corporation	2,132	2,528
	<u>2,132</u>	<u>2,528</u>

Loans - Queensland Treasury

Opening balance at beginning of financial	2,903	3,247
Loan raised during year	-	-
Principal repayments	(369)	(344)
Book value at end of financial year	<u>2,534</u>	<u>2,903</u>

The QTC loan market value at the reporting date was \$2,924,604 (2018: \$ 3,212,293). This represents the value of the debt if Council repaid it at that date.

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 2019 or 2018 financial years.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
	000's	000's
14 Provisions		
<i>Long Service Leave</i>		
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.		
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. Otherwise it is classified as non-current.		
<i>Refuse dump restoration</i>		
A provision is made for the cost of restoring refuse dumps where it is probable the Council will be liable, or required, to do this 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. Management estimates that all three sites will be closed in 2024 and the restoration works will occur after closure. Post-closure maintenance and on-going monitoring will be carried out over the subsequent 30 years.		
Current		
Long service leave	1,196	1,282
	1,196	1,282
Non-current		
Refuse restoration	1,834	-
Long service leave	66	71
	1,900	71
Details of movements in provisions:		
Long service leave		
Balance at beginning of financial year	1,353	1,439
Long service leave entitlement arising	32	175
Long Service entitlement paid	(123)	(261)
Balance at end of financial year	1,262	1,353
Refuse restoration		
Balance at beginning of financial year	-	-
Restoration provision	1,834	-
Balance at end of financial year	1,834	-

15 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus. Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

15 Asset revaluation surplus (continued)

	2019 \$ 000's	2018 \$ 000's
Movements in the asset revaluation surplus were as follows:		
Opening balances	252,275	193,452
Net adjustment to non-current assets at end of period to reflect a change in		
Land and improvements	-	(2,274)
Buildings	-	(5,315)
Parks	-	150
Road, drainage and bridge network	-	67,008
Water and sewerage infrastructure	-	(2,088)
Aerodrome landing strips	-	1,342
Closing balances	<u>252,275</u>	<u>252,275</u>

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land	929	929
Buildings and other structures	32,629	32,629
Parks	562	562
Road, drainage and bridge network	186,277	186,277
Water and sewerage infrastructure	21,813	21,813
Aerodrome landing strips	10,065	10,065
	<u>252,275</u>	<u>252,275</u>

16 Contingent Liabilities

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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$154,392 (2018: \$166,580)

17 Superannuation

The 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 Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB 119 because LGIASuper is unable to account for the proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Murweh Shire 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.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

17 Superannuation (continued)

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 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 contribution which remain at 12% of employee assets 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 LGIA super 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.

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. In 2018-19 Murweh Shire Council has been identified as contributing 0.37%.

	2019 \$ 000's	2018 \$ 000's
Superannuation contributions made to the Regional Defined Benefits Fund	56	5
Other superannuation contributions for employees	801	854
Total superannuation contributions paid by Council for employees	<u>857</u>	<u>859</u>

	2020 \$'000
Contribution council expects to make to the Regional Defined Benefits Fund 2019-20	<u>34</u>

18 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

	74	91
--	----	----

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. 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.

19 Reconciliation of net operating surplus for the year to net cash inflow from operating activities

Net operating result	614	2,316
Non-cash operating items:		
Depreciation and amortisation	<u>6,202</u>	<u>5,213</u>
	6,202	5,213
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	(20)	65
Capital expenses	1,834	-
Capital grants and contributions	<u>(5,151)</u>	<u>(4,912)</u>
	(3,337)	(4,847)
Changes in operating assets and liabilities:		
(Increase)/ decrease in receivables	2,354	1,695
(Increase)/decrease in inventory	(14)	14
Increase/(decrease) in payables	(1,259)	1,052
Increase/(decrease) in provisions	(91)	(86)
Increase/(decrease) in unearned revenue	<u>(1,034)</u>	<u>-</u>
	(44)	2,675
Net cash inflow from operating activities	<u>3,435</u>	<u>5,356</u>

20 Events after the reporting period

There were no material adjusting events after the balance date.

21 Financial instruments and financial risk management

The effect of initially applying AASB 9 on the Council's financial instruments is described in Note 1 D. Comparative information has not been restated to reflect the requirements as the impact is not material.

Murweh Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

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

The Council oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Council.

Murweh Shire Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Murweh Shire Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

		2019	2018
		\$	\$
		000's	000's
Cash and cash equivalents	8	7,769	7,206
Rateable revenue and utility charges	9	1,191	1,034
Other debtors	9	617	3,235
Total		9,577	11,475

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

21 Financial instruments and financial risk management (continued)

Cash and cash equivalents

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

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2019, the exposure to credit risk for receivables by type of counterparty was as follows:

	Note	2019 \$ 000's	2018 \$ 000's
Rates and utility charges	9	1,191	1,034
Other debtors	9	617	3,235
		<u>1,808</u>	<u>4,269</u>

A summary of the Council's exposure to credit risk for the period ending 30 June 2019 for which impairment requirements of AASB 9 Financial Instruments have been applied, being for statutory fees and charges and other debtors.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Murweh Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

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

Council does not have any overdraft facilities at the reporting date.

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

21 Financial instruments and financial risk management (continued)

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

		0 to 1 year	1 to 5 years	Over 5 years	Contractual Cash Flows	Carrying Amount
		\$'000	\$'000	\$'000	\$'000	\$'000
2019						
Trade and other payables	12	2,177	-	-	-	2,177
Loans - QTC	13	537	1,388	1,288	3,213	2,534
		2,714	1,388	1,288	3,213	4,711
2018						
Trade and other payables	12	3,435	-	-	-	3,435
Loans - QTC	13	537	1,636	1,578	3,751	2,903
		3,972	1,636	1,578	3,751	6,338

Market risk

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

Interest rate risk

Murweh Shire Council is exposed to interest rate risk through investments and borrowings with QTC and NAB. The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 100 basis points or 1% p.a.) would have on the net result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount	Effect on Net Result		Effect on Equity	
		1% increase	1% decrease	1% increase	1% decrease
	\$'000	\$'000	\$'000	\$'000	\$'000
Council					
2019					
QTC cash fund	7,549	75	(75)	75	(75)
NAB cash account	217	2	(2)	2	(2)
Loans - QTC	(2,534)	(25)	25	(25)	25
Net total	5,232	52	(52)	52	(52)
2018					
QTC cash fund	6,774	68	(68)	68	(68)
NAB cash account	430	4	(4)	4	(4)
Loans - QTC	(2,904)	(29)	29	(29)	29
Net total	4,300	43	(43)	43	(43)

Murweh Shire Council
Notes to the financial statements
For the year ended 30 June 2019

21 Financial instruments and financial risk management (continued)

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 13.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

Council	2019		2018	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
<u>Financial assets</u>				
QTC cash fund	7,549	7,549	6,774	6,774
NAB operating account	217	217	430	430
<u>Financial liabilities</u>				
Loans - QTC	2,534	2,925	2,904	3,212

22 Reconciliation of liabilities arising from finance activities

Note	As at 30 June 2018	Cash flows principal and interest	As at 30 June 2019
	\$'000	\$'000	\$'000
Loans	2,903	(369)	2,534
13	<u>2,903</u>	<u>(369)</u>	<u>2,534</u>
	As at 30 June 2017	Cash flows principal and interest	As at 30 June 2018
Loans	3,247	(344)	2,903
13	<u>3,247</u>	<u>(344)</u>	<u>2,903</u>

23 Commitments for expenditure

	2019 \$'000	2018 \$'000
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract and IT Services:		
- Within one year	361	202
- One to five years	1,247	809
	<u>1,608</u>	<u>1,011</u>

Murweh Shire Council
Financial statements
For the year ended 30 June 2019

Management Certificate
For the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to Sections 176 and 177 of the *Local Government Regulation 2012 (the Regulation)* and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (iii) the general purpose financial statements as set out on pages 1 to 30 present a true and fair view in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Councillor A Liston
Mayor

Date: 19, 9, 2019



Neil Polglase
Chief Executive Officer

Date: 19, 9, 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Murweh Shire Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Murweh Shire Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, 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 management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Murweh Shire Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

The council is also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations 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 2019:

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



3 October 2019

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Murweh Shire Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2019

Council's performance at 30 June 2019 against key financial ratios and targets:

	<u>How the measure is calculated</u>	<u>Actual</u>	<u>Target</u>
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-13.65%	Between 0% - 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by the depreciation expense	74.32%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-11.10%	Not greater than 60%

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 2019.

Murweh Shire Council
Current-Year Financial Sustainability Statement
For the year ended 30 June 2019

Certificate of Accuracy
For the year ended 30 June 2019

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.



Councillor A Liston
Mayor

Date: 19.9.2019



Neil Polglase
Chief Executive Officer

Date: 19.09.2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Murweh Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Murweh Shire Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Murweh Shire Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Murweh Shire Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Carolyn Dougherty
as delegate of the Auditor-General

3 October 2019

Queensland Audit Office
Brisbane

Murweh Shire Council
Unaudited Long-Term Financial Sustainability Statement
For the year ended 30 June 2019

Council's budgeted performance against key financial ratios and targets - 2020 to 2029

Year ending 30 June 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating surplus ratio	-11%	-12%	-12%	-12%	-12%	-12%	-11%	-8%	-8%	-8%
	Target Between 0% - 10%									
Net result divided by total revenue	-11%	-12%	-12%	-12%	-12%	-12%	-11%	-8%	-8%	-8%
Asset sustainability ratio	61%	106%	103%	103%	104%	100%	99%	107%	115%	115%
	Capital expenditure on the replacement of assets (renewals) divided by the depreciation expense. Greater than 90%									
Net financial liabilities ratio	-26%	-27%	-28%	-29%	-30%	-32%	-35%	-38%	-39%	-39%
	Total liabilities less current assets divided by total operating revenue. Not greater than 60%									

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.

Murweh Shire Council
Unaudited Long-Term Financial Sustainability Statement
For the year ended 30 June 2019

Certificate of Accuracy
For the year ended 30 June 2019

This unaudited 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.



Councillor A Liston
Mayor

Date: 19, 9, 2019



Neil Polglase
Chief Executive Officer

Date: 19, 9, 2019